

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
for the Quarterly Period Ended September 30, 2002

Commission File Number 1-9608

NEWELL RUBBERMAID INC.

(Exact name of registrant as specified in its charter)

DELAWARE 36-3514169
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

29 East Stephenson Street
Freeport, Illinois 61032-0943
(Address of principal executive offices)
(Zip Code)

(815) 235-4171
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes /x/ No / /

Number of shares of common stock outstanding (net of treasury shares) as of November 6, 2002: 267,347,442.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NEWELL RUBBERMAID INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(DOLLARS AND SHARES IN MILLIONS, EXCEPT PER SHARE DATA)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	----	----	----	----
Net sales	\$1,948.3	\$1,767.8	\$5,440.3	\$5,103.2
Cost of products sold	1,398.0	1,278.2	3,950.3	3,768.3
	-----	-----	-----	-----
GROSS INCOME	550.3	489.6	1,490.0	1,334.9
Selling, general and administrative expenses	341.7	296.5	970.9	839.5
Restructuring costs	51.2	11.3	69.8	29.0
Goodwill amortization	-	14.2	-	42.5
	-----	-----	-----	-----
OPERATING INCOME	157.4	167.6	449.3	423.9
Nonoperating expenses:				
Interest expense	29.7	32.3	84.1	107.2
Other, net	13.7	5.1	39.7	11.2
	-----	-----	-----	-----
Net nonoperating expenses	43.4	37.4	123.8	118.4
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	114.0	130.2	325.5	305.5
Income taxes	37.8	46.7	109.8	111.6
	-----	-----	-----	-----
INCOME BEFORE CUMULATIVE				

EFFECT OF ACCOUNTING CHANGE	76.2	83.5	215.7	193.9
Cumulative effect of accounting change, net of tax	-	-	514.9	-
	-----	-----	-----	-----
NET INCOME (LOSS)	76.2	83.5	(299.2)	193.9
	=====	=====	=====	=====
Weighted average shares outstanding:				
Basic	267.2	266.7	267.0	266.6
Diluted	277.7	266.7	267.7	266.6
Earnings (loss) per share:				
Basic -				
Before cumulative effect of accounting change	\$0.29	\$0.31	\$0.81	\$0.73
Cumulative effect of accounting change	-	-	(1.93)	-
Net income (loss) per common share	----- \$0.29	----- \$0.31	----- (\$1.12)	----- \$0.73
	=====	=====	=====	=====

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	Quarter Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	----	----	----	----
Diluted -				
Before cumulative effect of accounting change	\$0.29	\$0.31	\$0.81	\$0.73
Cumulative effect of accounting change	-	-	(1.93)	-
Net income (loss) per common share	----- \$0.29	----- \$0.31	----- (\$1.12)	----- \$0.73
	=====	=====	=====	=====
Dividends per share	\$0.21	\$0.21	\$0.63	\$0.63

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).

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CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS)

	September 30, 2002	December 31, 2001
	----- (UNAUDITED)	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6.7	\$ 6.8
Accounts receivable, net	1,363.0	1,298.2
Inventories, net	1,277.3	1,113.8
Deferred income taxes	229.9	238.5
Prepaid expenses and other	216.5	193.4
	-----	-----
TOTAL CURRENT ASSETS	3,093.4	2,850.7
LONG-TERM INVESTMENTS	-	79.5
OTHER ASSETS	297.0	293.2
PROPERTY, PLANT AND EQUIPMENT, NET	1,826.4	1,689.1
GOODWILL, NET	1,800.7	2,069.7
OTHER INTANGIBLE ASSETS, NET	380.6	283.9
	-----	-----
TOTAL ASSETS	\$7,398.1	\$7,266.1
	=====	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).

NEWELL RUBBERMAID INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONT.)
(DOLLARS AND SHARES IN MILLIONS, EXCEPT PER SHARE DATA)

	September 30, 2002	December 31, 2001
	----- (UNAUDITED)	-----
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	\$ 29.6	\$ 19.1
Accounts payable	684.9	501.3
Accrued compensation	142.5	124.7
Other accrued liabilities	996.3	936.1
Income taxes	163.2	145.2
Current portion of long-term debt	405.8	807.5
	-----	-----
TOTAL CURRENT LIABILITIES	2,422.3	2,533.9
LONG-TERM DEBT	1,990.2	1,365.0
OTHER NONCURRENT LIABILITIES	357.9	359.5
DEFERRED INCOME TAXES	76.4	73.6
MINORITY INTEREST	2.6	0.7
COMPANY-OBLIGATED MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED SECURITIES OF A SUBSIDIARY TRUST	500.0	500.0
STOCKHOLDERS' EQUITY:		
Common stock, authorized shares, 800.0 million at \$1.00 par value	283.0	282.4

Outstanding shares:	2002 - 283.0 million		
	2001 - 282.4 million		
Treasury stock, at cost;		(409.7)	(408.5)
Shares held:			
	2002 - 15.7 million		
	2001 - 15.6 million		
Additional paid-in capital		234.5	219.8
Retained earnings		2,103.6	2,571.3
Accumulated other comprehensive loss		(162.7)	(231.6)
TOTAL STOCKHOLDERS' EQUITY		2,048.7	2,433.4
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 7,398.1	\$ 7,266.1

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).

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NEWELL RUBBERMAID INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(DOLLARS IN MILLIONS)

	Nine Months Ended September 30,	
	2002	2001
	----	----
OPERATING ACTIVITIES:		
Net income (loss)	(\$299.2)	\$ 193.9
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Cumulative effect of accounting change	514.9	-
Depreciation and amortization	218.4	254.7
Deferred income taxes	31.9	14.0
Noncash restructuring and restructuring related charges	44.7	12.6
Other	35.2	0.3
Changes in current accounts excluding the effects of acquisitions:		
Accounts receivable	12.0	(133.2)
Inventories	(65.2)	58.7
Other current assets	(21.8)	1.9
Accounts payable	106.1	102.9
Accrued liabilities and other	(7.8)	71.0
NET CASH PROVIDED BY OPERATING ACTIVITIES	569.2	576.8
INVESTING ACTIVITIES:		
Acquisitions, net of cash acquired	(228.5)	(21.9)
Expenditures for property, plant and equipment	(185.2)	(184.7)
Disposals of noncurrent assets and other	7.8	27.0
NET CASH USED IN INVESTING ACTIVITIES	(405.9)	(179.6)
FINANCING ACTIVITIES:		
Proceeds from issuance of debt	523.1	462.9
Payments on notes payable and long-term debt	(535.8)	(704.9)
Cash dividends	(168.2)	(168.0)
Proceeds from exercised stock options and other	16.3	1.1
NET CASH USED IN FINANCING ACTIVITIES	(164.6)	(408.9)
Exchange rate effect on cash	1.2	(1.5)
DECREASE IN CASH AND CASH EQUIVALENTS	(0.1)	(13.2)
Cash and cash equivalents at beginning of year	6.8	22.5
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 6.7	\$ 9.3

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED).

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NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Newell Rubbermaid Inc. (collectively with its subsidiaries, the "Company") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission, and do not include all the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the unaudited consolidated financial statements include all adjustments, consisting of only normal recurring accruals, considered necessary for a fair presentation of the financial position and the results of operations. It is suggested that these unaudited consolidated financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K.

SEASONAL VARIATIONS: The Company's product groups are only moderately affected by seasonal trends. The Rubbermaid and Calphalon Home business segments typically have higher sales in the second half of the year due to retail stocking related to the holiday season; the Levolor/Hardware business segment typically has higher sales in the second and third quarters due to an increased level of do-it-yourself projects completed in the summer months; and the Sharpie business segment typically has higher sales in the second and third quarters due to the back-to-school season. Because these seasonal trends are moderate, the Company's consolidated quarterly sales generally do not fluctuate significantly, unless there has been a major acquisition.

RECLASSIFICATIONS: Certain prior year amounts have been reclassified to conform with the 2002 presentation.

RECENT ACCOUNTING PRONOUNCEMENTS:

In August 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets." This statement established a single accounting model for long-lived assets to be disposed of by sale and provides additional implementation guidance for assets to be held and used and assets to be disposed of. The statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and amends the accounting and reporting provisions of Accounting Principles Board ("APB") Opinion No. 30 related to the disposal of a segment of a business. The statement was adopted by the Company on January 1, 2002, and had no impact on earnings.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or

disposal activities included in restructurings. This Statement eliminates the definition and requirements for recognition of exit costs as defined in EITF Issue 94-3, and requires that liabilities for exit activities be recognized when incurred instead of at the exit activity commitment date. The Company has not determined the effect that the adoption of SFAS No. 146, effective January 1, 2003, will have on its earnings or financial position.

NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLE

Effective January 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets." Under SFAS No. 142, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized, but will be subject to periodic impairment tests in accordance with the statements. Other intangible assets will continue to be amortized over their useful lives.

Pursuant to the adoption of SFAS No. 142, all amortization expense on trade names and goodwill ceased on January 1, 2002. As of January 1, 2002, the Company performed the required impairment tests of goodwill and indefinite-lived intangible assets and recorded a pre-tax goodwill impairment charge of \$538.0 million in the first quarter of 2002 (with an after-tax charge totaling \$514.9 million). In determining this amount of goodwill impairment, the Company measured the impairment loss as the excess of the carrying amount of goodwill over the implied fair value of goodwill. In addition, the Company will test again for impairment if events or circumstances occur subsequent to the Company's annual impairment tests that would more likely than not reduce the fair value of a reporting unit below its carrying amount. There are no additional impairment charges anticipated for 2002.

Goodwill represents the excess of cost over identifiable net assets of businesses acquired. Prior to the adoption of SFAS No. 142, trade names acquired in business combinations were not typically recognized separately from goodwill. Through the year ended December 31, 2001, trade names and goodwill were amortized over 40 years and other identifiable intangible assets were amortized over 5 to 20 years. Upon adoption of SFAS No. 142, certain trade names have not been "carved-out" from goodwill as they had not been identified and measured at fair value in the initial recording of a business combination.

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A summary of changes in the Company's goodwill during the nine months ended September 30, 2002 is as follows (IN MILLIONS):

Balance at December 31, 2001	\$2,069.7
Acquisitions and adjustments -	
American Tool Companies, Inc.	224.2
Other (minor acquisitions and foreign exchange)	44.8

	269.0

Impairments -	
Sharpie segment	(126.9)
Levolor/Hardware segment	(322.0)
Calphalon Home segment	(89.1)

	(538.0)

Balance at September 30, 2002	\$1,800.7
	=====

The results of operations on a pro forma basis for the quarter and nine months ended September 30, restated as though the amortization of trade names and goodwill had been discontinued on January 1, 2001 are as follows (IN MILLIONS, EXCEPT PER SHARE AMOUNTS):

	Quarter Ended September 30,		Nine months Ended September 30,	
	2002	2001	2002	2001
	----	----	----	----
Reported income before cumulative effect of accounting change	\$76.2	\$83.5	\$215.7	\$193.9
Cumulative effect of accounting change, net of tax	-	-	(514.9)	-
	-----	-----	-----	-----
Reported net income (loss)	76.2	83.5	(299.2)	193.9
Add back: Goodwill and trade name amortization, net of tax	-	13.4	-	40.0
	-----	-----	-----	-----
Adjusted net income (loss)	\$76.2	\$96.9	(299.2)	\$233.9
	=====	=====	=====	=====
Reported basic net income (loss) per share	\$0.29	\$0.31	(\$1.12)	\$0.73
Add back: Goodwill and trade name amortization, net of tax	-	0.05	-	0.15
	-----	-----	-----	-----
Adjusted basic net income (loss) per share	\$0.29	\$0.36	(\$1.12)	\$0.88
	=====	=====	=====	=====

Reported diluted net income (loss) per share	\$0.29	\$0.31	(\$1.12)	\$0.73
Add back: Goodwill and trade name amortization, net of tax	-	0.05	-	0.15
	-----	-----	-----	-----
Adjusted diluted net income (loss) per share	\$0.29	\$0.36	(\$1.12)	\$0.88
	=====	=====	=====	=====

NOTE 3 - ACQUISITIONS AND DIVESTITURES

ACQUISITIONS:

On April 30, 2002, the Company completed the purchase of American Tool Companies, Inc. ("American Tool"), a leading manufacturer of hand tools and power tool accessories. The Company had previously held a 49.5% stake in American Tool, which had been accounted for under the equity method prior to acquisition. This purchase marked a significant expansion and enhancement of the Company's product lines and customer base, launching it squarely in the estimated \$10 billion-plus global market for hand tools and power tool accessories. The preliminary purchase price was \$467 million, which included \$197 million for the majority 50.5% ownership stake, the repayment of \$243 million in American Tool debt and \$27 million of transaction costs. The purchase price is subject to adjustment based on the final closing balance sheet. At the time of acquisition, the Company paid off American Tool's senior debt, senior subordinated debt and debt under their revolving credit agreement. The Company is in the process of obtaining third party valuations of certain financial positions; thus, the allocation of the purchase price is subject to change. During the third quarter, the Company recorded nonoperating expenses of \$8.7 million for transaction costs associated with the acquisition.

The 2002 and 2001 transactions were all accounted for as purchases; therefore, results of operations are included in the accompanying Consolidated Financial Statements since their respective acquisition dates. The purchase prices for the 2002 acquisitions have been allocated on a preliminary basis to the fair market value of the assets acquired and liabilities assumed. The Company's final integration plans may include exit costs for certain plants and product lines, as well as employee termination costs. The final adjustments to the purchase price allocations are not expected to be material to the financial statements.

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The unaudited consolidated results of operations on a pro forma basis (as though the 2002 acquisition of the American Tool business had been completed on January 1, 2001) are as follows (IN MILLIONS, EXCEPT PER SHARE AMOUNTS):

NINE MONTHS ENDED SEPTEMBER 30,	2002	2001
	----	----
Net sales	\$5,580.5	\$5,425.2
Income before accounting change	\$219.2	\$195.2
Basic earnings per share before accounting change	\$0.82	\$0.73
Net income (loss)	(\$299.3)	\$195.2
Basic earnings (loss) per share	(\$1.12)	\$0.73

WITHDRAWN DIVESTITURE:

On June 18, 2001, the Company announced an agreement for the sale of Anchor Hocking. On January 14, 2002, the Federal Trade Commission (the "FTC") filed a complaint seeking to enjoin the sale of Anchor. On January 21, 2002, the Company signed an amended agreement with the buyer to divest Anchor, excluding the food service business because the FTC alleged the sale of Anchor to the current buyer could reduce competition in the market for glassware in the foodservice industry. On April 22, 2002, the U.S. District Court for the District of Columbia granted the FTC's motion for a preliminary injunction.

On June 10, 2002, the Company announced that it had withdrawn plans to sell its Anchor Hocking glass business to Libbey Inc. and will continue to operate the business as part of its broad housewares portfolio. Transaction costs approximating \$13.6 million were recorded as nonoperating expenses in the second quarter.

NOTE 4 - RESTRUCTURING COSTS

During 2002 and 2001, the Company recorded restructuring charges associated with the Company's strategic restructuring plan announced on May 3, 2001. Through this strategic restructuring plan, management intends to streamline the Company's supply chain to enable it to be the low cost global provider throughout the Company's product portfolio. The plan's terms include reducing worldwide headcount and consolidating duplicative manufacturing facilities, over a three year period beginning in 2001. In the first nine months of 2002, the Company incurred facility exit costs and employee severance and termination benefit costs for approximately 1,450 employees, as described in the table below. Under the restructuring plan, 28 facilities have been exited and headcount has been reduced by 3,150 employees.

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Certain expenses incurred in the reorganization of the Company's operations are considered to be restructuring expenses. Pre-tax restructuring costs consisted of the following (IN MILLIONS):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Facility and other exit costs	\$13.7	\$3.4	\$18.4	\$8.8
Employee severance and termination benefits	30.5	7.9	43.8	17.6
Exited contractual commitments	-	-	0.6	-
Other	7.0	-	7.0	2.6
	-----	-----	-----	-----
Recorded as Restructuring Costs	51.2	11.3	69.8	29.0
Discontinued Product Lines (in Cost of products sold)	4.8	-	8.9	-
	-----	-----	-----	-----
Total Costs Related to Restructuring Plans	56.0	\$11.3	\$78.7	\$29.0
	=====	=====	=====	=====

Restructuring provisions were determined based on estimates prepared at the time the restructuring actions were approved by management, and also include amounts recognized as incurred. Cash paid for restructuring activities was \$41.7 million and \$16.4 million in the first nine months of 2002 and 2001, respectively. A summary of the Company's restructuring plan reserves is as follows (IN MILLIONS):

	12/31/00 Balance	Provision	Costs Incurred	09/30/01 Balance
Facility and other exit costs	\$11.8	\$8.8	(\$13.0)	\$7.6
Employee severance and termination benefits	3.3	17.6	(11.2)	9.7
Exited contractual commitments	4.6	-	(2.4)	2.2
Other	2.2	2.6	-	4.8
	-----	-----	-----	-----
	\$21.9	\$29.0	(\$26.6)	\$24.3
	=====	=====	=====	=====

	12/31/01 Balance	Provision	Costs Incurred	09/30/02 Balance
Facility and other exit costs	\$20.1	\$18.4	(\$11.5)	\$27.0
Employee severance and termination benefits	6.2	43.8	(28.1)	21.9
Exited contractual commitments	1.9	0.6	(0.8)	1.7

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	12/31/01 Balance	Provision	Costs Incurred	09/30/02 Balance
Other	-	7.0	(4.8)	2.2

Recorded as Restructuring Costs	28.2	69.8	(45.2)	52.8
Discontinued Product Lines (in Cost of products sold)	-	8.9	(8.8)	0.1
Total Costs Related to Restructuring Plans	\$28.2	\$78.7	(\$54.0)	\$52.9

The facility and other exit cost reserves of \$27.0 million at September 30, 2002 are primarily related to future minimum lease payments on vacated facilities and other closure costs. The reserves are for 28 vacant leased and owned facilities as follows:

Segment	Number of Vacated Facilities
Rubbermaid	6
Sharpie	3
Levolor/Hardware	14
Calphalon Home	5
	--
Total	28

Severance reserves of \$21.9 million at September 30, 2002 are primarily related to the employees of the exited facilities. In addition to severance for employees at the exited facilities there are approximately 15 former Newell executives who are receiving severance payments under employment agreements.

NOTE 5 - INVENTORIES

Inventories are stated at the lower of cost or market value. The components of inventories, net of LIFO reserve, were as follows (IN MILLIONS):

	September 30, 2002	December 31, 2001
Materials and supplies	\$364.7	\$356.5
Work in process	188.1	150.5
Finished products	724.5	606.8
	-----	-----
	\$1,277.3	\$1,113.8
	=====	=====

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NOTE 6 - LONG-TERM DEBT

The following is a summary of long-term debt (IN MILLIONS):

	September 30, 2002	December 31, 2001
Medium-term notes	\$1,432.4	\$1,012.5
Commercial paper	504.0	707.5
Preferred debt securities	450.0	450.0
Other long-term debt	9.6	2.5
	-----	-----
Total debt	2,396.0	2,172.5
Current portion of long-term debt	(405.8)	(807.5)
	-----	-----
Long-term Debt	\$1,990.2	\$1,365.0
	=====	=====

The revolving credit agreement (and related commercial paper), medium term notes and mandatorily redeemable convertible preferred securities are all unsecured.

On September 18, 2001, the Company entered into an agreement with a financial institution creating a financing entity that is consolidated in the Company's financial statements. Under the agreement, the Company regularly enters into transactions with the financing entity to sell an undivided interest in substantially all of the Company's United States trade receivables to the financing entity. In the quarter ended September 30, 2001, the financing entity issued \$450.0 million in preferred debt securities to the financial institution. Those preferred debt securities must be retired or redeemed before the Company can have access to the financing entity's receivables. The

receivables and the corresponding \$450.0 million preferred debt issued by the subsidiary to the financial institution are recorded in the consolidated accounts of the Company. The proceeds of this debt were used to pay down commercial paper issued by the Company. Under certain circumstances, the Company can require that the preferred debt securities be converted into notes that mature in 2008. The entire principal amount is therefore considered to be long-term debt. The provisions of the debt agreement allow the entire outstanding debt to be called upon certain events including the Company's debt rating falling below investment grade and certain levels of accounts receivable write-offs. As of September 30, 2002, the Company was in compliance with the agreement. As of September 30, 2002 and December 31, 2001, the aggregate amount of outstanding receivables sold under the agreement was \$695.9 million and \$689.3 million, respectively.

The Company completed a \$1,300.0 million Syndicated Revolving Credit Facility (the "Revolver") on June 14, 2002, replacing the existing \$1,300.00 revolving credit agreement, which was scheduled to terminate

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in August 2002. The new Revolver consists of a \$650.0 million 364-day credit agreement and a \$650.0 million five-year credit agreement. At September 30, 2002, there were no borrowings under the Revolver.

On March 14, 2002 the Company issued \$500.0 million of Senior Notes with five-year and ten-year maturities. The \$500.0 million Senior Notes consist of \$250.0 million in 6.00% Senior Notes due 2007 and \$250.0 million in 6.75% Senior Notes due 2012. On March 12, 2002, the five-year notes were swapped to a floating rate, resulting in a 2.98% rate for the first nine months of the swap. The proceeds of this issuance were used to pay down commercial paper. This issuance is reflected in the outstanding amount of medium-term notes noted above and the entire amount is considered to be long-term debt.

In August 2002, the Company elected to terminate certain interest rate swap agreements prior to their scheduled maturities and received cash of \$25.0 million. Of this amount, \$20.8 million represents the fair value of the swaps that were terminated and the remainder represents interest receivable on the swaps. The cash received relating to the fair value of the swaps was included as an operating activity in the Statement of Cash Flows. The unamortized fair value gain on the terminated interest rate swaps is accounted for as long-term debt. As of September 30, 2002, the unamortized gain was \$19.9 million, of which \$5.7 million is classified as current portion of long-term debt. The unamortized gain will be amortized as a reduction to interest expense over the remaining term of the underlying debt using the effective interest method.

In August of 2002, the Company entered into several new interest rate swap agreements to replace the terminated interest rate swap agreements. These new interest rate swaps convert certain fixed rate debt into floating rate debt based on a notional principal amount of \$500.0 million.

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NOTE 7 - EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the year-

to-date period is shown below (IN MILLIONS, EXCEPT PER SHARE DATA):

	Basic Method -----	"In the Money" Options(1) -----	Convertible Preferred Securities -----	Diluted Method -----
QUARTER ENDED SEPTEMBER 30, 2002				
Net income	\$76.2	-	4.1	\$80.3
Weighted average shares outstanding	267.2	0.6	9.9	277.7
Earnings per share	\$0.29			\$0.29
QUARTER ENDED SEPTEMBER 30, 2001				
Net income	\$83.5	-	-	\$83.5
Weighted average shares outstanding	266.7	-	-	266.7
Earnings per share	\$0.31			\$0.31
NINE MONTHS ENDED SEPTEMBER 30, 2002				
Income before cumulative effect of accounting change	\$215.7	-	-	\$215.7
Weighted average shares outstanding	267.0	0.7	-	267.7
Earnings per share	\$0.81			\$0.81
Net loss	(\$299.2)	-	-	(\$299.2)
Weighted average shares outstanding	267.0	0.7	-	267.7
Loss per share	(\$1.12)			(\$1.12)
NINE MONTHS ENDED SEPTEMBER 30, 2001				
Net income	\$193.9	-	-	\$193.9
Weighted average shares outstanding	266.6	-	-	266.6
Earnings per share	\$0.73			\$0.73

(1) The weighted average shares outstanding for the nine months ended September 30, 2002 and 2001 exclude approximately 4.4 million and 9.6 million stock options, respectively, because such options had an exercise price in excess of the average market value of the Company's common stock during the respective periods and would, therefore, be anti-dilutive.

NOTE 8 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) encompasses net after-tax unrealized gains or losses on securities available for sale, foreign currency translation adjustments, net losses on derivative instruments and net minimum pension liability adjustments and is recorded within stockholders' equity.

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The following table displays the components of accumulated other comprehensive income or loss (IN MILLIONS):

	Foreign Currency Translation Loss -----	After-tax Derivatives Hedging Gain (Loss) -----	After-tax Minimum Pension Liability -----	Accumulated Other Comprehensive Loss -----
Balance at December 31, 2001	(\$213.1)	(\$14.0)	(\$4.5)	(\$231.6)
Current year change	56.0	12.9	-	68.9
Balance at September 30, 2002	(\$157.1) =====	(\$1.1) =====	(\$4.5) =====	(162.7) =====

Total comprehensive income (loss) amounted to the following (IN MILLIONS):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2002 ----	2001 ----	2002 ----	2001 ----
Net income (loss)	\$76.2	\$83.5	(\$299.2)	\$193.9
Foreign currency translation gain (loss)	5.1	40.2	56.0	(43.8)
After-tax derivatives hedging gain (loss)	(6.7)	(5.1)	12.9	(13.3)
After-tax unrealized gain on securities	-	(1.8)	-	(1.3)
	-----	-----	-----	-----

Comprehensive income (loss)

\$74.6

\$116.8

(\$230.3)

\$135.5

=====

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=====

=====

NOTE 9 - INDUSTRY SEGMENTS

In the first quarter of 2002, the Company announced the realignment of its operating segment structure. This realignment reflects the Company's focus on building large consumer brands, promoting organizational integration and operating efficiencies and aligning the businesses with the Company's key account strategy. The four operating segments have been named for leading worldwide brands in the Company's product portfolio. The realignment streamlines what had previously been five operating segments. Last year's amounts have been reclassified to conform with the 2002 presentation. In the third quarter of 2002, the Company re-named its Parker/Eldon and Calphalon/Wearever segments as the Sharpie and Calphalon Home segments, respectively, for public reporting.

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The Company's segment results are as follows (IN MILLIONS):

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	----	----	----	----
NET SALES (1) (2)				
Rubbermaid	\$666.2	\$657.5	\$1,937.9	\$1,928.5
Sharpie	495.7	466.0	1,418.2	1,332.0
Levolor/Hardware	479.3	353.0	1,257.6	1,033.4
Calphalon Home	307.1	291.3	826.6	809.3
	-----	-----	-----	-----
	\$1,948.3	\$1,767.8	\$5,440.3	\$5,103.2
	=====	=====	=====	=====
OPERATING INCOME (3)				
Rubbermaid	\$65.6	\$48.6	\$160.1	\$149.3
Sharpie	85.9	77.0	227.0	205.2
Levolor/Hardware	37.6	41.3	101.6	98.9
Calphalon Home	31.8	32.3	62.0	63.4
Corporate (4)	(7.5)	(20.3)	(22.7)	(63.9)
	-----	-----	-----	-----
	213.4	178.9	528.0	452.9
Restructuring Costs (5)	(56.0)	(11.3)	(78.7)	(29.0)
	-----	-----	-----	-----
	\$157.4	\$167.6	\$449.3	\$423.9
	=====	=====	=====	=====
CAPITAL EXPENDITURES				
Rubbermaid	\$44.7	\$24.6	\$96.1	\$75.4
Sharpie	7.7	11.2	24.3	46.6
Levolor/Hardware	19.1	6.0	39.7	20.4
Calphalon Home	5.8	9.3	13.7	32.2
Corporate	6.7	9.3	11.4	10.1
	-----	-----	-----	-----
	\$84.0	\$60.4	\$185.2	\$184.7
	=====	=====	=====	=====
DEPRECIATION AND AMORTIZATION				
Rubbermaid	\$27.2	\$32.3	\$91.6	\$93.4
Sharpie	11.7	14.0	42.3	42.6
Levolor/Hardware	14.6	7.2	30.9	22.4
Calphalon Home	13.1	10.4	34.8	33.1
Corporate	5.4	23.4	18.8	63.2
	-----	-----	-----	-----
	\$72.0	\$87.3	\$218.4	\$254.7
	=====	=====	=====	=====

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	September 30, 2002	December 31, 2001
	----	----
IDENTIFIABLE ASSETS		
Rubbermaid	\$1,665.2	\$1,551.3
Sharpie	1,165.1	1,216.8

Levolor/Hardware	1,210.7	790.8
Calphalon Home	749.1	787.4
Corporate (6)	2,608.0	2,919.8
	-----	-----
	\$7,398.1	\$7,266.1
	=====	=====

Geographic Area Information

	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
	2002	2001	2002	2001
	----	----	----	----
NET SALES				
United States	\$1,427.5	\$1,303.4	\$3,981.8	\$3,703.0
Canada	83.1	81.1	228.5	226.1
	-----	-----	-----	-----
North America	1,510.6	1,384.5	4,210.3	3,929.1
Europe (7)	347.0	292.8	967.6	898.7
Central and South America (8)	66.2	63.1	190.1	208.6
All other	24.5	27.4	72.3	66.8
	-----	-----	-----	-----
	\$1,948.3	\$1,767.8	\$5,440.3	\$5,103.2
	=====	=====	=====	=====
OPERATING INCOME				
United States	\$150.3	\$145.0	\$382.0	\$332.4
Canada	12.8	12.4	27.4	34.2
	-----	-----	-----	-----
North America	163.1	157.4	409.4	366.6
Europe	(15.5)	5.5	7.1	34.1
Central and South America	7.6	2.4	21.1	18.3
All other	2.2	2.3	11.7	4.9
	-----	-----	-----	-----
	\$157.4	\$167.6	\$449.3	\$423.9
	=====	=====	=====	=====

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	September 30,	December 31,
	2002	2001
	----	----
IDENTIFIABLE ASSETS (9)		
United States	\$4,954.0	\$5,067.8
Canada	120.5	118.0
	-----	-----
North America	5,074.5	5,185.8
Europe	2,002.1	1,737.0
Central and South America	242.3	295.7
All other	79.2	47.6
	-----	-----
	\$7,398.1	\$7,266.1
	=====	=====

- 1) Sales to Wal-Mart Stores, Inc. and subsidiaries amounted to approximately 15% of consolidated net sales in the first nine months of 2002 and 2001. Sales to no other customer exceeded 10% of consolidated net sales for either period.
- 2) All intercompany transactions have been eliminated.
- 3) Operating income is net sales less cost of products sold and selling, general and administrative expenses. Certain headquarters expenses of an operational nature are allocated to business segments and geographic areas primarily on a net sales basis. Goodwill amortization is considered a corporate expense and not allocated to business segments.
- 4) Corporate operating expenses consist primarily of administrative costs that cannot be allocated to a particular segment.
- 5) Restructuring costs are recorded as both Restructuring Costs and as part of Cost of Products Sold in the Consolidated Statements of Income (Unaudited) (refer to Note 4 for additional detail.) Restructuring Costs are not allocated to business segments and are not part of Operating Income.
- 6) Corporate assets primarily include trade names, goodwill, equity investments and deferred tax assets.
- 7) No sales attributed to any individual European country are

material.

- 8) This category includes Argentina, Brazil, Colombia, Mexico and Venezuela.
- 9) Transfers of finished goods between geographic areas are not significant.

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NOTE 10 - CONTINGENCIES

The Company is involved in legal proceedings in the ordinary course of its business. These proceedings include claims for damages arising out of use of the Company's products, allegations of infringement of intellectual property, commercial disputes and employment related matters, as well as environmental matters. Some of the legal proceedings include claims for punitive as well as compensatory damages, and a few proceedings purport to be class actions.

Although management of the Company cannot predict the ultimate outcome of these legal proceedings with certainty, it believes that the ultimate resolution of the Company's legal proceedings, including any amounts it may be required to pay in excess of amounts reserved, will not have a material effect on the Company's financial statements.

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PART I

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated items from the Consolidated Statements of Income as a percentage of net sales.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of products sold	71.8%	72.3%	72.6%	73.8%
GROSS INCOME	28.2%	27.7%	27.4%	26.2%
Selling, general and administrative expenses	17.5%	16.8%	17.8%	16.5%
Restructuring costs	2.6%	0.6%	1.3%	0.6%
Goodwill amortization	--%	0.8%	--%	0.8%
OPERATING INCOME	8.1%	9.5%	8.3%	8.3%
Nonoperating expenses:				
Interest expense	1.5%	1.8%	1.6%	2.1%
Other, net	0.7%	0.3%	0.7%	0.2%
Net nonoperating expenses	2.2%	2.1%	2.3%	2.3%
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	5.9%	7.4%	6.0%	6.0%
Income taxes	2.0%	2.7%	2.0%	2.2%
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	3.9%	4.7 %	4.0%	3.8%
Cumulative effect of accounting change, net of tax	--%	--%	9.5%	--%
NET INCOME (LOSS)	3.9%	4.7%	(5.5)%	3.8%

ITEMS AFFECTING COMPARABILITY

Several events occurred during the first nine months of 2002 and 2001 that affected the comparability of operating results. These events are described below to help isolate their impact on continuing operations and to help better identify operating trends. For purposes of comparison, operating results will be discussed with and without the following events:

- * **RESTRUCTURING ACTIVITIES:** During 2002 and 2001, the Company recorded restructuring charges associated with the Company's strategic restructuring plan announced on May 3, 2001. Through this strategic restructuring plan, management intends to streamline the Company's supply chain to enable it to be the low cost global provider throughout the Company's product portfolio. The plan's terms include reducing worldwide headcount and consolidating duplicative manufacturing facilities, over a three-year period beginning in 2001. During the first nine months of 2002 and 2001, the Company incurred pre-tax restructuring and restructuring related expenses of \$78.7 million and \$29.0 million, or \$0.20 and \$0.07 per diluted share, respectively. Under the strategic restructuring plan, 28 facilities have been exited and headcount has been reduced by approximately 3,150

employees. See Note 4 to the Consolidated Financial Statements (Unaudited) for further information on the strategic restructuring plan.

- * ADOPTION OF NEW GOODWILL ACCOUNTING: On January 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). Pursuant to the adoption of SFAS No. 142, all amortization expense on goodwill and intangible assets with indefinite lives ceased on January 1, 2002. Therefore, no goodwill and indefinite life intangible asset amortization is recorded in 2002 earnings. On a comparative basis, goodwill and indefinite life intangibles amortization expense was \$15.6 million (\$13.4 million after tax and \$0.05 per diluted share) and \$46.6 million (\$40.0 million after tax and \$0.15 per diluted share) for the three months and nine months ended September 30, 2001, respectively.

In addition, during the first quarter of 2002, the Company recorded a \$514.9 million after tax goodwill impairment charge. This charge was recorded as a cumulative effect of an accounting change in the Consolidated Statements of Income (Unaudited). There are no additional impairment charges anticipated for 2002. See Note 1 to the Consolidated Financial Statements (Unaudited) for further information on the adoption of SFAS No. 142.

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- * AMERICAN TOOL ACQUISITION: On April 30, 2002, the Company acquired the remaining 50.5% ownership interest in American Tool Companies, Inc. ("American Tool") for \$467 million, which included the assumption of all outstanding American Tool debt and miscellaneous transaction costs. The purchase price is preliminary and subject to adjustment based on the final closing balance sheet. The Company now owns 100% of the outstanding shares of American Tool. With fiscal 2001 revenue of \$440.7 million and manufacturing and distribution facilities around the world, the American Tool purchase marks a significant expansion and enhancement of the Company's product lines and customer base, launching it squarely into the estimated \$10 billion-plus global market for hand tools and power tool accessories. The acquisition has been accounted for as a purchase and is described further in Note 3 to the Consolidated Financial Statements (Unaudited).

Since the acquisition, American Tool's operations have been consolidated with the Company's. Prior to May 1, 2002, the Company's 49.5% ownership interest in American Tool was accounted for under the equity method of accounting, and was recognized as other income and included in nonoperating expenses in the Consolidated Statements of Income (Unaudited). The Company recorded other income of \$0.7 million in 2002 prior to the acquisition and ultimate consolidation of American Tool into the Company. In contrast, the Company recorded \$5.4 million of other income during the nine months ended September 30, 2001, related to the 49.5% equity income in American Tool prior to the acquisition.

In the three months ended September 30, 2002, the Company recorded approximately \$8.7 million (\$5.8 million after tax) or \$0.02 per diluted share in transaction costs related to the American Tool acquisition in nonoperating expenses.

- * ANCHOR HOCKING TRANSACTION: On June 10, 2002, the Company withdrew plans to sell its Anchor Hocking glass business to Libbey Inc. ("Libbey") and will continue to operate the business as part of its broad housewares portfolio. The Federal Trade Commission ("FTC") had been granted a preliminary injunction against the sale of Anchor to Libbey, as the FTC alleged the sale of Anchor to Libbey could reduce competition in the market for glassware in the foodservice industry. For the nine months ended September 30, 2002, the Company expensed \$13.6 million, or \$0.03 per diluted share, of transaction related costs in other nonoperating expenses.

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THREE MONTHS ENDED SEPTEMBER 30, 2002 VS. THREE MONTHS ENDED SEPTEMBER 30, 2001

CONSOLIDATED OPERATING RESULTS:

Net sales for the three months ended September 30, 2002 ("Third Quarter") were \$1,948.3 million, an increase of \$180.5 million, or 10.2%, from \$1,767.8 million in the comparable quarter of 2001. Excluding \$110.5 million of sales from the American Tool acquisition, sales increased 4.0%. The internal sales growth was driven primarily by the Company's focus on sales and marketing initiatives toward strategic customers and new product introductions, partially offset by product price reductions.

Gross income was \$550.3 million in the Third Quarter of 2002, a \$60.7 million, or 12.4%, increase from \$489.6 million in the comparable quarter of 2001. Gross income margin also increased to 28.2% of sales versus 27.7% in 2001. Excluding \$4.8 million (\$3.2 million after tax) of product line exit costs strategic restructurings, gross income was \$555.1 million or 28.5% of net sales in 2002. In the comparable period in 2001, excluding \$0.5 million (\$0.3 million after tax) of costs related to acquisitions, gross profit was \$490.1 million, or 27.7% of sales. Gross income, both with and without acquisition and strategic restructuring related charges, increased as a result of the American Tool acquisition and the Company's implementation of strategic restructuring and productivity improvement initiatives that continue to focus on streamlining the Company's supply chain, such as eliminating duplicative facilities, reducing headcount and sourcing product from low cost countries. Productivity initiatives reduced costs by approximately \$50 million in the Third Quarter of 2002. The Company continues to increase gross income margin despite product price reductions.

Selling, general and administrative expenses ("SG&A") were \$341.7 million in the Third Quarter of 2002, an increase of \$45.2 million, or 15.2%, from \$296.5 million in the comparable quarter of 2001. SG&A as a percentage of net sales was 17.5% in 2002 versus 16.8% in the comparable quarter of 2001. Excluding \$3.6 million (\$2.4 million after tax) of acquisition related charges in 2002, SG&A was \$338.1 million or 17.4% of net sales for the Third Quarter of 2002. In the comparable period in 2001, excluding \$0.8 million (\$0.5 million after tax), of acquisition related charges, SG&A was \$295.7 million or 16.7% of sales. SG&A, both with and without acquisition related charges, increased primarily due to the American Tool acquisition, the Company's increased investment in new product development and product launches, and planned marketing initiatives (including Strategic Account Management and Phoenix), which support the Company's strategic growth initiatives.

Strategic Account Management is the Company's sales and marketing approach that focuses growth efforts on strategic accounts with high long-term growth potential. Separate sales organizations have been

established to more effectively manage the relationship at the largest strategic accounts, specifically Wal*Mart, The Home Depot and Lowe's. The program allows the Company to present these customers with "one face" to enhance the Company's response time, understand the customer's needs and support the best possible customer relationship.

The Phoenix program is a field sales force consisting of approximately 500 recent university graduates that primarily work with strategic accounts to perform in-store product demonstrations, event marketing, on-shelf merchandising, enhance customer interaction and strengthen ongoing relationships with store personnel. Phoenix allows the Company to enhance product placement and minimize stock outages.

The Company recorded pre-tax strategic restructuring charges of \$51.2 million (\$34.2 million after taxes) and \$11.3 million (\$7.3 million after tax) in the Third Quarter of 2002 and 2001, respectively. The 2002 Third Quarter pre-tax charge included \$13.7 million of facility and other exit costs, \$30.5 million of employee severance and termination benefits, and \$7.0 million in other restructuring costs. The 2001 Third Quarter pre-tax charge included \$3.4 million of facility and other exit costs, and \$7.9 million of employee severance and termination benefits. See Note 4 to the Consolidated Financial Statements (Unaudited) for further information on the strategic

restructuring plan.

Operating income was \$157.4 million in the Third Quarter of 2002, a decrease of \$10.2 million, or 6.1% from \$167.6 million in the comparable quarter of 2001. Operating income as a percentage of net sales was 8.1% in 2002 versus 9.5% in the comparable quarter of 2001. As described in the section entitled "Items Affecting Comparability," the decrease in operating income relates primarily to increased strategic restructuring and acquisition related costs. During the quarter ended September 30, 2002 the company recognized restructuring and acquisition related costs of \$59.6 million pre-tax (\$39.8 after tax) compared to \$12.6 million pre-tax (\$8.1 after tax) for 2001, an increase of \$47.0 million. Excluding strategic restructuring and acquisition related costs; operating income was \$217.0 million, or 11.1% of net sales in 2002 versus \$180.2 million, or 10.2% of sales in 2001. The increase in operating income, excluding strategic restructuring and acquisition related costs, over the prior year is primarily due to 4.0% internal sales growth, approximately \$50 million of productivity improvements, the American Tool acquisition, and the impact of the non-amortization provisions of SFAS No. 142 (\$15.6 million of amortization expense in the Third Quarter of 2001). Partially offsetting these increases are the cost of the Company's continued investment in sales and marketing initiatives and product price reductions.

Net nonoperating expenses were \$43.4 million in the Third Quarter of 2002, a \$6.0 million, or 16.0% increase from \$37.4 million in the comparable quarter of 2001. Excluding acquisition related charges of \$10.3 million (\$6.9 million net of tax), net nonoperating expenses

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were \$33.1 million, a decrease of \$4.3 million or 11.5% from 2001. Included in the \$10.3 million in acquisition costs in approximately \$8.7 million (\$5.8 million after tax) in costs related to the American Tool acquisition, more fully described in Note 3 to the Consolidated Financial Statements (Unaudited), respectively. The decrease in net nonoperating expense was primarily due to reduced interest expense of \$2.6 million as a result of lower interest rates on the Company's variable rate borrowings.

The effective tax rate was 33.2% in the Third Quarter of 2002 versus 35.9% in the Third Quarter of 2001. The decrease in the effective tax rate between years is due primarily to the impact of the non-amortization provisions of SFAS No. 142.

Net income was \$76.2 million in the Third Quarter of 2002, a \$7.3 million, or 8.7%, decrease from \$83.5 million in the Third Quarter of 2001. Diluted earnings per share were \$0.29 in the Third Quarter of 2002 compared to \$0.31 in the Third Quarter of 2001. Net income, excluding strategic restructuring and other charges, was \$122.9 million in 2002, an increase of \$31.3 million from 2001. A reconciliation of net income, excluding strategic restructuring and other charges for 2002 and 2001, is as follows:

(in millions; except per share data)	2002		2001	
	Amount	Diluted EPS	Amount	Diluted EPS
Net Income, as Reported	\$76.2	\$0.29	\$83.5	\$0.31
Add Back				
Restructuring Costs	34.2	0.12	7.3	0.03
Product Line Exit Costs	3.2	0.01	-	-
American Tool Acquisition Costs	5.8	0.02		
Other Acquisition Related Costs*	3.5	0.01	0.8	0.00
Rounding	--	0.01	--	--
Net Income, Excluding Charges	\$122.9	\$0.46	\$91.6	\$0.34

* Other Acquisition related costs are recorded in cost of products sold, SG&A, and nonoperating expenses in the Consolidated Statements of Income (Unaudited). In 2002, Other Acquisition related costs (after tax) recorded in SG&A and nonoperating expenses were \$2.4 million and \$1.1 million, respectively. In 2001, Other Acquisition related costs (after tax) recorded in cost of product sold and SG&A were \$0.3 million and \$0.5 million, respectively.

The increase in net income and diluted earnings per share, excluding charges, was primarily due to 4.0% internal sales growth, improved gross margins from productivity improvements of approximately \$50 million, the impact of the non-amortization provisions of the adoption of SFAS No. 142 and lower interest expense, partially offset by product price reductions and the Company's increased investment in sales and marketing initiatives.

BUSINESS GROUP OPERATING RESULTS:

The Company operates in four general segments:

Net Sales by Group:

	2002	2001	Percentage Increase
	----	----	-----
Rubbermaid	\$666.2	\$657.5	1.3%
Sharpie	495.7	466.0	6.4
Levolor/Hardware	479.3	353.0	35.8
Calphalon Home	307.1	291.3	5.4
	-----	-----	-----
Total Net Sales	\$1,948.3	\$1,767.8	10.2%
	=====	=====	=====

Operating Income by Group:

	2002	2001	Percentage Increase/Decrease
	----	----	-----
Rubbermaid	\$65.6	\$48.6	35.0%
Sharpie	85.9	77.0	11.6
Levolor/Hardware	37.6	41.3	(9.0)
Calphalon Home	31.8	32.3	(1.5)
	-----	-----	-----
Group Operating Income*	\$220.9	\$199.2	10.9%
	=====	=====	=====

* Group Operating Income excludes Corporate costs and Restructuring Expense. See Note 9 to the Consolidated Financial Statements (Unaudited) for the detail of Operating Income by Group including Corporate and Restructuring Expense.

RUBBERMAID

Net sales for the 2002 Third Quarter were \$666.2 million, an increase of \$8.7 million, or 1.3%, from \$657.5 million in the comparable quarter of 2001. The 1.3% sales growth was primarily due to 4.4% sales growth at the Rubbermaid Home Products division, partially offset by a 9.6% sales decline at Graco. The primary reasons for the overall sales increase were sales gains at strategic accounts and new

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product introductions, such as the Rubbermaid TakeAlongs{TM}, the Slim Cooler{TM}, Stain Shield{TM}, and the Tool Tower{TM} and growth in existing products, partially offset by product price reductions.

Operating income for the 2002 Third Quarter was \$65.6 million, an increase of \$17.0 million, or 35.0%, from \$48.6 million in the comparable quarter of 2001. The increase is primarily related to productivity improvements and increased margin for new products, partially offset by product price reductions and continued investments in divisional growth initiatives, including costs related to new product development and product launches, primarily television advertising for featured items such as the Slim Cooler{TM} and the Tool Tower{TM}.

SHARPIE

Net sales for the 2002 Third Quarter were \$495.7 million, an increase of \$29.7 million, or 6.4%, from \$466.0 million in the comparable quarter of 2001. The 6.4% sales growth was fueled primarily by strong back-to-school sales in North America at strategic accounts, new product introductions (including the Sharpie{R} Chisel Tip and Liquid

Paper{R} Backtracker{TM}), and growth in existing Paper Mate{R} pens, Sharpie{R} permanent markers and Colorific{R} product lines.

Operating income for the 2002 Third Quarter was \$85.9 million, an increase of \$8.9 million, or 11.6%, from \$77.0 million in the comparable quarter of 2001. The increase is primarily related to productivity improvements and increased margin from new products, partially offset by continued investments in divisional growth initiatives, primarily television advertising for the Sharpie{R} and Paper Mate{R} brands.

LEVOLOR / HARDWARE

Net sales for the 2002 Third Quarter were \$479.3 million, an increase of \$126.3 million, or 35.8%, from \$353.0 million in the comparable quarter of 2001. Excluding \$110.5 million in sales from the American Tool acquisition, sales increased \$15.8 million, or 4.5%. Sales growth was fueled primarily by 22.6% sales growth at the BernzOmatic division. The American Tool acquisition integration continues on plan.

Operating income for the 2002 Third Quarter was \$37.6 million, a decrease of \$3.7 million, or 9.0%, from \$41.3 million in the comparable quarter of 2001. Excluding \$8.0 million in operating income from the American Tool acquisition, operating income decreased \$11.7 million, or 28.3%. The decrease in operating income was primarily due to product price reductions and continued investment in sales and marketing growth initiatives, as well as, start-up costs related to the American Tool acquisition, partially offset by cost savings from productivity initiatives.

CALPHALON HOME

Net sales for the 2002 Third Quarter were \$307.1 million, an increase of \$15.8 million, or 5.4%, from \$291.3 million in the comparable quarter of 2001. Sales growth related primarily to Calphalon and Cookware Europe divisions related to new product introductions and existing product sales at strategic accounts, partially offset by product price reductions.

Operating income for the 2002 Third Quarter was \$31.8 million, a decrease of \$0.5 million, or 1.5%, from \$32.3 million in the comparable quarter of 2001. The slight decrease in operating income was due primarily to product price reductions and costs related to marketing growth initiatives, offset by cost savings from productivity initiatives and new and existing product growth.

NINE MONTHS ENDED SEPTEMBER 30, 2002 VS. NINE MONTHS ENDED SEPTEMBER 30, 2001

CONSOLIDATED OPERATING RESULTS:

Net sales for the nine months ended September 30, 2002 were \$5,440.3 million, an increase of \$337.1 million, or 6.6%, from \$5,103.2 million in 2001. Excluding \$189.2 million of sales from the American Tool acquisition, sales increased 2.9% from 2001. The 2.9% internal sales growth was driven primarily by the Company's focus on sales and marketing initiatives toward strategic customers and new product introductions, partially offset by product price reductions.

Gross income for the nine months ended September 30, 2002 was \$1,490.0 million, a \$155.1 million, or 11.6%, increase from \$1,334.9 million in 2001. Gross income margin also increased to 27.4% of sales versus 26.2% in 2001. Excluding \$8.9 million (\$5.9 million after tax) of product line exit costs related to strategic restructurings and \$3.4 million (\$2.3 million after tax) of costs related to recent acquisitions, gross income was \$1,502.3 million or 27.6 % of net sales in 2002. In the comparable period in 2001, excluding \$3.6 million (\$2.3 million after tax) of costs related to acquisitions, gross income was \$1,338.5 million, or 26.2% of sales. Gross income, with and without acquisition and strategic restructuring related charges, increased as a result of the American Tool acquisition and the Company's implementation of strategic restructuring and productivity improvement initiatives that continue to focus on streamlining the Company's supply chain, such as eliminating duplicative facilities, reducing headcount and sourcing product from low cost countries. Productivity initiatives reduced costs by approximately \$150 million in the first nine months of 2002. The Company was able to continue increasing gross income margin despite product price reductions.

SG&A for the nine months ended September 30, 2002 was \$970.9 million, a \$131.4 million, or 15.7%, increase from \$839.5 million in 2001.

2001. Excluding \$6.9 million (\$4.6 million after tax) of acquisition related charges in 2002, SG&A was \$964.0 million or 17.7% of net sales in 2002. In 2001, excluding \$2.4 million (\$1.5 million after tax) of acquisition related charges; SG&A was \$837.1 million, or 16.4%. SG&A increased primarily due to the American Tool acquisition, the Company's increased investment in new product development, product launches, and planned marketing initiatives (including Strategic Account Management and Phoenix), which support the Company's strategic growth initiatives.

The Company recorded pre-tax strategic restructuring charges of \$69.8 million (\$46.3 million after taxes) and \$29.0 million (\$18.4 million after tax) for the nine months ended September 30, 2002 and 2001, respectively. The 2002 pre-tax charge included \$18.4 million of facility and other exit costs, \$43.8 million of employee severance and termination benefits, and \$7.6 million in other restructuring costs. The 2001 pre-tax charge included \$8.8 million of facility and other exit costs, \$17.6 million of employee severance, and \$2.6 million in other restructuring costs. See Note 4 to the Consolidated Financial Statements (Unaudited) for further information on the strategic restructuring plan.

Operating income for the nine months ended September 30, 2002 was \$449.3 million, a \$25.4 million, or 6.0%, increase from \$423.9 million in 2001. Operating income as a percentage of net sales was 8.3% in 2002 and 2001. Excluding strategic restructuring and acquisition related charges of \$89.0 million (\$59.0 million after taxes); operating income was \$538.3 million, or 9.9% of net sales in 2002 versus \$458.9 million, or 9.0% of sales in 2001. The increase in operating income is primarily due to internal sales growth and productivity improvements discussed above, the American Tool acquisition, and the impact of the non-amortization provisions of SFAS No. 142. Partially offsetting these increases is the cost of the Company's continued investment in sales and marketing initiatives and product price reductions.

Net nonoperating expenses for the nine months ended September 30, 2002 were \$123.8 million, a \$5.4 million increase, or 4.6%, from \$118.4 million in 2001. Excluding acquisition and other one-time charges of \$24.0 million (\$15.9 million net of tax), net nonoperating expenses were \$99.8 million, a decrease of \$18.6 million or 15.7% from 2001. Included in the \$24.0 million in acquisition costs and one-time charges is approximately \$13.6 million (\$9.0 million after tax) in transaction costs related to the withdrawn divestiture of Anchor Hocking and \$8.7 million (\$5.8 million after tax) in costs related to the American Tool acquisition, more fully described in Notes 3 and 4 to the Consolidated Financial Statements (Unaudited), respectively. The decrease in net nonoperating expense, excluding acquisition costs and one-time charges, was due primarily to decreased interest expense of \$23.1 million primarily related to lower interest rates on the Company's variable rate borrowings offset by reduced equity earnings in American Tool.

The effective tax rate for the nine months ended September 30, 2002 was 33.7% versus 36.5% in 2001. The decrease in the effective tax rate between years is due primarily to the impact of the non-amortization provisions of SFAS No. 142.

Net income before cumulative effect of accounting change for the nine months ended September 30, 2002 was \$215.7 million, a \$21.8 million, or 11.2%, increase from \$193.9 million in 2001. Diluted earnings per share before cumulative effect of accounting change were \$0.81 in 2002 as compared to \$0.73 in 2001.

During the first quarter of 2002, the Company completed the required impairment tests of goodwill and indefinite life intangible assets, which resulted in an impairment charge of \$514.9 million, net of tax. See Note 1 to the Consolidated Financial Statements (Unaudited) for further information on the Company's adoption of SFAS No. 142.

Net loss for the nine months ended September 30, 2002 was \$299.2 million or \$1.12 diluted loss per share. Net income for 2001 was \$193.9 million, or \$0.73 diluted earnings per share. Excluding

strategic restructuring and other charges, and the goodwill impairment charge, net income was \$290.9 million in 2002, an increase of \$74.8 million from \$216.1 million in 2001. A reconciliation of net income, excluding certain charges for 2002 and 2001 is as follows:

	2002		2001	
	Amount	Diluted EPS	Amount	Diluted EPS
Net Income (Loss), as Reported	(\$299.2)	(\$1.12)	\$193.9	\$0.73
Add Back				
Restructuring Costs	46.3	0.17	18.4	0.07
Product Line Exit Costs	5.9	0.02	--	--
Anchor Hocking Transaction Costs	9.0	0.03	--	--
American Tools Acquisition Costs	5.8	0.02	--	--
Other Acquisition Related Costs	8.0	0.03	3.8	0.01
Goodwill Impairment	514.9	1.93	--	--
Rounding	0.2	0.01	--	--
	-----	-----	-----	-----
Net Income, Excluding Charges	=====	=====	=====	=====

* Other Acquisition related costs are recorded in cost of products sold, SG&A, and nonoperating expenses in the Consolidated Statements of Income (Unaudited). In 2002, Other Acquisition related costs (after tax) recorded in cost of products sold, SG&A and nonoperating expenses were \$2.3 million, \$4.6 million and \$1.1 million, respectively. In 2001, Other Acquisition related

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costs (after tax) recorded in costs of products sold and SG&A were \$2.3 million and \$1.5 million, respectively.

The increase in net income and diluted earnings per share, excluding charges, was primarily due to 2.9% internal sales growth, improved gross margins from productivity improvements of approximately \$150 million, the impact of the non-amortization provisions of the adoption of SFAS No. 142 and lower interest expense, partially offset by the Company's increased investment in sales and marketing initiatives and product price reductions.

Business Segment Operating Results:

Net Sales by Group:

	2002	2001	Percentage Increase
Rubbermaid	\$1,937.9	\$1,928.5	0.5%
Sharpie	1,418.2	1,332.0	6.5
Levolor/Hardware	1,257.6	1,033.4	21.7
Calphalon Home	826.6	809.3	2.1
	-----	-----	-----
Total Net Sales	=====	=====	=====

Operating Income by Group:

	2002	2001	Percentage Increase/Decrease
Rubbermaid	\$160.1	\$149.3	7.2%
Sharpie	227.0	205.2	10.6
Levolor/Hardware	101.6	98.9	2.7
Calphalon Home	62.0	63.4	(2.2)
	-----	-----	-----
Group Operating Income*	=====	=====	=====

* Group Operating Income excludes Corporate costs and Restructuring Expense. See Note 9 to the Consolidated Financial Statements (Unaudited) for the detail of Operating Income by Group including Corporate and Restructuring Expense.

RUBBERMAID

Net sales for the nine months ended September 30, 2002 were \$1,937.9

million, an increase of \$9.4 million, or 0.5%, from \$1,928.5 million in 2001. The overall sales increase was due to sales gains at

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strategic accounts and new product introductions, offset by product price reductions.

Operating income for the nine months ended September 30, 2002 was \$160.1 million, an increase of \$10.8 million, or 7.2%, from \$149.3 million in 2001. The increase is primarily related to productivity improvements and increased margin from new products, partially offset by continued investments in divisional growth initiatives, including costs related to new product development and product launches primarily television advertising for featured items such as the Slim CoolerTM and the Tool TowerTM.

SHARPIE

Net sales for the nine months ended September 30, 2002 were \$1,418.2 million, an increase of \$86.2 million, or 6.5%, from \$1,332.0 million in 2001. The overall sales growth was fueled by sales gains in North America at strategic accounts from new product introductions, including the Sharpie^R Chisel Tip and Liquid Paper^R BacktracerTM, and growth in existing Paper Mate^R pens, Sharpie^R permanent markers and Colorific^R product lines.

Operating income for the nine months ended September 30, 2002 was \$227.0 million, an increase of \$21.8 million, or 10.6%, from \$205.2 million in 2001. The increase is primarily related to productivity improvements and increased margin from new products, partially offset by continued investments in divisional growth initiatives, primarily television advertising for the Sharpie^R and Paper Mate^R brands.

LEVOLOR / HARDWARE

Net sales for the nine months ended September 30, 2002 were \$1,257.6 million, an increase of \$224.2 million, or 21.7%, from \$1,033.4 million in 2001. Excluding \$189.2 million in sales from the American Tool acquisition, sales increased \$35.0 million, or 3.4%. Sales growth was related primarily to the Bernzomatic and Levolor / Kirsch divisions partially offset by product price reductions. The American Tool acquisition integration continues on plan.

Operating income for the nine months ended September 30, 2002 was \$101.6 million, an increase of \$2.7 million, or 2.7%, from \$98.9 million in 2001. Excluding \$15.3 million in operating income from the American Tool acquisition, operating income decreased \$12.6 million, or 12.7%. The decrease in operating income, excluding American Tool, was primarily due to product price reductions and continued investment in sales and marketing growth initiatives, as well as, start-up cost related to the American Tool acquisition, partially offset by cost savings from productivity initiatives.

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CALPHALON HOME

Net sales for the nine months ended September 30, 2002 were \$826.6 million, an increase of \$17.3 million, or 2.1%, from \$809.3 million in 2001. The slight increase in sales related primarily to the Calphalon division's new product introductions at strategic accounts, offset by product price reductions.

Operating income for the nine months ended September 30, 2002 was \$62.0 million, a decrease of \$1.4 million, or 2.2%, from \$63.4 million in 2001. The decrease in operating income was due primarily to product price reductions and continued investment in sales and marketing growth initiatives, partially offset by cost savings from productivity initiatives.

LIQUIDITY AND CAPITAL RESOURCES

SOURCES:

The Company's primary sources of liquidity and capital resources include cash provided from operations and use of available borrowing facilities.

Cash provided from operating activities for the nine months ended September 30, 2002 was \$569.2 million compared to \$576.8 million for the comparable period of 2001. The Company generated free cash flow (defined by the Company as cash provided by operating activities less capital expenditures and dividends) of \$215.8 million for the first nine months of 2002 compared to \$224.1 million for 2001. The planned decrease in free cash flow and operating cash flow between years is due primarily to increased inventory levels for new product introductions and reductions in accrued liabilities, partially offset by higher accounts payable levels.

The Company has short-term foreign and domestic uncommitted lines of credit with various banks, which are available for short-term financing. Borrowings under the Company's uncommitted lines of credit are subject to discretion of the lender. The Company's uncommitted lines of credit do not have a material impact on the Company's liquidity. Borrowings under the Company's uncommitted lines of credit at September 30, 2002 totaled \$29.6 million.

The Company completed a \$1,300.0 million Syndicated Revolving Credit Facility (the "Revolver") on June 14, 2002, replacing the existing \$1,300.0 revolving credit agreement, which was scheduled to terminate in August 2002. The Revolver consists of a \$650.0 million 364-day credit agreement and a \$650.0 million five-year credit agreement. At September 30, 2002, there were no borrowings under the \$1,300.0 million Revolver.

In lieu of borrowings under the Company's Revolver, the Company may issue up to \$1,300.0 million of commercial paper. The Company's

Revolver provides the committed backup liquidity required to issue commercial paper. Accordingly, commercial paper may only be issued up to the amount available for borrowing under the Company's Revolver. At September 30, 2002, \$504.0 million (principal amount) of commercial paper was outstanding. Because \$650 million of the backup Revolver expires in June 2007, the entire \$504.0 million is classified as long-term debt.

The Revolver permits the Company to borrow funds on a variety of interest rate terms. The Revolver requires, among other things, that the Company maintain Total Indebtedness to Total Capital Ratio of 60% and an Interest Coverage Ratio of 4 to 1. As of September 30, 2002, the Company was in compliance with this agreement.

The Company had outstanding at September 30, 2002 a total of \$1,432.4 million (principal amount) of medium-term notes, including the unamortized fair value gain of \$19.9 million on the terminated interest rate swaps described in Note 4. The proceeds from the termination of the fair value swap were used to pay down commercial paper. The maturities on these notes range from 3 to 30 years at an average interest rate of 5.41%. Of the outstanding amount of medium-term notes, \$405.8 million is classified as current portion of long-term debt and \$1,026.6 million is classified as long-term debt.

On March 14, 2002 the Company issued \$500.0 million of Senior Notes with five-year and ten-year maturities. The \$500.0 million Senior Notes consist of \$250.0 million in 6.00% Senior Notes due 2007 and \$250.0 million in 6.75% Senior Notes due 2012. The five-year notes were swapped to a floating rate, resulting in a 2.98% rate for the first nine months of the swap. The proceeds of this issuance were used to pay down commercial paper. This issuance is reflected in the outstanding amount of medium-term notes noted above and the entire amount is considered to be long-term debt.

On September 18, 2001, the Company entered into an agreement with a financial institution creating a financing entity that is consolidated in the Company's financial statements. Under the agreement, the Company regularly enters into transactions with the financing entity to sell an undivided interest in substantially all of the Company's United States trade receivables to the financing entity. In the quarter ended September 30, 2001, the financing entity issued \$450.0 million in preferred debt securities to the financial institution. Those preferred debt securities must be retired or redeemed before the Company can have access to the financing entity's receivables. The receivables and the corresponding \$450.0 million preferred debt issued by the subsidiary to the financial institution are recorded in the consolidated accounts of the Company. The proceeds of this debt were used to pay down commercial paper issued by the Company. Because this debt matures in 2008, the entire amount is considered to be long-term

debt. The provisions of the debt agreement allow the entire outstanding debt to be called upon certain events including the Company's debt rating falling below investment grade and certain

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levels of accounts receivable write-offs. As of September 30, 2002, the Company was in compliance with the agreement. As of September 30, 2002 and December 31, 2001, the aggregate amount of outstanding receivables sold under the agreement was \$695.9 million and \$689.3 million, respectively.

A \$500.0 million universal shelf registration statement became effective in July 2002 under which debt and equity securities may be issued. No securities have been issued under this shelf registration statement.

USES:

The Company's primary uses of liquidity and capital resources include acquisitions, dividend payments and capital expenditures.

Cash used for acquisitions was \$228.5 million for the first nine months of 2002, an increase of \$206.6 million from the same period in 2001. The increase is related primarily to the American Tool acquisition, less a \$17.5 million refund of purchase price related to the December 30, 2000 Gillette stationery products group acquisition. In the first nine months of 2001, the Company made minor acquisitions. These acquisitions were accounted for as purchases and were paid for with proceeds obtained from the issuance of commercial paper.

The Company repaid \$535.8 million of long-term debt for the first nine months of 2002. The Company's ability to pay down debt was due primarily to current year cash earnings and continued focus on working capital management.

Cash used for restructuring activities was \$41.7 million and \$16.4 million in the first nine months of 2002 and 2001, respectively. Such cash payments primarily represent employee termination benefits and facility exit costs.

Capital expenditures were \$185.2 million and \$184.7 million in the first nine months of 2002 and 2001, respectively. The Company continues to invest in new product development and productivity. Aggregate dividends paid were approximately \$168 million during both 2002 and 2001.

Retained earnings decreased \$467.7 million in the first nine months of 2002. The reduction in retained earnings is due primarily to the \$514.9 million, net of tax, non-cash goodwill impairment charge in 2002, partially offset by current year earnings.

Working capital at September 30, 2002 was \$671.1 million compared to \$316.8 million at December 31, 2001. The current ratio at September 30, 2002 was 1.28:1 compared to 1.13:1 at December 31, 2001. The increase in working capital and the current ratio is due to the American Tool acquisition, increases in inventory, and reduced current portion of long-term debt.

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Total debt to total capitalization (total debt is net of cash and cash equivalents, and total capitalization includes total debt, company-obligated mandatorily redeemable convertible preferred securities of a subsidiary trust and stockholders' equity) was .49:1 at September 30, 2002 and .43:1 at December 31, 2001. The increase in total debt to total capitalization is due to the American Tool acquisition and the write-off of goodwill; see Note 2 for additional details. This acquisition was funded by the issuance of commercial paper.

The Company believes that cash provided from operations and available borrowing facilities will continue to provide adequate support for the cash needs of existing businesses; however, certain events, such as significant acquisitions, could require additional external financing.

MINIMUM PENSION LIABILITY

The recent dramatic decline in U.S. equity markets has reduced the value of the company's pension plan assets. As a result, the

Company's pension plan, which historically has had an over-funded position, currently is under-funded. In accordance with Financial Accounting Standards Board (FASB) Statement No. 87, Employers' Accounting for Pensions, the Company expects to record an additional minimum pension liability adjustment at December 31, 2002. Based on September 30, 2002 plan asset values, the approximate effect of this non-cash adjustment would be to increase the pension liability by approximately \$75 to \$85 million, with a corresponding charge to equity, net of taxes of approximately \$48 to \$56 million. The direct charge to stockholders' equity would not affect net income, but would be included in other comprehensive income. The Company remains confident that its pension plan has the appropriate long-term investment strategy and the Company's liquidity position is expected to remain strong.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with Generally Accepted Accounting Principles in the United States ("US GAAP") requires management to make estimates and judgments regarding future events that affect the amounts reported in the financial statements or disclosed in the accompanying footnotes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and historically such differences have not had a significant impact on the consolidated financial statements.

The following are the more significant accounting policies and methods used by the Company:

- * REVENUE RECOGNITION: As required by US GAAP, the Company recognizes revenues and freight billed to customers, net of provisions for customer discounts upon shipment, and when

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all substantial risks of ownership change. See Note 1 to the Consolidated Financial Statements in the 2001 Form 10-K.

- * RECOVERY OF ACCOUNTS RECEIVABLE: The Company evaluates the collectibility of accounts receivable based on a combination of factors. When aware of a specific customer's inability to meet its financial obligations, such as in the case of bankruptcy filings or deterioration in the customer's operating results or financial position, the Company records a specific reserve for bad debts to reduce the related receivable to the amount the Company reasonably believes is collectible. The Company also records reserves for bad debts for all other customers based on a variety of factors including the length of time the receivables are past due and historical collection experience. If circumstances related to specific customers change, the Company's estimates of the recoverability of receivables could be further adjusted.
- * INVENTORY RESERVES: The Company reduces its inventory value for estimated obsolete and slow moving inventory in an amount equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.
- * GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS: Goodwill and indefinite life intangible assets are assessed for impairment annually or whenever changes in facts and circumstances indicate a possible significant deterioration in the fair value of the reporting unit. If, upon review, the fair value is less than the carrying value of the reporting unit, the carrying value is written down to estimated fair value. Reporting units are typically operating segments or operations one level below operating segments for which discrete financial information is available and for which segment management regularly reviews the operating results. Because there usually is a lack of quoted market prices for the reporting units, the fair value usually is based on the present values of expected future cash flows using discount rates commensurate with the risks involved in the asset group. The expected future cash flows used for impairment reviews and related fair value calculations are based on judgmental assessments of future production volumes, prices and costs, considering all available information at the date of review. Significant

MARKET RISK

The Company's market risk is impacted by changes in interest rates, foreign currency exchange rates and certain commodity prices. Pursuant to the Company's policies, natural hedging techniques and derivative financial instruments may be utilized to reduce the impact of adverse changes in market prices. The Company does not hold or issue derivative instruments for trading purposes.

The Company's primary market risk is interest rate exposure, primarily in the United States. The Company manages interest rate exposure through its conservative debt ratio target and its mix of fixed and floating rate debt. Interest rate exposure was reduced significantly in 1997 from the issuance of \$500.0 million 5.25% Company-Obligated Mandatorily Redeemable Convertible Preferred Securities of a Subsidiary Trust, the proceeds of which reduced commercial paper. Interest rate swaps may be used to adjust interest rate exposures when appropriate based on market conditions, and, for qualifying hedges, the interest differential of swaps is included in interest expense.

The Company's foreign exchange risk management policy emphasizes hedging anticipated intercompany and third party commercial transaction exposures of one-year duration or less. The Company focuses on natural hedging techniques of the following form: 1) offsetting or netting of like foreign currency flows, 2) structuring foreign subsidiary balance sheets with appropriate levels of debt to reduce subsidiary net investments and subsidiary cash flows subject to conversion risk, 3) converting excess foreign currency deposits into U.S. dollars or the relevant functional currency and 4) avoidance of risk by denominating contracts in the appropriate functional currency. In addition, the Company utilizes forward contracts and purchased options to hedge commercial and intercompany transactions. Gains and losses related to qualifying hedges of commercial and intercompany transactions are deferred and included in the basis of the underlying transactions. Derivatives used to hedge intercompany loans are marked to market with the corresponding gains or losses included in the consolidated statements of income.

Due to the diversity of its product lines, the Company does not have material sensitivity to any one commodity. The Company manages commodity price exposures primarily through the duration and terms of its vendor contracts.

The amounts shown below represent the estimated potential economic loss that the Company could incur from adverse changes in either interest rates or foreign exchange rates using the value-at-risk estimation model. The value-at-risk model uses historical foreign exchange rates and interest rates to estimate the volatility and correlation of these rates in future periods. This model estimates a loss in fair market value using statistical modeling techniques that are based on a variance/covariance approach and includes substantially all market risk exposures (specifically excluding equity-method

investments). The fair value losses shown in the table below have no impact on results of operations or financial condition as they represent economic, not financial losses.

	2002 Average	September 30, 2002	2001 Average	September 30, 2001	Confidence Level
	-----	-----	-----	-----	-----
(In millions)					
Interest rates	\$17.4	\$21.2	\$10.7	\$10.5	95%
Foreign exchange	\$0.3	\$0.4	\$1.2	\$0.7	95%

The 95% confidence interval signifies the Company's degree of

confidence that actual losses would not exceed the estimated losses shown above. The amounts shown here disregard the possibility that interest rates and foreign currency exchange rates could move in the Company's favor. The value-at-risk model assumes that all movements in these rates will be adverse. Actual experience has shown that gains and losses tend to offset each other over time, and it is highly unlikely that the Company could experience losses such as these over an extended period of time. These amounts should not be considered projections of future losses, because actual results may differ significantly depending upon activity in the global financial markets.

FORWARD LOOKING STATEMENTS

Forward-looking statements in this Report are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate to, but are not limited to, such matters as sales, income, earnings per share, return on equity, return on invested capital, capital expenditures, working capital, dividends, capital structure, free cash flow, debt to capitalization ratios, interest rates, internal growth rates, impacts of changes in accounting standards, pending legal proceedings and claims (including environmental matters), future economic performance, operating income improvements, synergies, management's plans, goals and objectives for future operations and growth or the assumptions relating to any of the forward-looking statements. The Company cautions that forward-looking statements are not guarantees because there are inherent difficulties in predicting future results. Actual results could differ materially from those expressed or implied in the forward-looking statements. Factors that could cause actual results to differ include, but are not limited to, those matters set forth in this Report and Exhibit 99 to this Report.

PART I. FINANCIAL INFORMATION

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this item is incorporated herein by reference to the section entitled "Market Risk" in the Company's Management's Discussion and Analysis of Results of Operations and Financial Condition (Part I, Item 2).

ITEM 4. CONTROLS AND PROCEDURES

- a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. As of a date within 90 days of the filing of this Report, the Company's chief executive officer and chief financial officer have evaluated the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the chief executive officer and the chief financial officer concluded that the Company's disclosure controls and procedures were effective.
- b) CHANGES IN INTERNAL CONTROLS. There have been no significant changes in the Company's internal controls or in other facts that could significantly affect internal controls subsequent to the date of their evaluation.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in legal proceedings in the ordinary course of its business. These proceedings include claims for damages arising out of use of the Company's products, allegations of infringement of intellectual property, commercial disputes and employment related matters, as well as the environmental matters described below. Some of the legal proceedings include claims for punitive as well as compensatory damages, and a few proceedings purport to be class actions.

As of September 30, 2002, the Company was involved in various matters concerning federal and state environmental laws and regulations, including matters in which the Company has been identified by the U.S. Environmental Protection Agency and certain state environmental agencies as a potentially responsible party ("PRP") at contaminated sites under the Federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and equivalent state laws.

In assessing its environmental response costs, the Company has considered several factors, including: the extent of the Company's volumetric contribution at each site relative to that of other PRPs; the kind of waste; the terms of existing cost sharing and other applicable agreements; the financial ability of other PRPs to share in the payment of requisite costs; the Company's prior experience with similar sites; environmental studies and cost estimates available to the Company; the effects of inflation on cost estimates; and the extent to which the Company's and other parties' status as PRPs is disputed.

The Company's estimate of environmental response costs associated with these matters as of September 30, 2002 ranged between \$14.2 million and \$18.6 million. As of September 30, 2002, the Company had a reserve equal to \$16.3 million for such environmental response costs in the aggregate. No insurance recovery was taken into account in determining the Company's cost estimates or reserve, nor do the Company's cost estimates or reserve reflect any discounting for present value purposes, except with respect to two long-term (30 year) operations and maintenance CERCLA matters which are estimated at present value.

Because of the uncertainties associated with environmental investigations and response activities, the possibility that the Company could be identified as a PRP at sites identified in the future that require the incurrence of environmental response costs and the possibility of additional sites as a result of businesses acquired, actual costs to be incurred by the Company may vary from the Company's estimates.

Although management of the Company cannot predict the ultimate outcome of these legal proceedings with certainty, it believes that the ultimate resolution of the Company's legal proceedings, including any amounts it may be required to pay in excess of amounts reserved, will not have a material effect on the Company's financial statements.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

- 12. Statement of Computation of Ratio of Earnings to Fixed Charges
- 99.1. Safe Harbor Statement
- 99.2. Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 99.3. Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K:

Registrant filed a Report on Form 8-K dated July 10, 2002, setting forth the transitional disclosures required by SFAS Nos. 141 and 142, updated from the transitional disclosures contained in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002.

Registrant filed a Report on Form 8-K dated August 1, 2002, regarding submission to the Commission of Sworn Statements pursuant to the Commission's June 27, 2002 Order Requiring Filing of Sworn Statements Pursuant to Section 21(a)(1) of the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEWELL RUBBERMAID INC.
Registrant

Date: November 13, 2002

/s/ William T. Alldredge

William T. Alldredge
President - Corporate Development and
Chief Financial Officer

Date: November 13, 2002

/s/ J. Patrick Robinson

J. Patrick Robinson
Vice President - Corporate Controller
and Chief Accounting Officer

CERTIFICATION

I, Joseph Galli, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Newell Rubbermaid Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly

present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "EVALUATION DATE"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

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- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: NOVEMBER 13, 2002

/s/ Joseph Galli, Jr.

Joseph Galli, Jr.
Chief Executive Officer

CERTIFICATION

I, William T. Alldredge, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Newell Rubbermaid Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "EVALUATION DATE"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: NOVEMBER 13, 2002

/s/ William T. Alldredge

EXHIBIT 12

NEWELL RUBBERMAID INC. AND SUBSIDIARIES
STATEMENT OF COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(IN MILLIONS, EXCEPT RATIO DATA)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	----	----	----	----
Earnings available for fixed charges:				
Income before income taxes and cumulative effect of accounting change	\$114.0	\$130.2	\$325.5	\$305.5
Fixed charges:				
Interest expense	29.7	32.3	84.1	107.2
Portion of rent determined to be interest (1)	9.8	9.0	29.7	26.6
Minority interest in income of subsidiary trust	6.7	6.7	20.0	20.0
Equity earnings	-	(1.7)	(0.7)	(5.4)
	-----	-----	-----	-----
	\$160.2	\$176.5	\$458.6	\$453.9
	=====	=====	=====	=====
Fixed charges:				
Interest expense	\$29.7	\$32.3	\$84.1	\$107.2
Portion of rent determined to be interest (1)	9.8	9.0	29.7	26.6
Minority interest in income of subsidiary trust	6.7	6.7	20.0	20.0
	-----	-----	-----	-----
	\$46.2	\$48.0	\$133.8	\$153.8
	=====	=====	=====	=====
Ratio of earnings to fixed charges	3.47	3.68	3.43	2.95
	=====	=====	=====	=====

(1) A standard ratio of 33% was applied to gross rent expense to approximate the interest portion of short-term and long-term leases.

NEWELL RUBBERMAID INC. SAFE HARBOR STATEMENT

The Company has made statements in its Annual Report on Form 10-K for the year ended December 31, 2001, as well as in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, and the documents incorporated by reference therein that constitute forward-looking statements, as defined by the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties. The statements relate to, and other forward-looking statements that may be made by the Company may relate to, information or assumptions about sales, income, earnings per share, return on equity, return on invested capital, capital expenditures, working capital, dividends, capital structure, free cash flow, debt to capitalization ratios, interest rates, internal growth rates, impact of changes in accounting standards, pending legal proceedings and claims (including environmental matters), future economic performance, operating income improvements, synergies, management's plans, goals and objectives for future operations and growth. These statements generally are accompanied by words such as "intend," "anticipate," "believe," "estimate," "project," "target," "expect," "should" or similar statements. You should understand that forward-looking statements are not guarantees because there are inherent difficulties in predicting future results. Actual results could differ materially from those expressed or implied in the forward-looking statements. The factors that are discussed below, as well as the matters that are set forth generally in the 2001 Form 10-K, the 3rd Quarter 2002 Form 10-Q and the documents incorporated by reference therein could cause actual results to differ. Some of these factors are described as criteria for success. Our failure to achieve, or limited success in achieving, these objectives could result in actual results differing materially from those expressed or implied in the forward-looking statements. In addition, there can be no assurance that we have correctly identified and assessed all of the factors affecting the Company or that the publicly available and other information we receive with respect to these factors is complete or correct.

RETAIL ECONOMY

Our business depends on the strength of the retail economies in various parts of the world, primarily in North America and to a lesser extent Europe, Central and South America and Asia.

These retail economies are affected primarily by such factors as consumer demand and the condition of the consumer products retail industry, which, in turn, are affected by general economic conditions and events such as the terrorist attacks of September 11, 2001. In recent years, the consumer products retail industry in the U.S. and, increasingly, elsewhere has been characterized by intense competition and consolidation among both product suppliers and retailers. Because such competition, particularly in weak retail economies, can cause

retailers to struggle or fail, the Company must continuously monitor, and adapt to changes in, the creditworthiness of its customers.

NATURE OF THE MARKETPLACE

We compete with numerous other manufacturers and distributors of consumer products, many of which are large and well-established. Our principal customers are large mass merchandisers, such as discount stores, home centers, warehouse clubs and office superstores. The rapid growth of these large mass merchandisers, together with changes in consumer shopping patterns, have contributed to the formation of dominant multi-category retailers, many of which have strong bargaining power with suppliers. This environment significantly limits our ability to recover cost increases through selling price increases. Other trends among retailers are to foster high levels of competition among suppliers, to demand that manufacturers supply innovative new products and to require suppliers to maintain or reduce product prices and deliver products with shorter lead times. Another trend is for retailers to import products directly from foreign sources.

The combination of these market influences has created an intensely competitive environment in which our principal customers continuously evaluate which product suppliers to use, resulting in pricing pressures and the need for strong end-user brands, the continuing

introduction of innovative new products and constant improvements in customer service.

NEW PRODUCT DEVELOPMENT

Our long-term success in this competitive retail environment depends on our consistent ability to develop innovative new products that create consumer demand for our products. Although many of our businesses have had notable success in developing new products, we need to improve our new product development capability. There are numerous uncertainties inherent in successfully developing and introducing innovative new products on a consistent basis.

MARKETING

Our competitive success also depends increasingly on our ability to develop, maintain and strengthen our end-user brands so that our retailer customers will need our products to meet consumer demand. Our success also requires increased focus on serving our largest customers through key account management efforts. We will need to continue to devote substantial marketing resources to achieving these objectives.

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PRODUCTIVITY AND STREAMLINING

Our success also depends on our ability to improve productivity and streamline operations to control and reduce costs. We need to do this while maintaining consistently high customer service levels and making substantial investments in new product development and in marketing our end-user brands. Our objective is to become our retailer customers' low-cost provider and global supplier of choice. To do this, we will need continuously to improve our manufacturing efficiencies and develop sources of supply on a world-wide basis.

ACQUISITIONS AND INTEGRATION

The acquisition of companies that sell name-brand, staple consumer product lines to volume purchasers has historically been one of the foundations of our growth strategy. Over time, our ability to continue to make sufficient strategic acquisitions at reasonable prices and to integrate the acquired businesses successfully, obtaining anticipated cost savings and operating income improvements within a reasonable period of time, will be important factors in our future growth.

FOREIGN OPERATIONS

Foreign operations, especially in Europe (which is a focus of our international growth) but also in Asia, Central and South America and Canada, are increasingly important to our business. Foreign operations can be affected by factors such as currency devaluation, other currency fluctuations and the Euro currency conversion, tariffs, nationalization, exchange controls, interest rates, limitations on foreign investment in local business and other political, economic and regulatory risks and difficulties.

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CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Newell Rubbermaid Inc. (the "Company") on Form 10-Q for the period ending September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Galli, Jr., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Joseph Galli, Jr.

Joseph Galli, Jr.
Chief Executive Officer
November 13, 2002

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Newell Rubbermaid Inc. (the "Company") on Form 10-Q for the period ending September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William T. Alldredge, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ William T. Alldredge

William T. Alldredge
Chief Financial Officer
November 13, 2002