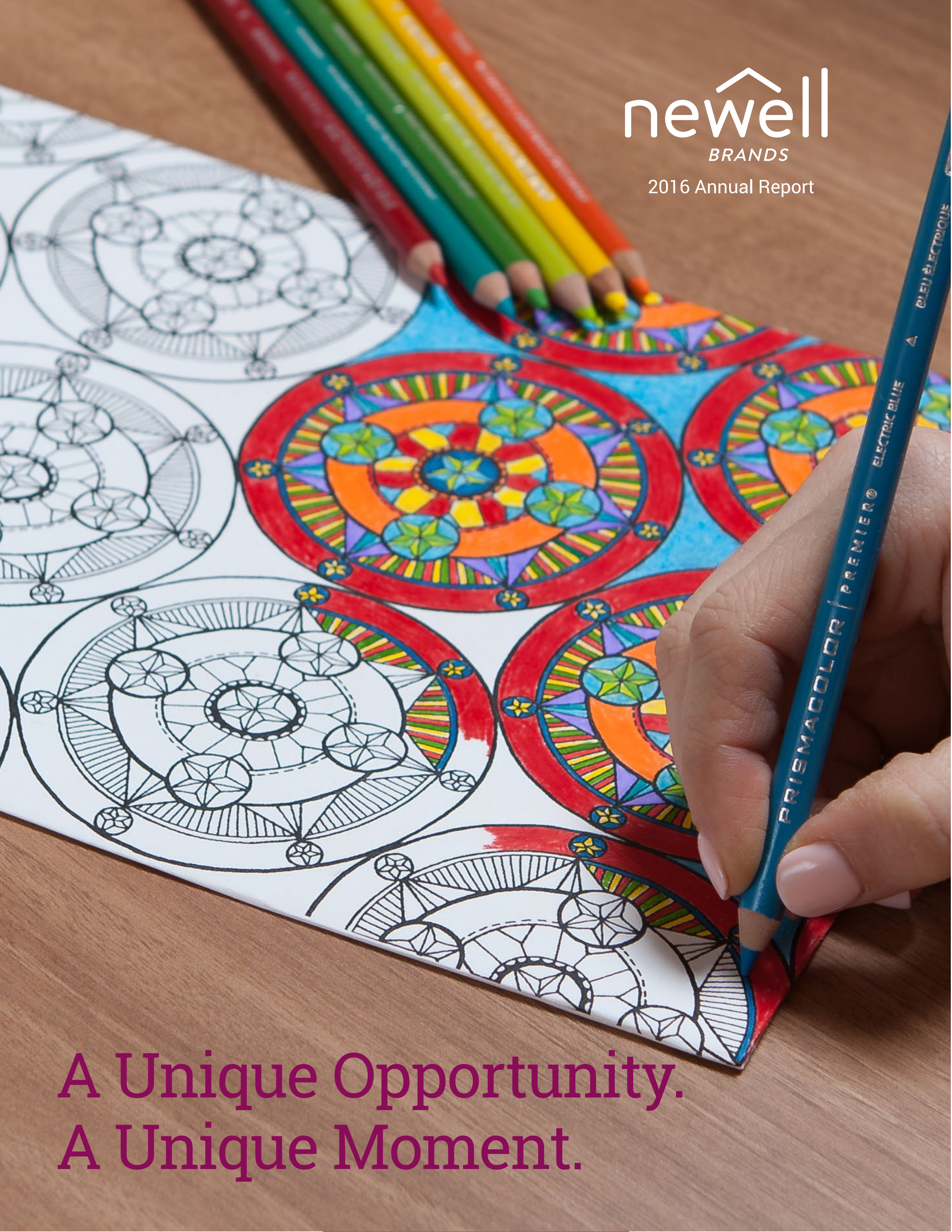
newell BRANDS

2016 Annual Report




# A Unique Opportunity.
# A Unique Moment.

Our brands make life better

for hundreds of millions of

consumers every day, where they

**Live, Learn, Work and Play.**

We have a house of leading brands,

that compete in large, growing global categories.

Our new scale in key geographies,

customers and channels will enable us to

outspend and outperform our competition.

With investments in advantaged capabilities

in e-commerce, insights, design and innovation

driving our brand growth agenda.

And $1.3 billion in annualized savings from

Project Renewal and synergies through 2021

driving simultaneous margin, earnings,

and cash flow development.

We are creating a new company that will be one of

the most transformative in our industry.

This is our unique opportunity.

This is our unique moment.

This is the new Newell Brands

newell BRANDS

# Unique Moment. Unique Opportunity.

Michael B. Polk
Chief Executive Officer, Newell Brands

## Dear Fellow Shareholders:

2016 was the most significant year in our history as we more than doubled the size of the company through the acquisition of Jarden Corporation in April 2016. Upon completion of the transaction, we began a comprehensive review of the total business that culminated in a new corporate strategy – one that will reshape Newell Brands into one of the most transformative consumer goods companies in our industry. This new strategy makes sharp portfolio choices, prioritizes businesses and capabilities for investment and establishes an aggressive cost program to fund growth, increase margins and strengthen cash flow. In the second half of 2016 we began to drive this new strategy into action.

We have a unique opportunity with our leading brands, our category breadth and our geographic reach to make a big impact in consumers' lives. Our brands are purpose driven and make life better for hundreds of millions of consumers every day, where they Live, Learn, Work and Play. We believe in the upside potential of our new strategy yet recognize the challenge of the work in front of us. We believe that if we put the consumer first in everything that we do, all of our constituents will benefit. We are always hungry and believe that good enough never is. We are convinced our potential is unbounded given the nature of our categories and of our competitive set. As a result, we have a big ambition for the business and believe we can deliver transformative returns for our investors.

Our confidence is grounded in the experience we have over the last five years doing just that and is underpinned by the knowledge that our new strategy largely reapplies a proven playbook over a larger portfolio. Importantly, our opportunity is shaped by the categories in which we operate. We compete in large, growing and unconsolidated global categories. Categories that are growing in line with GDP growth and are responsive to brand development and innovation activity. Our significant scale advantage versus our competition allows us to create a leading set of capabilities in insights, design, innovation and communication that we are now investing to extend across the majority of our new, larger portfolio. We are also reshaping our selling organization to reach

# Presence × Reach × Purpose = IMPACT

consumers where they shop, creating an advanced e-commerce capability that will enable us to further scale our e-commerce business going forward. We expect to more than double our e-commerce business over the next five years to nearly 20 percent of our global revenue. This combination of our brands, innovation and e-commerce capabilities positions us to continue to consolidate market share – as we have in our home markets – and build our brands in a way that our competitors simply cannot match.

> We expect to more than double our e-commerce business over the next five years to nearly 20 percent of our global revenue.

Of course, extending and building these capabilities takes investment. We have embarked on a very aggressive cost reduction program that we expect will generate $1.3 billion in annualized savings from 2016 to 2021 through continued Project Renewal savings and the cost synergy work we are doing to simplify and strengthen the company. We have moved quickly to streamline the cost structure of our organization by consolidating 32 business units into 16 Operating Divisions, flattening the top of the organization, broadening spans and layers, and reallocating resources to the businesses with the greatest potential for growth and earnings. We believe that these savings, along with the other work underway to maximize the mix and capture price realization, will fund these capability investments and significantly increase our margins and cash generation, while simultaneously funding increased brand investment over time, resulting in sustained competitive levels of top line growth.

We have also embarked on a significant effort to focus and strengthen the portfolio with the long term goal of establishing a set of scaled anchor categories like Writing, Baby, Appliances & Cookware, Home Fragrance, Food, Outdoor & Recreation and Consumer & Commercial Solutions. In this context in late 2016, we announced the intention to divest about 10 percent of the business. As of the publishing of the 2016 annual report, we have completed the divestiture of the Tools business and the Rubbermaid Consumer storage business. Combined, these divestitures have generated about $1.5 billion in after tax proceeds, with the U.S. net proceeds used largely to pay down debt.

We expect that by the end of 2017 we will be very close to the high end of our target leverage ratio range of 3 to 3.5 times, nearly a year ahead of our original timetable and despite the fact that we have already begun to add new brands to the portfolio – including completing the acquisition of the WoodWick candle brand in the U.S. and the fast-growing New Zealand based Sistema Plastics food storage business with a market presence in New Zealand, Australia, U.K. and parts of Europe.

As we drive this profound change agenda forward, we are committed to making sure we perform while we transform. In 2016 we did just that, delivering very competitive results. Net sales were $13.26 billion, an increase of 124 percent over 2015. Core sales grew 3.7 percent, with broad-based growth across the divisions and geographies. Normalized earnings per share increased nearly 33 percent. Our normalized operating income was $2.06 billion, compared to $848.6 million the prior year. We generated cash flow from operations of $1.8 billion, up from $565.8 million a year ago. And we used that cash along with net proceeds from divestitures to substantially deleverage the balance sheet.

> **We are at a unique moment in time and have a unique opportunity in our potential to both transform the company and deliver transformative value creation for our investors.**

We delivered these results in a continued period of volatility driven by currency fluctuation, modest underlying economic growth in our key markets and substantial shifts in the retail landscape. These dynamics, while not new, created a less favorable backdrop for performance, making our 2016 results even more meaningful. As we look to the future, we expect these trends to continue and our outlook for 2017 contemplates a more-of-the-same set of assumptions.

We are at a unique moment in time and have a unique opportunity in our potential to both transform the company and deliver transformative value creation for our investors. Our proven playbook reapplied to the new company should result in competitive and consistent levels of core sales growth in the 3 to 5 percent range from 2018 onward; increased operating margins to best-in-class for our industry; consistent double digit increases in earnings; and strong, increasing cash flow that should enable us to achieve our leverage targets earlier than anticipated. This will allow us to apply capital primarily to growth and margin development activities including M&A in our anchor categories. This financial algorithm offers the potential for tremendous value creation to our investors and we believe will establish Newell Brands as one of the most transformative companies in the consumer goods space.

I am proud of our people who are working incredibly hard to deliver results through unprecedented and transformative change. We are driven by the prospect of creating a powerful new company and are excited to be working for a company that makes life better for hundreds of millions of consumers every day where they Live, Learn, Work and Play.

This promise represents both the power and the potential of Newell Brands. Thank you for your continued support.

Michael B. Polk
Chief Executive Officer

**MICHAEL B. POLK**
CHIEF EXECUTIVE OFFICER

**MARK S. TARCHETTI**
PRESIDENT

**WILLIAM A. BURKE III**
CHIEF OPERATING OFFICER

# Better Together: Realizing Synergies for Our New Company

## A Conversation with Michael Polk, Chief Executive Officer; Mark Tarchetti, President; and Bill Burke, Chief Operating Officer

When Newell Rubbermaid finalized its combination with Jarden Corporation in 2016, a new company was born: Newell Brands. Since then, we've been working through the process of combining two companies into one, melding the strengths of each to seize a unique value creation opportunity. Newell Brands' leaders weigh in on our progress to date.

### What is compelling about the combination of Newell Rubbermaid and Jarden Corporation?

**MP:** First and foremost, this is a portfolio of leading brands that compete in large, growing global categories. In contrast to the fast-moving consumer goods markets, where the top five manufacturers have about 90 percent market share, market consolidation hasn't occurred in these categories yet. The top five manufacturers in our categories hold less than 50 percent of the market. That creates a huge opportunity for us to consolidate market share and consistently deliver competitive levels of growth.

### What indicators suggest that Newell's core categories are ready for growth?

**MP:** Our categories provide a unique opportunity for growth in that they are large, growing and unconsolidated. In the U.S. alone, the size of the markets we compete in is over $65 billion. Our experience over the past five years has shown that these markets are highly responsive to innovation and advertising and promotion. Our Writing and Baby businesses are great examples of that. The category dynamics are very similar to those we experienced on the legacy Newell Rubbermaid businesses and our opportunity is to reapply the same playbook for growth and margin expansion that has transformed the performance of the business over the last five years, extending it across a now broader set of categories.

# A Conversation with Michael Polk, Chief Executive Officer; Mark Tarchetti, President; and Bill Burke, Chief Operating Officer

## Why is Newell so well positioned to achieve synergies from this combination?

**MT:** Newell Brands' portfolio of leading brands in large, growing, unconsolidated categories offers a unique opportunity to consolidate share and accelerate growth via innovation, advertising and promotion investment and brand building activities. As a result of the combination of Newell Rubbermaid and Jarden Corporation, there are significant cost synergies that will allow us to amplify our scale and outgrow, outspend and out-execute our competitors. By investing in new enterprise-wide capabilities in strengthened and extended innovation, design, insight, brand development and e-commerce that sit atop a diverse set of businesses, we're in a position to dwarf the competition from an investment perspective. Our growth ambition is made possible via our scale and our strategic focus.

## How are you tracking toward your expected synergy targets?

**BB:** We originally targeted $500 million in annualized synergies, and recently doubled that commitment to $1 billion by 2021. In addition to synergies, we're pursuing $300 million of savings as we finish out Project Renewal. So that's a total of $1.3 billion in annualized cost savings, from the beginning of 2016 through 2021. Although we will reinvest a portion of these savings behind strengthened capabilities, advertising and promotion, and geographic deployment, the majority will flow through to the bottom line and will drive continued margin development.

## What led you to increase the synergy projection?

**BB:** Coming out of 2016, we had actioned projects with cumulative cost synergies exceeding $400 million, out of the $500 million we had initially targeted, as we are moving along at a much faster pace than we initially anticipated. Although these savings will not be fully realized until the first half of 2018, the results we are seeing thus far are giving us confidence to go after the next tranche of synergies. There are significant savings to be realized through the optimization of our supply chain and distribution networks, as well as through consolidating and scaling our global business services functions. We have also identified additional areas of savings in procurement and will pilot a new zero-based budgeting approach to bought costs, which represent about half of our total overhead costs, a process which we believe will generate meaningful cost savings.

## How does M&A contribute to further scale in the business?

**MT:** M&A creates significant value through scaling our priority businesses in the unconsolidated core categories in which we compete. We also believe that M&A can be used to further our geographic reach within our core categories. In the past three years, when we've acquired an asset in the core of one of our home markets, like our Contigo, bubba, Baby Jogger and Elmer's acquisitions, we've been able to generate significant synergies in a short period of time. That gives us the fuel to reinvest in those brands to drive accelerated growth and expand margins. Each of these acquisitions has performed ahead of our expectations and has been accretive to our growth and margins. This record of acquisition-driven value creation gives us the confidence to continue to scale our positions with complementary brands. We have high expectations for the WoodWick and Sistema acquisitions that we have completed in 2017.

## What are your priorities for capital deployment?

**MP:** Our first priority for capital is to invest in the growth and productivity agenda that will set the stage for outstanding underlying performance. Next, we will apply capital to pay down debt with the goal of reaching our target leverage ratio of 3.0 to 3.5 times within two to three years from the April 2016 completion of the Jarden transaction. After debt repayment, we'll prioritize capital to strategic acquisitions in our core categories, where there is still substantial opportunity for consolidation. We will also continue to build the dividend with earnings, targeting a 30 percent to 35 percent payout ratio range.

# Executing the Growth Game Plan

Newell Brands makes life better for hundreds of millions of consumers where they Live, Learn, Work and Play. We do so through a portfolio of leading brands that are organized into 16 Operating Divisions, including a new Global eCommerce Division, which spans across the entire portfolio. Each division plays a specific role in our portfolio strategy and they are now driving the Growth Game Plan into action. Learn about the progress made by a few of our leading divisions in 2016.

## Growth Game Plan

**Our Purpose** Newell Brands touches hundreds of millions of people everyday where they Live, Learn, Work and Play. Growth is the engine that powers us and we believe in putting the consumer at the heart of all that we do. Our brands and team are purpose driven to make a positive difference in people's lives.

**Live. Learn. Work. Play.**

**Our Ambition** We are building a winning team that aspires to industry leadership. Together we are creating a growth led global consumer products company. We win as one operating company that has the scale to outgrow, out execute and out spend our competition.

**Our DNA**

1. Growth Led
2. Consumer Centric
3. Transformative Value Creators
4. One Company One Strategy
5. Industry Leading Team
6. Entrepreneurial & Action Oriented
7. Passionate to Win
8. Always Striving to be Better

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**Our Portfolio**

| Win Bigger | | Develop for Growth | | Entrepreneurial | |
|---|---|---|---|---|---|
| Home Fragrance<br>Food<br>Baby | Everyday Writing<br>Art & Creative Expression<br>Beverages | Appliances<br>Calphalon<br>Labeling<br>Commercial Products | Cleaning<br>Outdoor & Recreation<br>Fishing | Safety & Security<br>Rainbow<br>Jostens<br>Fine Writing<br>Rubbermaid Org & Outdoor | Waddington<br>Process Solutions<br>Technical Apparel<br>Team Sports<br>Home & Family |

**Our Ways to Win**

| Build | Partner | Grow | Strengthen | Lead | Choices | Unlock | Deliver |
|---|---|---|---|---|---|---|---|
| Build and Develop an Industry Leading Team | Partner with Our Customers in Category Development | Grow Brands Through Innovation and Investment | Strengthen Breadth and Depth of Availability | Lead e-Commerce Growth | Active Portfolio Management | Unlock Trapped Capacity for Growth | Deliver Growth and Efficiency Benefits of Merger |

**Laurel Hurd**
Division CEO,
Baby

## Driving a Baby Boom Through Innovation

What matters more to parents than the safety of their children? Nothing—and that means that when it comes to the products that take center stage in the first years of a baby's life, parents are willing to research carefully, compare features and select innovative products that offer greater quality, safety and comfort for their baby.

This insight is critical to the successful growth story of Newell Brands' Graco business. Since we adopted the Growth Game Plan, our Baby business has delivered an unprecedented set of results stringing together multiple years of industry leading growth and more than doubling the operating margin in the business from where we started in 2011. We have driven this transformation by investing in product based innovation that has enabled us to premiumize the category and through highly effective brand communication. We funded these investments by significantly reducing the cost structure in our business and leveraging the scale of the corporation. Our innovation has been the best in the industry introducing innovative functionality, safety features, and other fit, form and finish benefits that delight moms.

The Graco 4Ever 4-in-1 Car Seat, launched in 2015, has become the company's biggest innovation to date, contributing more than $100 million in sales since its introduction. In 2016, we introduced the Graco Extend2Fit 3-in-1 car seat based on the insight that many parents transition their children from rear to forward-facing earlier than experts recommend, simply because their children lack leg room as they grow. The Extend2Fit car seat grows with a child, adjusting to maximize children's safety and comfort at every stage.

The types of investments we've made, including significantly increased advertising support, wouldn't have been possible for many of our competitors. This illustrates Newell Brands' unique opportunity—because of the scale of our company, and the cost savings we are generating from Project Renewal and transaction-related synergies, we can quickly and strategically allocate major investments where we know they will have the greatest impact.

Our Baby business, one of our Win Bigger businesses, will continue applying the Growth Game Plan into the future. We expect this strong momentum to continue, and foresee major opportunities to grow share in emerging markets over the long term, as child safety becomes a legislative priority in these regions. Parents' love for their children isn't going away—and as long as we successfully apply the Growth Game Plan, neither is our potential to grow this business.

**Kristie Juster**
Division CEO,
Writing

## Writing New Chapters of Growth

At Newell Brands, small insights can lead to big ideas. Take Paper Mate InkJoy Gels, which were inspired in part by a consumer insight related to the frustration left-hand writers know all too well: a hand smudged with ink after writing a letter or taking notes. Paper Mate InkJoy Gel Pens offer smooth, colorful ink that dries three times faster than the leading gel pen* resulting in reduced smearing. This functional point of difference driven by a new ink system is complemented by a new fit and finish for these pens making InkJoy Gels one of our most successful new products ever launched on Paper Mate.

Writing is one of our most important businesses and one of our Win Bigger categories. Over the last five years, Writing has also become one of our strongest success stories. In Writing, we identified a category with significant potential for market share consolidation and geographic expansion. We transformed the category by investing in insights, introducing new products with innovative features and supporting those products with advertising and promotion—all in a category in which competitors spend relatively little.

This has led to product innovations such as Sharpie Clear View Highlighters, the relaunch of Mr. Sketch scented markers and expansion of the Paper Mate InkJoy platform, for which we increased demand by significantly boosting advertising and marketing support. Our brands have gained tremendous momentum in our home market, increasing market share by nearly 400 basis points over the last five years and now expanding that successful model to Canada, Mexico and Latin America. Late this past year, we also launched Paper Mate and Sharpie into Shanghai where we will test and learn as we build these great brands.

In Writing, as in all of our businesses, the Growth Game Plan is never complete. We're continuing to invest in innovations while keeping a finger on the pulse of trends like the adult coloring craze and crafting activities like slime, the popular kids' craft made from Elmer's glue. These on trend opportunities offer tremendous growth potential as we head into 2017.

*vs Pilot G2 based on average dry times of black, blue, red, and green. Individual dry times may vary by color.

**Chris Scherzinger**
Division CEO,
Appliances & Cookware

## Cooking for Growth

Food has a different meaning today than it did just a few years ago—look no further than the "foodie" movement. For an increasing number of people around the world, food is a passion, an experience and a way to bring family and friends together.

To capitalize on this trend and meet the needs of a new generation of home chefs, Newell Brands has a host of products to help create delicious meals: Calphalon cookware, bakeware and cutlery; Oster blenders, toasters and kitchen tools; iconic slow cookers made by Crock-Pot; and coffee makers and espresso machines from Mr. Coffee. Our appliances and cookware make the job of connecting family and friends over food so easy.

The demand for great home-cooked food isn't limited to the United States. Our brands are growing rapidly across Latin America where Oster stands out as a very powerful and well-known brand across almost all of our appliance and food preparation product categories. We see significant potential for growth in emerging markets over the long term, given the rise of the middle class and the consequent increase in consumerism in these markets.

We are developing a pipeline of great new products which we will bring to market over the coming few years, applying the best of our insight and design capabilities. Our concept test results in both cookware and appliances are strong and the product design work is in full swing. These businesses are what we call Develop for Growth businesses and we expect from late 2017 forward to bring a steady stream of new ideas to market that will both drive category growth and market share increases. This building pipeline of ideas is an example of the company's expanded capability agenda in action.

Hope Margala
Division CEO,
Home Fragrance

## Setting the Mood for Growth

Our Home Fragrance business has been one of our fastest growing businesses over the last number of years as part of Jarden.

Yankee Candle, the Division's flagship brand, is known for its apothecary jars and unparalleled scents. Over the years the brand has expanded its offering into all kinds of new forms including pillars, melts without wicks, appliances and most recently car fresheners. Yankee is famous for fragrance.

Innovation is at the heart of the Home Fragrance growth model. Nothing demonstrates this more than the division's launch of a new capability that allows consumers to upload a photo or piece of artwork online and create customized labels for their candles. This new capability enables our consumers to gift Yankee Candles in a more personalized way, making the moment they are celebrating even more meaningful. In 2017, Yankee Candle will bring this capability into all of our retail stores. Another exciting innovation is being deployed into the commercial channels where Yankee has launched new Scent Systems. Through this innovation, Yankee Candle has begun to take its famous fragrances to commercial environments like the hospitality and building services channels, giving the operators of those facilities the ability to control fragrance dispersal through a mobile app.

Our Home Fragrance business has a rapidly growing business in Europe where we have developed a $200 million business in a relatively short period of time. We've set our sights on the large growing market for home fragrance worldwide and see significant potential for expansion both in Europe and beyond. In early 2017, we opened a new factory in the Czech Republic that will enable broadened geographic development in continental Europe.

On January 1, 2017, we completed the acquisition of Smith Mountain Industries and the WoodWick brand. WoodWick offers a differentiated product from Yankee Candle, with candles that crackle as they burn. This addition of WoodWick to the portfolio will strengthen our presence and relationship with our retail partners as we look to continue to build out a multi-brand portfolio of Home Fragrance offerings.

We have a big ambition in Home Fragrance and are at the beginning of what should be an exciting journey.

**Rich Wuerthele**
Division CEO,
Outdoor & Recreation

## Activating a Portfolio of Great Outdoor Brands

The millennial generation craves experiences in the great outdoors—a trend that bodes well for our Outdoor & Recreation and Fishing divisions. This trend extends across multiple countries with great opportunity in North America and Europe.

We have a tremendous set of brands with Coleman's broad portfolio of tents, stoves, coolers, lanterns and other outdoor equipment; Camping Gaz in Europe offering a very similar portfolio to Coleman; Marmot's technical apparel, shelters, hiking packs, sleeping bags and other alpinist gear for more serious outdoor activity; and Contigo, bubba, Avex, and Rubbermaid hydration and thermal beverage containers that enable enthusiasts to bring their favorite beverages on the go. When coupled with our leading portfolio of Fishing Division brands including Abu Garcia, Shakespeare, Ugly Stick, Penn, Berkley and Gulp among others, we are in an unparalleled position to grow.

Outdoor enthusiasts care about the quality and functionality of the items they buy, often spending time reading reviews and researching features online. The growth of premium outdoor brands shows us that this is a category in which consumers are willing to invest if the brand offers value-enhancing features. Our early concept testing of new product ideas shows great promise and gives us confidence that we can accelerate the growth of the outdoor products franchise, as we invest in consumer insights and design to bring these new concepts to life.

We have driven solid performance through the 2016 transition year for these businesses and expect momentum to build through 2017 as we work to expand distribution in advance of our strengthened new product pipeline coming to market in 2018 and beyond.

# Building Advantaged Capabilities

Our leading brand market positions didn't happen by chance. They are the product of close attention to consumer trends and skillful investments in the technologies that are transforming our industry. We choose to set our brands apart through innovation, a process that begins in the earliest phases of product development. And observing changes in shopper behavior—most importantly, a shift toward e-commerce — has led us to establish an enterprise-wide eCommerce division that will push boundaries to reach consumers in new ways.

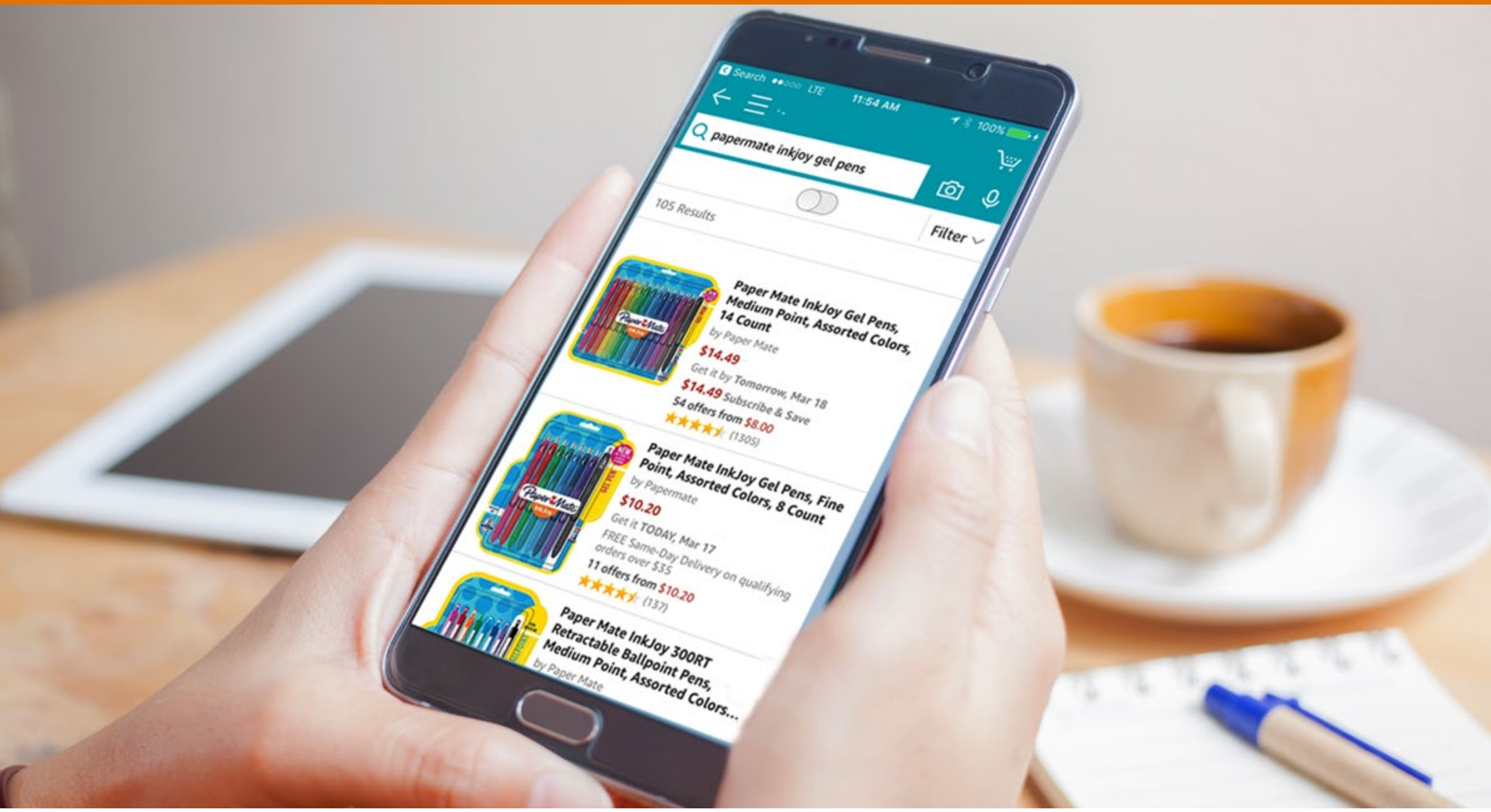
# A Pipeline for Innovation

When Newell set out to transform itself from a holding company to a brand-driven operating company, establishing a dedicated Design Center was an important step in the right direction. Our state-of-the-art Design Center in Kalamazoo, Michigan, complemented by new design hubs in Chicago and Hoboken, places Newell in the exclusive club of companies that use design and innovation as competitive advantages. The Design Center's unique structure brings together not just industrial designers, but also engineers, usability experts, prototypers and color and trend consultants, allowing for evaluation of each new product from multiple viewpoints.

Our design approach considers four factors: function, form, fit and finish. These characteristics allow our products to command premium pricing, and they're yielding meaningful and positive outcomes in the marketplace. We have an exciting new product lineup in 2017. Take EXPO Dry Erase Markers with Ink Indicator, the whiteboard marker that lets you know when you're about to run out of ink. Or Elmer's Re-Stick, re-stickable glue that gives you the opportunity to fix a project within the first five minutes of gluing. Or Rubbermaid Brilliance, with its airtight 100 percent leak-proof seal for no leaks.

There's more where these ideas came from. Currently, we have close to 70 projects in the works, each with the potential to generate incremental revenue of $10 million or more. In the fourth quarter of 2016 alone, we tested 71 new concepts for Yankee Candle, Coleman, Crock-Pot and other brands. Of these concepts, 83 percent cleared our acceptance criteria; of those, more than half cleared with high differentiation, suggesting that these products could be offered at premium prices to drive margin development.

Newell will never stop pushing the boundaries of innovation. Our Design Center and hubs are proof. We look forward to unlocking the extraordinary equity latent in our brands for growth acceleration in 2017 and beyond.




## Meeting Consumers Where They Shop

Consumers' growing preference for e-commerce is reshaping the retail landscape. Anticipating this shift and adapting our plans to emerging buying patterns is key to consistent delivery and growth. To stay ahead of this shift and further strengthen our advantaged position, Newell is disproportionately investing in e-commerce talent, capabilities and infrastructure.

In 2016, we established a new scaled, industry-leading global eCommerce division at our corporate headquarters in Hoboken, New Jersey. This division has responsibility for the online sales activities of all of our brands and will bring together a team with specialized skills to drive our activity plans and create a differentiated capability for Newell.

As we exited 2016, our eCommerce business had net sales of over $1 billion and has grown over 30 percent compounded over the last three years. We expect e-commerce to drive 50 percent of our growth by 2021, which represents over $1 billion in incremental net sales, as we extend our capabilities across our categories and around the world. E-commerce will continue to capture share of consumers' wallet, and as it does, Newell will further strengthen our already advantaged position. The scale of our company makes these continued investments possible—and will bring outsized benefits as we win with retailers and consumers.

## A Strategic Approach to Brand Building

At Newell, capturing consumers begins during product development. By distinguishing our products through innovation, design and marketing support, we can win share in the marketplace. Given the nature of the categories we operate in and the competitive peer set, we enjoy a low cost of growth and have a relatively high share of voice. As an example, in 2016 we spent only 3.9 percent of our net sales on advertising and promotion, yet achieved over 80 percent share of voice across the legacy Newell Rubbermaid businesses.

To support our growth, we established a new brand development organization responsible for the strategic development of brands and categories, including insights, advertising development and production, media strategy and planning, innovation development and execution, R&D and packaging development. Brand activation, meanwhile, is managed at the division level, overseen by a brand-building leader who reports to the head of each division. This increased focus and resourcing within divisions strengthens the commercialization of our brands and our innovation in the marketplace.

By significantly increasing investment in consumer research, we develop a more in-depth understanding of our categories and are able to identify consumers' unmet needs. This in turn, allows for a stronger innovation funnel. With intense focus on consumer insights, innovation and marketing, we are making bigger, more strategic investments in our brands to drive accelerated growth. We are focused on developing in-depth, locally relevant consumer insights, building an innovation engine, creating outstanding brand communications and winning with design and product performance.

Another upgrade to our customer development process is scaled selling with retailers in the U.S. With our broadened product landscape, we are the largest general merchandise partner for many of our customers, and among the largest across the total store. To capitalize on this scale, we have established integrated selling teams for our largest retail customers in the U.S., allowing for more strategic interactions regarding inventory, merchandising and new product offerings.

We are dynamic in our allocations of advertising and promotion dollars. Measurement and data are essential tools, allowing us to continually invest in what works and abandon what does not. While our presence is already strong, we see further opportunity to grow through building our brands, equity, household penetration and awareness and will refine our strategies to advance in that direction.

# Driving Transformation

While our family of brands has expanded significantly, what's stayed constant is our commitment to our people. As we work through the process of combining two companies into one, the cultural attributes captured in our DNA are never far from our minds. While the reorganizational aspects of the Newell-Jarden combination have largely concluded, we recognize that when it comes to fostering a thriving company culture, our work is never complete.

# Reimagining Newell's Organizational and People Strategies

The combination of Newell and Jarden has yielded not only a broadened portfolio of brands, but also a new set of considerations regarding organization and culture. We have moved decisively and with speed to transform ourselves into an integrated, efficient operation—while remaining a great place to work. Russ Torres, Chief Transformation Officer, and Fiona Laird, Chief Human Resources and Communications Officer, explain where we are on that journey.

**Russell C. Torres**
Chief Transformation Officer

**Fiona C. Laird**
Chief Human Resources and Communications Officer

## Describe the organizational transformation that's taken place at Newell over the past year.

**RT:** We deployed the new operating model and consolidated 32 business units to 16 divisions. We designed and repopulated those divisions, the global brand development function and the U.S. sales organization, and shifted resources to growth. We took into scope and changed 3,500 roles, which resulted in a 17 percent smaller organization. We also reshaped the organization's cost pyramid, reducing higher-salaried positions by 40 percent, while simultaneously adding 200 entry-level positions in several key functions, including trade marketing, sales, brand development and e-commerce.

## How does the management of those 16 divisions work at the enterprise level?

**RT:** We are managing the business very differently than in the past, in that there is a small group of people who focus and allocate resources dynamically. In a short period of time, we reallocated $100 million of costs, pulling resources out of certain businesses and investing in our Win Bigger and Develop for Growth businesses, to drive accelerated growth. What this means is that money never gets trapped within the P&L of any one division – it is moved to drive enterprise-wide company performance and maximize opportunities.

## What expectations regarding culture have you communicated to employees of the combined company?

**FL:** The key message is that we are one company with one strategy. We are building a distinct culture for Newell Brands that is aligned with what we call the DNA of our Growth Game Plan. We see ourselves as transformative value creators who are growth-led, consumer-centric, entrepreneurial, action-oriented, and always striving to be better, with a passion to win. The work we do together will be shaped by this lens.

## How are you aligning the company's culture and workforce with its strategy?

**FL:** The value proposition for our employees is that when we grow, they grow. We're doing more to deliver on that promise in 2017. Ongoing assessment of our culture is a priority, and we're making that happen through interviews, focus groups and an employee survey. We're also rebooting our formal learning and development offerings for employees at all levels. Our goal is to attract people who want to work on amazing brands and ultimately grow into business leaders.

## What's next in the company's transformation journey?

**RT:** Looking out over the next five to ten years, we are steadily progressing toward having seven or eight big anchor categories that we scale and develop globally. As we scale our presence in attractive and growing categories, we'll become one of the preeminent household goods companies in the world. That's the future we're working toward.


LIVE | LEARN | WORK | PLAY

# Live

Home is where Newell is. We're there for your cup of morning coffee and your home-cooked family dinner—and countless moments in between.

NUK® Millefiori Milano Sunbeam Oster Mr. Coffee Graco®
Rubbermaid® Yankee Candle® Tableluxe FoodSaver baby jogger® sistema®
WoodWick Aprica Calphalon® Crock-Pot Ball



LIVE | LEARN | WORK | PLAY

# Learn

From kindergarten craft projects and creative masterpieces to boardroom presentations, Newell products fuel creativity and learning at every age.

Mr. Sketch Scented · Sharpie · Elmer's · Jostens · Expo · Dymo · X-Acto

rotring · Paper Mate · Parker · Waterman Paris · Prismacolor


LIVE | LEARN | WORK | PLAY

# Work

Transporting heavy materials, managing waste, keeping buildings clean—when there's a tough job to do, Newell Brands is there to help.

MAPA
Rubbermaid Commercial Products
Spontex
First Alert
BRK THE PROFESSIONAL STANDARD
Quickie
THE WADDINGTON GROUP


LIVE | LEARN | WORK | PLAY

# Play

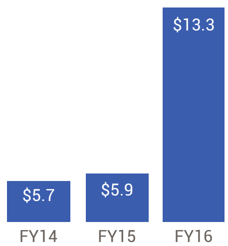
At the ballpark, on the river, in the woods and on the trail, Newell products lead the way to freedom, adventure and fun.

contigo Berkley Coleman Rawlings Ugly Stik
PENN bubba Marmot Abu Garcia Shakespeare

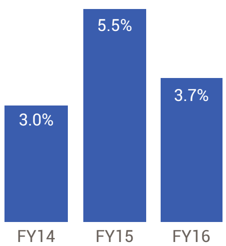
"We made significant progress throughout 2016 in transforming our organization, while simultaneously delivering on our goals. Our core sales grew 3.7 percent, as we generated more than $210 million in synergies and Project Renewal savings, and $1.8 billion in operating cash flow. For 2017 and beyond, we will continue to release costs in order to drive our growth agenda into action."

**Ralph J. Nicoletti**
Chief Financial Officer

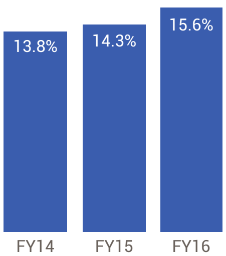
NET SALES
(in billions)



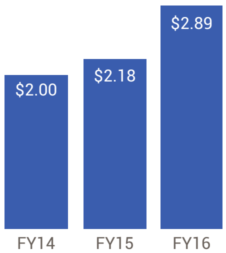

CORE SALES GROWTH



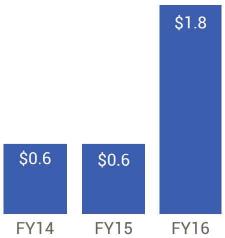

NORMALIZED
OPERATING MARGIN




NORMALIZED
EARNINGS PER SHARE




OPERATING CASH FLOW
(in billions)




2016 NET SALES BY SEGMENT
(in billions)


Live
Learn
Work
Play
Other

2016 NET SALES BY GEOGRAPHY
(in billions)

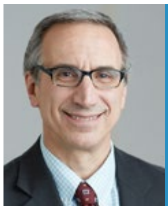

North America
Europe, Middle East, Africa
Latin America
Asia Pacific

# Senior Management

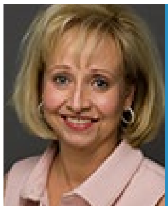
**Michael B. Polk**
Chief Executive Officer

**Mark S. Tarchetti**
President

**William A. Burke III**
Chief Operating Officer

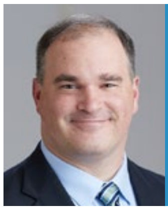


**Ralph J. Nicoletti**
Chief Financial Officer

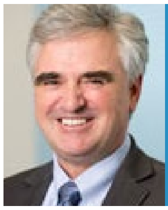


**Fiona C. Laird**
Chief Human Resources and Communications Officer

**Bradford R. Turner**
Chief Legal Officer and Corporate Secretary



**Russell C. Torres**
Chief Transformation Officer



**Richard B. Davies**
Chief Development Officer

**Joseph W. Cavaliere**
Chief Customer Officer

*Pictured left to right: Scott S. Cowen, Raymond G. Viault, Domenico De Sole, Martin E. Franklin, Michael B. Polk, Steven J. Strobel, Kevin C. Conroy, Michael T. Cowhig, Ros L'Esperance, Thomas E. Clarke, Ian G. H. Ashken, Michael A. Todman*

# Board of Directors

**Michael T. Cowhig** [2*]
Chairman of the Board
Former President, Global Technical and Manufacturing (Retired) —
The Procter & Gamble Company

**Michael B. Polk**
Chief Executive Officer —
Newell Brands

**Ian G. H. Ashken**
Co-Founder and Former Vice Chairman and President —
Jarden Corporation

**Thomas E. Clarke** [2, 4*, 5]
President, Nike Innovation — Nike, Inc.

**Kevin C. Conroy** [3, 4]
President, Digital and New Platforms —
Metro-Goldwyn-Mayer

**Scott S. Cowen** [2, 4, 5*]
President Emeritus and Distinguished University Chair — Tulane University

**Domenico De Sole** [3, 4]
Chairman — Tom Ford International

**Martin E. Franklin**
Founder and Former Executive Chairman —
Jarden Corporation

**Ros L'Esperance** [5]
Head of Americas Investment Banking and
Chairman of Global Investment Banking – UBS AG

**Steven J. Strobel** [1*, 2, 5]
Senior Vice President, Chief Financial Officer —
Hill-Rom Holdings, Inc.

**Michael A. Todman** [1, 2, 3*]
Vice Chairman (Retired) — Whirlpool Corporation

**Raymond G. Viault** [1, 5]
Vice Chairman (Retired) — General Mills, Inc.

*[1] Audit Committee*
*[2] Chairman's Executive Committee*
*[3] Nominating/Governance Committee*
*[4] Organizational Development & Compensation Committee*
*[5] Finance Committee*
** Denotes committee chair*

# Corporate Information

## SHAREHOLDER INFORMATION

Additional copies of this annual report, Newell Brands' Form 10-K and proxy statement filed with the Securities and Exchange Commission, dividend reinvestment plan information, financial data and other information about Newell Brands are available without charge upon request.

## CONTACT INFORMATION

All requests and inquiries should be directed to:

Newell Brands Inc.
Investor Relations
221 River Street
Hoboken, NJ 07030
(800) 424-1941
investor.relations@newellco.com
www.newellbrands.com

## ANNUAL MEETING OF STOCKHOLDERS

The annual meeting of stockholders will be held on May 9, 2017, at 9:00 a.m. ET at:

W Hotel Hoboken
225 River Street
Hoboken, NJ 07030

## STOCKHOLDER ACCOUNT MAINTENANCE

Communications concerning the transfer of shares, lost certificates, dividends, dividend reinvestment, duplicate mailings or change of address should be directed to the Transfer Agent and Registrar:

Computershare Investor Services
P.O. Box 30170
College Station, TX 77842-3170
(877) 233-3006
(312) 360-5217
www.computershare.com/investor

This annual report should be read in conjunction with Newell Brands' 2017 annual meeting proxy statement and the 2016 Form 10-K. Copies of the proxy statement and Form 10-K may be obtained online at www.newellbrands.com.

## MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is listed on the New York Stock Exchange (symbol: NWL). As of January 31, 2017, there were 11,012 stockholders of record. The following table sets forth the high and low sales prices of the common stock on the New York Stock Exchange Composite Tape for the calendar periods indicated:

| | 2016 | | 2015 | |
|---|---|---|---|---|
| Quarters | High | Low | High | Low |
| First | $45.57 | $33.26 | $40.37 | $36.33 |
| Second | 49.49 | 43.11 | 42.00 | 37.95 |
| Third | 55.45 | 47.07 | 44.51 | 38.17 |
| Fourth | 53.22 | 44.24 | 50.90 | 39.39 |

The Company has paid regular cash dividends on its common stock since 1947. For 2016 and 2015, the Company paid a quarterly cash dividend of $0.19 per share in each quarter. The payment of dividends to holders of the Company's common stock remains at the discretion of the Board of Directors and will depend upon many factors, including the Company's financial condition, earnings, legal requirements and other factors the Board of Directors deems relevant.

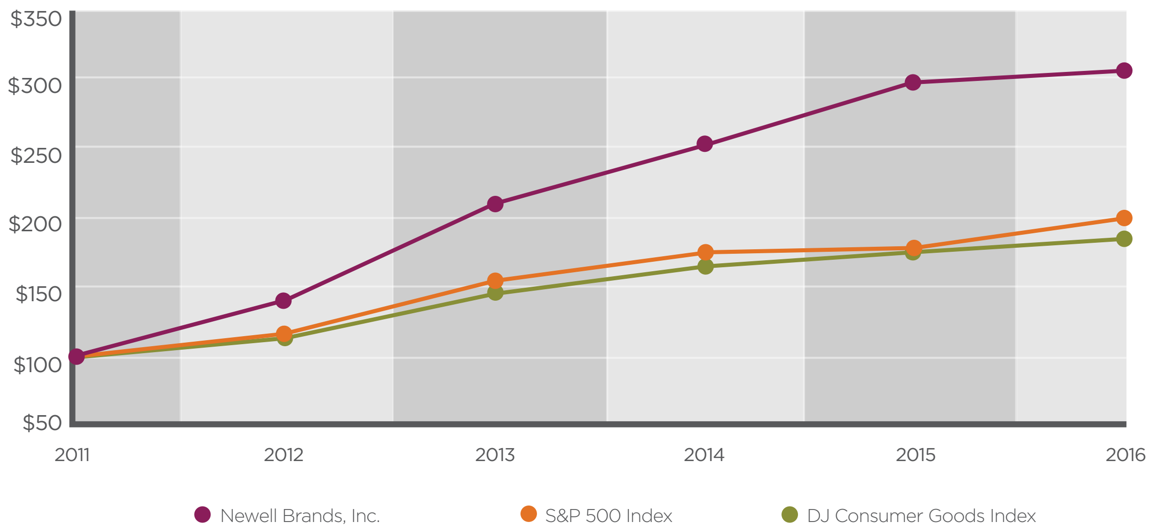
## FORWARD-LOOKING STATEMENT

We discuss expectations regarding future performance, events and outcomes, such as our business outlook and objectives, in this annual report. All such statements are "forward-looking statements," and are based on financial data and business plans available as of the date of this annual report, which may become out-of-date or incomplete. We assume no obligation to update any forward-looking statements as a result of new information, future events or other factors. Forward-looking statements are inherently uncertain and investors must recognize that actual results could be significantly different from our expectations. Risks and uncertainties that could cause results to differ from expectations are detailed in Item 1A of Newell Brands' Annual Report on Form 10-K for the year ended December 31, 2016, and in our other filings with the Securities and Exchange Commission.

# Common Stock Price Performance Graph

The following common stock price performance graph compares the yearly change in the Company's cumulative total stockholder returns on its common stock during the years 2012 through 2016 with the cumulative total return of the Standard & Poor's 500 Index and the Dow Jones Consumer Goods Index, assuming an investment of $100 on December 31, 2011, and the reinvestment of dividends.

COMPARISON OF CUMULATIVE FIVE-YEAR TOTAL RETURN




INDEXED RETURNS

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|
| Newell Brands Inc. | $100 | $140.99 | $209.91 | $251.73 | $296.72 | $305.57 |
| S&P 500 Index | $100 | $116.00 | $153.57 | $174.60 | $177.01 | $198.18 |
| DJ Consumer Goods Index | $100 | $112.80 | $147.27 | $165.10 | $175.09 | $184.34 |

# Reconciliation of GAAP and Non-GAAP Information

## CERTAIN LINE ITEMS

Twelve Months Ended December 31, 2016
(Amounts in millions except per share data)

| | GAAP Measure | Project Renewal Costs[1] | | | | | | | | | | | | | | | Non-GAAP Measure | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reported | Advisory Costs | Personnel Costs | Other Costs | Restructuring Costs | Product Recall Costs[2] | Integration Costs[3] | Acquisition Amortization Costs[4] | Jarden Inventory Step-up[5] | Jarden Transaction and Related Costs[6] | Interest Costs Jarden-related[7] | Décor Gain on Sale[8] | Divestiture Costs[9] | Loss on Extinguishment of Debt[10] | Discontinued Operations[11] | Non-recurring Tax items[12] | Normalized* | Percentage of Sales |
| Cost of products sold | $8,865.2 | $ (0.2) | $ (6.3) | $ (7.1) | $ – | $ – | $ (5.1) | $ (8.9) | $(479.5) | $ – | $ – | $ – | $ – | $ – | $ – | $ – | $8,358.1 | 63.0% |
| Gross profit | 4,398.8 | 0.2 | 6.3 | 7.1 | – | – | 5.1 | 8.9 | 479.5 | – | – | – | – | – | – | – | 4,905.9 | 37.0% |
| Selling, general & administrative expenses | 3,223.8 | (9.3) | (20.0) | (7.2) | – | (0.7) | (129.5) | (145.8) | – | (61.7) | – | – | (8.4) | – | – | – | 2,841.2 | 21.4% |
| Operating income | 1,100.1 | 9.5 | 26.3 | 14.3 | 9.9 | 0.7 | 199.6 | 154.7 | 479.5 | 61.7 | – | – | 8.4 | – | – | – | 2,064.7 | 15.6% |
| Non-operating expenses | 285.6 | – | – | – | – | – | – | – | – | – | (16.8) | 160.2 | – | (47.6) | – | – | 381.4 | |
| Income before income taxes | 814.5 | 9.5 | 26.3 | 14.3 | 9.9 | 0.7 | 199.6 | 154.7 | 479.5 | 61.7 | 16.8 | (160.2) | 8.4 | 47.6 | – | – | 1,683.3 | |
| Income taxes[18] | 286.0 | 3.6 | 10.0 | 5.4 | 3.8 | 0.3 | 75.6 | 52.6 | 168.1 | 32.9 | 6.7 | (59.3) | 3.2 | 13.9 | – | (143.2) | 459.6 | |
| Net income from continuing operations | 528.5 | 5.9 | 16.3 | 8.9 | 6.1 | 0.4 | 124.0 | 102.1 | 311.4 | 28.8 | 10.1 | (100.9) | 5.2 | 33.7 | – | 143.2 | 1,223.7 | |
| Net income | 527.8 | 5.9 | 16.3 | 8.9 | 6.1 | 0.4 | 124.0 | 102.1 | 311.4 | 28.8 | 10.1 | (100.9) | 5.2 | 33.7 | 0.7 | 143.2 | 1,223.7 | |
| Diluted earnings per share** | $ 1.25 | $0.01 | $0.04 | $0.02 | $0.01 | $ – | $ 0.29 | $ 0.24 | $ 0.74 | $ 0.07 | $ 0.02 | $ (0.24) | $0.01 | $0.08 | $ – | $ 0.34 | $ 2.89 | |

# Reconciliation of GAAP and Non-GAAP Information

## CERTAIN LINE ITEMS

Twelve Months Ended December 31, 2015
(Amounts in millions except per share data)

| | GAAP Measure | Project Renewal Costs [1] | | | | | | | | | | | | | | Non-GAAP Measure | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reported | Advisory Costs | Personnel Costs | Other Costs | Restructuring Costs | Product Recall Costs [2] | Inventory Charge from the Devaluation of the Venezuelan Bolivar [13] | Acquisition and Integration Costs [3] | Divestiture Costs [9] | Pension Settlement Charge [14] | Charge Resulting from the Devaluation of the Venezuelan Bolivar [15] | Net Asset Charge– Venezuela [16] | Currency Translation Charge– Venezuela [16] | Discontinued Operations [11] | Non-recurring Tax Items [12] | Normalized* | Percentage of Sales |
| Cost of products sold | $3,611.1 | $ – | $ (5.2) | $ (6.7) | $ – | $ – | $ (2.6) | $ (1.6) | $ – | $ – | $ – | $ – | $ – | $ – | $ – | $3,595.0 | 60.8% |
| Gross profit | 2,304.6 | – | 5.2 | 6.7 | – | – | 2.6 | 1.6 | – | – | – | – | – | – | – | $2,320.7 | 39.2% |
| Selling, general & administrative expenses | 1,626.0 | (42.1) | (21.5) | (14.4) | – | (10.2) | – | (13.4) | (0.2) | (52.1) | – | – | – | – | – | 1,472.1 | 24.9% |
| Operating income | 601.4 | 42.1 | 26.7 | 21.1 | 74.0 | 10.2 | 2.6 | 18.2 | 0.2 | 52.1 | – | – | – | – | – | 848.6 | 14.3% |
| Nonoperating expenses | 263.9 | – | – | – | – | – | – | (4.5) | – | – | (9.2) | (133.0) | (39.7) | – | – | 77.5 | |
| Income before income taxes | 337.5 | 42.1 | 26.7 | 21.1 | 74.0 | 10.2 | 2.6 | 22.7 | 0.2 | 52.1 | 9.2 | 133.0 | 39.7 | – | – | 771.1 | |
| Income taxes [18] | 78.2 | 15.2 | 9.9 | 8.3 | 19.3 | 3.3 | 1.1 | 8.5 | 0.1 | 19.8 | 3.1 | (2.7) | 10.3 | – | 6.0 | 180.4 | |
| Net income from continuing operations | 259.3 | 26.9 | 16.8 | 12.8 | 54.7 | 6.9 | 1.5 | 14.2 | 0.1 | 32.3 | 6.1 | 135.7 | 29.4 | – | (6.0) | 590.7 | |
| Net income | 350.0 | 26.9 | 16.8 | 12.8 | 54.7 | 6.9 | 1.5 | 14.2 | 0.1 | 32.3 | 6.1 | 135.7 | 29.4 | (90.7) | (6.0) | 590.7 | |
| Diluted earnings per share** | $ 1.29 | $ 0.10 | $ 0.06 | $ 0.05 | $0.20 | $ 0.03 | $0.01 | $ 0.05 | $ – | $ 0.12 | $0.02 | $ 0.50 | $ 0.11 | $(0.33) | $(0.02) | $ 2.18 | |

# Reconciliation of GAAP and Non-GAAP Information

**CERTAIN LINE ITEMS**
Twelve Months Ended December 31, 2014
(Amounts in millions except per share data)

| | GAAP Measure | | | | | | | | | | | Non-GAAP Measure | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reported | Restructuring and Restructuring Related Costs [1] | Product Recall Costs [2] | Inventory Charge from the Devaluation of the Venezuelan Bolivar [13] | Advisory Costs for Process Transformation and Optimization [17] | Acquisition and Integration Costs [3] | Pension Settlement Charge [14] | Charge Resulting from the Devaluation of the Venezuelan Bolivar [15] | Loss on Extinguishment of Debt [10] | Discontinued Operations [11] | Non-recurring Tax Items [12] | Normalized* | Percentage of Sales |
| Cost of products sold | $3,523.6 | $ (2.1) | $(12.0) | $ (5.2) | $ – | $ – | $ – | $ – | $ – | $ – | $ – | $3,504.3 | 61.2% |
| Gross profit | 2,203.4 | 2.1 | 12.0 | 5.2 | – | – | – | – | – | – | – | 2,222.7 | 38.8% |
| Selling, general & administrative expenses | 1,480.5 | (31.7) | (3.0) | – | (10.2) | (5.5) | – | – | – | – | – | 1,430.1 | 25.0% |
| Operating income | 604.7 | 86.6 | 15.0 | 5.2 | 10.2 | 5.5 | 65.4 | – | – | – | – | 792.6 | 13.8% |
| Nonoperating expenses | 142.6 | – | – | – | – | – | – | (45.6) | (33.2) | – | – | 63.8 | |
| Income before income taxes | 462.1 | 86.6 | 15.0 | 5.2 | 10.2 | 5.5 | 65.4 | 45.6 | 33.2 | – | – | 728.8 | |
| Income taxes [18] | 89.1 | 18.1 | 5.5 | 0.4 | 3.8 | 1.8 | 23.5 | 13.6 | 11.9 | – | 3.3 | 171.0 | |
| Net income from continuing operations | 373.0 | 68.5 | 9.5 | 4.8 | 6.4 | 3.7 | 41.9 | 32.0 | 21.3 | – | (3.3) | 557.8 | |
| Net income | 377.8 | 68.5 | 9.5 | 4.8 | 6.4 | 3.7 | 41.9 | 32.0 | 21.3 | (4.8) | (3.3) | 557.8 | |
| Diluted earnings per share** | $ 1.35 | $ 0.25 | $ 0.03 | $0.02 | $ 0.02 | $0.01 | $0.15 | $ 0.11 | $ 0.08 | $(0.02) | $(0.01) | $ 2.00 | |

# Reconciliation of GAAP and Non-GAAP Information

*Normalized results are financial measures that are not in accordance with GAAP and exclude the above normalized adjustments. See below for a discussion of each of these adjustments.

**Totals may not add due to rounding.

(1) Costs associated with Project Renewal during the year ended December 31, 2016 include $50.1 million of project-related costs and $9.9 million of restructuring costs. Project-related costs include advisory and consultancy costs, compensation and related costs of personnel dedicated to transformation projects, and other project-related costs. Costs associated with Project Renewal during the year ended December 31, 2015 include $89.9 million of project-related costs and $74.0 million of restructuring costs. Project-related costs include advisory and consultancy costs, compensation and related costs of personnel dedicated to transformation projects, and other project-related costs. Restructuring and restructuring-related costs during the year ended December 31, 2014 include $52.8 million of restructuring costs and $33.8 million of organizational change implementation and restructuring-related costs incurred with Project Renewal.

(2) During the year ended December 31, 2016, 2015 and 2014, the Company recognized $0.7 million, $10.2 million and $12.0 million, respectively, of charges associated with the Graco product recall.

(3) During the year ended December 31, 2016, the Company incurred $199.6 million of costs (including $65.0 million of restructuring costs) associated with the integration of Jarden and Elmer's, which primarily represents personnel and advisory costs associated with the integration of Jarden. During the year ended December 31, 2015, the Company recognized $18.2 million of costs (including $3.2 million of restructuring costs) associated with the acquisition and integration of Ignite Holdings, LLC; bubba brands; Baby Jogger; Elmer's and the pending Jarden transaction. During the year ended December 31, 2015, the Company recognized $4.5 million of interest expense in connection with bridge loans related to the acquisition of Elmer's and the pending Jarden transaction. During the year ended December 31, 2014, the Company recognized $5.5 million of costs associated with the acquisition and integration of Ignite Holdings, LLC; bubba brands and Baby Jogger.

(4) During the year ended December 31, 2016, the Company incurred acquisition amortization costs of $154.7 million.

(5) During the year ended December 31, 2016, the Company incurred $479.5 million of costs related to the fair-value step-up of Jarden inventory.

(6) During the year ended December 31, 2016, the Company recognized $61.7 million of costs associated with the Jarden transaction.

(7) During the year ended December 31, 2016, the Company incurred $16.8 million of interest costs associated with borrowings to finance the Jarden transaction that were incurred prior to the closing of the transaction.

(8) During the year ended December 31, 2016, the Company recognized a gain of $160.2 million related to the divestiture of Décor.

(9) During the year ended December 31, 2016, the Company recognized $8.4 million of costs primarily associated with the divestiture of Décor and planned divestiture of Tools (excluding Dymo Industrial). During the year ended December 31, 2015, the Company recognized $0.2 million of costs associated with the planned divestiture of Décor.

(10) During the year ended December 31, 2016, the Company incurred a $1.7 million loss related to the extinguishment of debt and a $45.9 million loss associated with the termination of the Jarden Bridge Facility. During the year ended December 31, 2014, the Company repaid all outstanding 2015 and 2019 medium-term notes and repaid a portion of the 2020 medium-term notes which resulted in a $33.2 million loss on extinguishment of debt.

(11) During the year ended December 31, 2016, the Company recognized a net loss of $0.7 million in discontinued operations. During the year ended December 31, 2015, the Company recognized a net loss of $4.9 million in discontinued operations primarily associated with Endicia and certain Culinary businesses and a $95.6 million net gain from the sale of Endicia. During the year ended December 31, 2014, the Company recognized a net income, net of impairments, of $4.8 million in discontinued operations, which primarily represents the results of operations of Endicia and certain Culinary businesses.

(12) During the year ended December 31, 2016, the Company recognized $164.2 million of deferred tax expense related to the difference between the book and tax basis in the Tools business and ($21.0) million of deferred tax benefit related to statutory tax rate changes in France affecting Jarden-acquired intangibles. During the year ended December 31, 2015, the Company recognized $6.0 million of non-recurring income tax benefits resulting from the resolution of income tax contingencies. During the year ended December 31, 2014, the Company recognized non-recurring income tax benefits of $3.3 million resulting from the resolution of various income tax contingencies and the expiration of various statutes of limitations.

(13) During the year ended December 31, 2015 and 2014, the Company recognized an increase of $2.6 million and $5.2 million, respectively, in cost of products sold resulting from increased costs of inventory due to changes in the exchange rate for the Venezuelan Bolivar.

(14) During the year ended December 31, 2015 and 2014, the Company settled U.S. pension liabilities for certain participants with plan assets which resulted in $52.1 million and $65.4 million, respectively, of non-cash settlement charges.

(15) During the year ended December 31, 2015 and 2014, the Company recognized foreign exchange losses of $9.2 million and $45.6 million, respectively, resulting from the devaluation of and subsequent changes in the exchange rate for the Venezuelan Bolivar, which under hyperinflationary accounting is recorded in the Statement of Operations.

(16) During the year ended December 31, 2015, the Company recognized charges resulting from the deconsolidation of its Venezuela operations, including $133.0 million of charges associated with the write-off of Venezuela net assets and $39.7 million of charges associated with the write-off of currency translation adjustments included in equity that arose before the application of hyperinflationary accounting for Venezuela in 2010.

(17) During the year ended December 31, 2014, the Company recognized $10.2 million of advisory costs for process transformation and optimization initiatives.

(18) The Company determined the tax effect of the items excluded from normalized results by applying the estimated effective rate for the applicable jurisdiction in which the pre-tax items were incurred, and for which realization of the resulting tax benefit, if any, is expected. In certain situations in which an item excluded from normalized results impacts income tax expense, the Company uses a “with” and “without” approach to determine normalized income tax expense.

# Reconciliation of GAAP and Non-GAAP Information

## CORE SALES

Year Ended December 31, 2016
(Amounts in millions except per share data)

| | | For the Twelve Months Ended December 31, 2016 | | | | For the Twelve Months Ended December 31, 2015 | | | | Increase/(Decrease) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 Net Sales (Reported)[1] | Acquisitions/ Divestitures[3] | Net Sales Base Business | Currency Impact | 2016 Core Sales[2] | 2015 Net Sales (Pro Forma)[1] | Divestitures[3] | Net Sales Base Business | Currency Impact | 2015 Core Sales[2] | Core Sales[2] $ | % |
| Writing | $ 1,941.9 | $ (204.9) | $ 1,737.0 | $ 32.9 | $ 1,769.9 | $ 1,763.5 | $ (128.6) | $ 1,634.9 | $ 4.2 | $ 1,639.1 | $130.8 | 8.0% |
| Home Solutions | 1,568.4 | (181.6) | 1,386.8 | 8.4 | 1,395.2 | 1,704.2 | (344.7) | 1,359.5 | 0.7 | 1,360.2 | 35.0 | 2.6% |
| Tools | 760.7 | (372.2) | 388.5 | 8.4 | 396.9 | 790.0 | (397.4) | 392.6 | 3.6 | 396.2 | 0.7 | 0.2% |
| Commercial Products | 776.6 | — | 776.6 | 4.0 | 780.6 | 809.7 | (26.4) | 783.3 | 0.4 | 783.7 | (3.1) | (0.4)% |
| Baby and Parenting | 919.5 | 0.7 | 920.2 | (8.3) | 911.9 | 848.3 | (8.3) | 840.0 | 0.6 | 840.6 | 71.3 | 8.5% |
| Branded Consumables | 2,839.2 | (306.5) | 2,532.7 | 67.8 | 2,600.5 | 2,583.6 | (65.5) | 2,518.1 | 8.7 | 2,526.8 | 73.7 | 2.9% |
| Consumer Solutions | 1,766.3 | (149.7) | 1,616.6 | 48.7 | 1,665.3 | 1,701.9 | (132.6) | 1,569.3 | 13.4 | 1,582.7 | 82.6 | 5.2% |
| Outdoor Solutions | 2,415.9 | (732.4) | 1,683.5 | (2.6) | 1,680.9 | 1,977.3 | (305.2) | 1,672.1 | 6.8 | 1,678.9 | 2.0 | 0.1% |
| Process Solutions | 275.5 | — | 275.5 | 2.3 | 277.8 | 265.4 | — | 265.4 | — | 265.4 | 12.4 | 4.7% |
| Total Company pro forma | $13,264.0 | $(1,946.6) | $11,317.4 | $161.6 | $11,479.0 | $12,443.9 | $(1,408.7) | $11,035.2 | $38.4 | $11,073.6 | $405.4 | 3.7% |
| Less: Jarden acquisition | | | | | | (6,528.2) | | | | | | |
| 2015 as reported | | | | | | $ 5,915.7 | | | | | | |

[1] Includes Jarden segment and consolidated sales from April 16, 2016 and 2015, respectively.

[2] "Core Sales" is determined by applying a fixed exchange rate, calculated as the 12-month average in 2015, to the current and prior year local currency sales amounts, with the difference between the change in "As Reported" sales and the change in "Core Sales" reported in the table as "Currency Impact." Core Sales Growth excludes the impact of currency, acquisitions and divestitures.

[3] Actual and planned divestitures represent the Rubbermaid medical cart business, which the Company divested in August 2015; the Levolor and Kirsch window coverings brands ("Décor"), which the Company divested in June 2016; and the Company's Venezuela operations, which the Company deconsolidated as of December 31, 2015, as well as the planned divestitures of businesses held for sale commencing in the third quarter, including its Tools business (excluding Dymo® industrial labeling), the Rubbermaid® Consumer Storage business within the Home Solutions segment and Lehigh in the Branded Consumables segment. During the fourth quarter, planned divestitures include the Firebuilding business in the Branded Consumables segment and the working capital impact of sales returns associated with exiting a distributor-led model to a direct selling model in Canada in the Baby and Parenting segment.

# Reconciliation of GAAP and Non-GAAP Information

## CORE SALES

Year Ended December 31, 2015
(Amounts in millions except per share data)

| | Net Sales, as Reported | | | Core Sales [1] | | | | | | | | | | Year-over-year Increase (Decrease) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | Increase/ Decrease | 2015 | Less Planned Divestitures [2] | Less Acquisitions | 2015 Core Sales | 2014 | Less Planned Divestitures [2] | 2014 Core Sales | Constant Currency Inc. (Dec.) | Inc. (Dec.) Excl. Planned Divest. & Acquisitions | Currency Impact | Excluding Currency | Including Currency | Currency Impact | Acquisitions | Planned Divestitures [2] | Core Sales Growth [1] |
| Writing | $1,763.5 | $1,708.9 | $ 54.6 | $1,940.0 | $ — | $ 36.9 | $1,903.1 | $1,715.7 | $ — | $1,715.7 | $224.3 | $187.4 | $(169.7) | 13.1% | 3.2% | (9.9)% | 2.2% | 0.0% | 10.9% |
| Home Solutions | 1,704.2 | 1,575.4 | 128.8 | 1,727.0 | 151.6 | 156.3 | 1,419.1 | 1,575.6 | 167.2 | 1,408.4 | 151.4 | 10.7 | (22.6) | 9.6% | 8.2% | (1.4)% | 9.9% | (1.1)% | 0.8% |
| Tools | 790.0 | 852.2 | (62.2) | 872.4 | — | — | 872.4 | 853.7 | — | 853.7 | 18.7 | 18.7 | (80.9) | 2.2% | (7.3)% | (9.5)% | 0.0% | 0.0% | 2.2% |
| Commercial Products | 809.7 | 837.1 | (27.4) | 834.8 | 26.5 | — | 808.3 | 836.9 | 65.9 | 771.0 | (2.1) | 37.3 | (25.3) | (0.3)% | (3.3)% | (3.0)% | 0.0% | (5.1)% | 4.8% |
| Baby & Parenting | 848.3 | 753.4 | 94.9 | 881.6 | — | 78.9 | 802.7 | 754.2 | — | 754.2 | 127.4 | 48.5 | (32.5) | 16.9% | 12.6% | (4.3)% | 10.5% | 0.0% | 6.4% |
| Total Company | $5,915.7 | $5,727.0 | $188.7 | $6,255.8 | $178.1 | $272.1 | $5,805.6 | $5,736.1 | $233.1 | $5,503.0 | $519.7 | $302.6 | $(331.0) | 9.1% | 3.3% | (5.8)% | 4.7% | (1.1)% | 5.5% |

[1] "Core Sales" is determined by applying a fixed exchange rate, calculated as the 12-month average in 2014, to the current and prior year local currency sales amounts, with the difference between the change in "As Reported" sales and the change in "Core Sales" reported in the table as "Currency Impact." Core Sales Growth excludes the impact of currency, acquisitions and planned and actual divestitures from the period the intent to divest is determined through the date of sale.

[2] Actual and planned divestitures represent the Rubbermaid medical cart business on a year-to-date basis and Levolor and Kirsch window coverings brands ("Décor") for the third quarter and fourth quarter.

# Reconciliation of GAAP and Non-GAAP Information

## CORE SALES

Year Ended December 31, 2014
(Amounts in millions except per share data)

| | Net Sales, as Reported | | | Core Sales [1] | | | | | | Year-over-year Increase/Decrease | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | Increase/ Decrease | 2014 | 2013 | Increase/ Decrease | Less Acquisitions | Inc. (Dec.) Excl. Acquisitions | Currency Impact | Excluding Currency | Including Currency | Currency Impact | Acquisitions | Core Sales Growth [1] |
| Writing | $1,708.9 | $1,653.6 | $ 55.3 | $1,785.4 | $1,656.1 | $129.3 | $ — | $129.3 | $ (74.0) | 7.8% | 3.3% | (4.5)% | 0.0% | 7.8% |
| Home Solutions | 1,575.4 | 1,560.3 | 15.1 | 1,586.4 | 1,561.0 | 25.4 | 64.5 | (39.1) | (10.3) | 1.6% | 1.0% | (0.6)% | 4.1% | (2.5)% |
| Tools | 852.2 | 817.9 | 34.3 | 871.4 | 820.1 | 51.3 | — | 51.3 | (17.0) | 6.3% | 4.2% | (2.1)% | 0.0% | 6.3% |
| Commercial Products | 837.1 | 785.9 | 51.2 | 842.7 | 786.4 | 56.3 | — | 56.3 | (5.1) | 7.2% | 6.5% | (0.7)% | 0.0% | 7.2% |
| Baby & Parenting | 753.4 | 789.3 | (35.9) | 762.6 | 789.6 | (27.0) | 4.4 | (31.4) | (8.9) | (3.4)% | (4.5)% | (1.1)% | 0.6% | (4.0)% |
| Total Company | $5,727.0 | $5,607.0 | $120.0 | $5,848.5 | $5,613.2 | $235.3 | $68.9 | $166.4 | $(115.3) | 4.2% | 2.1% | (2.1)% | 1.2% | 3.0% |

[1] "Core Sales" is determined by applying a fixed exchange rate, calculated as the 12-month average in 2013, to the current and prior year local currency sales amounts, with the difference between the change in "As Reported" sales and the change in "Core Sales" reported in the table as "Currency Impact." Core Sales Growth excludes the impact of currency and acquisitions.