# ACCO Brands Corporation

## Fourth Quarter 2011 Earnings Conference Call

**February 15, 2012**

# Forward-Looking Statements & Reg. G

- This presentation contains statements which may constitute "forward-looking" statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to certain risks and uncertainties, are made as of the date hereof and the company assumes no obligation to update them. ACCO Brands' ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Because actual results may differ from those predicted by such forward-looking statements, you should not place undue reliance on them when deciding to buy, sell or hold the company's securities. Among the factors that could cause our plans, actions and results to differ materially from current expectations are: fluctuations in the cost and availability of raw materials; competition within the markets in which the company operates; the effects of both general and extraordinary economic, political and social conditions, including any volatility and disruption in the capital and credit markets; the effect of consolidation in the office products industry; the liquidity and solvency of our major customers; our continued ability to access the capital and credit markets; the dependence of the company on certain suppliers of manufactured products; the risk that targeted cost savings and synergies from previous business combinations may not be fully realized or take longer to realize than expected; future goodwill and/or impairment charges; foreign exchange rate fluctuations; the development, introduction and acceptance of new products; the degree to which higher raw material costs, and freight and distribution costs, can be passed on to customers through selling price increases and the effect on sales volumes as a result thereof; increases in health care, pension and other employee welfare costs; as well as other risks and uncertainties detailed in the company's Annual Report on Form 10-K for the year ended December 31, 2010, under Item 1A, "Risk Factors," and in the company's other SEC filings.
- Forward-looking statements relating to the proposed merger involving ACCO Brands and the Consumer & Office Products business of MeadWestvaco Corporation include, but are not limited to: statements about the benefits of the proposed merger, including future financial and operating results; ACCO Brands' plans, objectives, expectations and intentions; the expected timing of completion of the merger; and other statements relating to the merger that are not historical facts. With respect to the proposed merger, important factors could cause actual results to differ materially from those indicated by such forward-looking statements, including, but not limited to: risks and uncertainties relating to the ability to obtain the requisite ACCO Brands Corporation shareholder approval; the risk that ACCO Brands or MeadWestvaco Corporation may be unable to obtain governmental and regulatory approvals required for the merger; the risk that a condition to closing of the merger may not be satisfied; the length of time necessary to consummate the merger; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected and the impact of additional indebtedness. These risks, as well as other risks associated with the proposed merger, are more fully discussed in the preliminary proxy statement/prospectus included in the registration statement on Form S-4/A that ACCO Brands filed with the United States Securities and Exchange Commission ("SEC") on February 13, 2012 in connection with the proposed merger.
- In connection with the proposed merger, ACCO Brands filed a registration statement on Form S-4/A with the SEC on February 13, 2012, but this registration statement has not been declared effective. This registration statement includes a proxy statement of ACCO Brands that also constitutes a prospectus of ACCO Brands, and will be sent to the shareholders of ACCO Brands. Shareholders are urged to read the proxy statement/prospectus and any other relevant documents when they become available, because they will contain important information about ACCO Brands and the proposed merger. The proxy statement/prospectus and other documents relating to the proposed merger (when they are available) can be obtained free of charge from the SEC's website at www.sec.gov. The proxy statement/prospectus and other documents (when they are available) can also be obtained free of charge from ACCO Brands upon written request to ACCO Brands Corporation, Investor Relations, 300 Tower Parkway, Lincolnshire, Illinois 60069, or by calling (847) 484-3020.
- This communication is not a solicitation of a proxy from any security holder of ACCO Brands. However, ACCO Brands and certain of its directors and executive officers may be deemed to be participants in the solicitation of proxies from shareholders in connection with the proposed merger under the rules of the SEC. Information about the directors and executive officers of ACCO Brands may be found in its 2010 Annual Report on Form 10-K filed with the SEC on February 24, 2011, and its definitive proxy statement relating to its 2011 Annual Meeting of Shareholders filed with the SEC on April 4, 2011.

**Non-GAAP Financial Measures**

- "Adjusted" results exclude all unusual tax items. Adjusted supplemental EBITDA from continuing operations also excludes other non-operating items, including other income/expense and stock-based compensation expense and costs associated with the pending acquisition of the MeadWestvaco's Consumer and Office Products business. Adjusted results and supplemental EBITDA from continuing operations are non-GAAP measures. There could be limitations associated with the use of non-GAAP financial measures as compared to the use of the most directly comparable GAAP financial measure. Management uses the adjusted measures to determine the returns generated by its operating segments and to evaluate and identify cost-reduction initiatives. Management believes these measures provide investors with helpful supplemental information regarding the underlying performance of the company from year to year. These measures may be inconsistent with measures presented by other companies.

# Highlights and Accomplishments

- Strong bottom-line growth; managed business well while consumer and business demand remained constrained
- European business delivered third consecutive quarter of profitability
- Effective management of cost structure
- Significant potential for financial improvement driven by new products, market share gains and improved execution
- Set the stage for a transformation of ACCO Brands with the pending acquisition of MWV's Consumer and Office Products business
- Merger integration planning on track; deal expected to close in H1 2012

# Fourth Quarter 2011 Financial Highlights - Continuing Operations

- **Sales -2% to $351 million**
  - F/X -0.2%, Pricing +1.4%, Volume -3.6%
- **Gross margin +50 bps to 32.2%**
  - Price increases and freight, distribution and manufacturing efficiencies offset product cost increases
- **Adjusted SG&A -130 bps to 20.3%**
- **Adjusted operating income margin +190 bps to 11.4%**
- **EBITDA +8% to $52 million**
- **Comparable EPS +26% to $0.29**
  - Excludes $0.05 of costs associated with the pending acquisition of MWV's C&OP business
  - EPS of $0.29 compares to a comparable $0.23 in the prior-year quarter

# FY 2011 Margin Reconciliation

| $MM | Q4 YTD 2011 | Change vs. Q4 YTD 2010 | Items of Significant Impact | bps |
|---|---|---|---|---|
| Gross Profit | $414.7 | $17.6 | Product costs, net of price | **(30)** |
| | | | Cost savings | **70** |
| Gross Margin | 31.5% | Favorable 60 bps | FX translation | **20** |
| SG&A* | $288.3 | $7.1 | European rationalization, net | **(10)** |
| SG&A Margin* | 21.9% | -- | Other | **10** |

* Excludes $5.6 million, or 40 bps, of costs related to the pending acquisition of MWV's C&OP business.

# 2011 Cash Flow

| $MM, Adjusted basis | Q1 '11 | Q2 '11 | Q3 '11 | Q4 '11 | **FY 2011** |
|---|---|---|---|---|---|
| EBITDA | $24 | $42 | $50 | $52 | **$168** |
| Interest and taxes | (40) | (11) | (42) | (7) | **(100)** |
| Divestiture | | 53 | | | **53** |
| Capital expenditures | (4) | (3) | (3) | (3) | **(13)** |
| Working capital and other | (43) | 3 | (5) | 43 | **(2)** |
| MWV C&OP transaction-related | | | | (5) | **(5)** |
| **Net cash flow** | **$(63)** | **$84** | **$--** | **$80** | **$101** |
| Gross debt incr/(decr) | | (10) | (49) | | **(59)** |
| Premium/(Discount) / Debt issuance cost | | | (3) | | **(3)** |
| Amort. of bond premium | | (1) | | | **(1)** |
| **Cash on hand incr/(decr)** | **$(63)** | **$73** | **$(52)** | **$80** | **$38** |

**2011 free cash flow of $53 million, excluding GBC Fordigraph sale and Mead C&OP transaction expenses**

# Financial Objectives

- **Executing against our objectives should enable significant leveraging of our operating model and, therefore, margin expansion, over time.**

| $MM (Continuing ops.) | FY 2010A | FY 2011A | 2012 growth targets | Medium-term Targets |
|---|---|---|---|---|
| Revenue | $1,284.6 | $1,318.4 | *flat* | ***+2-5%*** |
| Gross profit | 397.1 | 414.7 | | |
| *% margin* | *30.9%* | *31.5%* | *expansion* | ***32-33%*** |
| SG&A, adjusted* | 281.2 | 288.3 | | |
| *% revenue* | *21.9%* | *21.9%* | | ***20-21%*** |
| Operating Income, adjusted* | 109.7 | 120.8 | *expansion* | |
| *% revenue* | *8.5%* | *9.2%* | | ***12-13%*** |
| EBITDA | 158.4 | 168.3 | | |
| *% revenue* | *12.3%* | *12.8%* | *expansion* | ***15-16%*** |
| Net Income, adjusted* | 26.9 | 36.9 | | |
| EPS, diluted basis | 0.47 | 0.64 | *+30%* | |
| Net Debt | 644.4 | 547.8 | | |
| Net Debt/EBITDA | 4.1x | 3.3x | | ***<3x*** |

**In 2011 delivered gross margin and operating margin expansion, strong EPS growth, strong FCF and a reduction in leverage**

* Excludes $5.6 million of costs in 2012 related to the pending acquisition of MWV's C&OP business.

# Modeling Assumptions

| (U.S. $ in millions, adjusted basis) | 2009A | 2010A | 2011A | 2012E[1] |
|---|---|---|---|---|
| Capital Expenditures | $10 | $13 | $13 | **$20** |
| Cash Restructuring | $38 | $8 | $3 | **$7** |
| Interest (cash interest '11A: $72; '12E: $65) | $67 | $78 | $77 | **$70**[2] |
| Net Working Capital | Source: $34MM | Use: $13MM | Use: $2MM | **Use** |
| Depreciation | $32 | $30 | $26 | **$26** |
| Amortization | $7 | $7 | $6 | **$5** |
| Amort. of Stock Comp | $3 | $4 | $6 | **$11** |
| Cash Taxes | $20 | $14 | $28 | **$35**[3] |
| Effective Tax Rate[4] | 27% | 30% | 30% | 30% |
| Diluted Shares | 56.1 | 57.2 | 57.6 | **59** |

**Targeting $50-60 million of free cash flow in 2012. Mead C&OP is incremental.** [5]

[1] Directional information for modeling purposes only.
[2] Assumes current capital structure. On a standalone basis, ACCO Brands could call its 10 5/8 notes in September 2012.
[3] Includes $5MM of taxes payable related to the 2011 sale of GBC Fordigraph.
[4] Actual GAAP tax rate will vary significantly due to tax valuation allowances; anticipate a reversal of the valuation allowance post merger.
[5] Includes pension and defined benefit plan cash contributions in excess of the expense recognized of $7MM in 2011 and an estimated $7MM in 2012. Excludes $5MM of taxes payable related to the 2011 sale of GBC Fordigraph.