

UNITED STATES
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 March 31, 2006

Commission File Number 1-9608

NEWELL RUBBERMAID INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

36-3514169
(I.R.S. Employer
Identification No.)

10 B Glenlake Parkway, Suite 300
Atlanta, Georgia 30328
(Address of principal executive offices)
(Zip Code)

(770) 407-3800
(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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes //

No / /

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer //

Accelerated Filer / //

Non-Accelerated Filer / //

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes / //

No //

Number of shares of common stock outstanding (net of treasury shares) as of March 31, 2006: 276.8 million.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NEWELL RUBBERMAID INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(Amounts in millions, except per share data)

	Three Months Ended	
	<u>2006</u>	<u>March 31,</u> <u>2005</u>
Net sales	\$1,484.8	\$1,363.1
Cost of products sold	1,026.0	988.4
GROSS MARGIN	458.8	374.7
Selling, general and administrative expenses	346.9	297.6
Impairment charges	50.9	—
Restructuring costs	29.8	5.9
OPERATING INCOME	31.2	71.2
Nonoperating expenses:		
Interest expense, net	33.7	30.8
Other expense (income), net	3.1	(2.3)
Net nonoperating expenses	36.8	28.5
(LOSS) INCOME BEFORE INCOME TAXES	(5.6)	42.7
Income tax benefit	(62.0)	(46.7)
INCOME FROM CONTINUING OPERATIONS	56.4	89.4
Loss from discontinued operations, net of tax	(1.6)	(52.8)
NET INCOME	\$54.8	\$36.6
Weighted average shares outstanding:		
Basic	274.5	274.4
Diluted	275.0	274.9
Earnings (Loss) per share:		
Basic —		
Income from continuing operations	\$0.21	\$0.33
Loss from discontinued operations	(0.01)	(0.19)
Net income per common share	\$0.20	\$0.13
Diluted —		
Income from continuing operations	\$0.21	\$0.33
Loss from discontinued operations	(0.01)	(0.19)
Net income per common share	\$0.20	\$0.13
Dividends per share	\$0.21	\$0.21

See Footnotes to Consolidated Financial Statements (Unaudited).

NEWELL RUBBERMAID INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Amounts in millions)

	March 31, <u>2006</u> <i>(Unaudited)</i>	December 31, <u>2005</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$176.1	\$115.5
Accounts receivable, net	1,043.4	1,202.7
Inventories, net	997.6	875.9
Deferred income taxes	105.1	109.8
Prepaid expenses and other	130.2	113.4
Current assets of discontinued operations	—	55.5
TOTAL CURRENT ASSETS	2,452.4	2,472.8
PROPERTY, PLANT AND EQUIPMENT, NET	929.1	971.1
DEFERRED INCOME TAXES	—	37.3
GOODWILL	2,373.3	2,354.7
OTHER INTANGIBLE ASSETS, NET	424.6	418.3
OTHER ASSETS	190.1	185.5
NON-CURRENT ASSETS OF DISCONTINUED OPERATIONS	—	6.1
TOTAL ASSETS	\$6,369.5	\$6,445.8

See Footnotes to Consolidated Financial Statements (Unaudited).

NEWELL RUBBERMAID INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)

(Amounts in millions, except par value)

	March 31, <u>2006</u> <i>(Unaudited)</i>	December 31, <u>2005</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$605.9	\$647.3
Accrued compensation	113.0	155.0
Other accrued liabilities	643.7	719.5
Income taxes payable	—	82.5
Notes payable	2.3	4.0
Current portion of long-term debt	411.4	162.8
Current liabilities of discontinued operations	—	26.4
TOTAL CURRENT LIABILITIES	1,776.3	1,797.5
LONG-TERM DEBT	2,325.9	2,429.7
OTHER NONCURRENT LIABILITIES	609.2	573.4
LONG-TERM LIABILITIES OF DISCONTINUED OPERATIONS	—	2.0
STOCKHOLDERS' EQUITY:		
Common stock, authorized shares, 800.0 at \$1.00 par value	290.3	290.2
Outstanding shares:		
2006 - 290.3		
2005 - 290.2		
Treasury stock, at cost;	(411.6)	(411.6)
Shares held:		
2006 - 15.7		
2005 - 15.7		
Additional paid-in capital	461.1	453.0
Retained earnings	1,535.0	1,538.3
Accumulated other comprehensive loss	(216.7)	(226.7)
TOTAL STOCKHOLDERS' EQUITY	1,658.1	1,643.2
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$6,369.5	\$6,445.8

See Footnotes to Consolidated Financial Statements (Unaudited).

NEWELL RUBBERMAID INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Amounts in millions)

	Three Months Ended March 31,	
	2006	2005
OPERATING ACTIVITIES:		
Net income	\$54.8	\$36.6
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	53.5	53.9
Deferred income taxes	32.8	10.8
Impairment charges	50.9	—
Noncash restructuring costs	17.9	3.2
Loss (gain) on sale of assets/debt extinguishment	1.4	(3.7)
Stock-based compensation expense	6.9	1.3
Loss on disposal of discontinued operations	1.6	49.1
Other	(3.3)	(3.4)
Changes in current accounts excluding the effects of acquisitions:		
Accounts receivable	168.2	173.1
Inventories	(115.4)	(121.7)
Accounts payable	(44.8)	(26.8)
Accrued liabilities and other	(236.2)	(130.1)
Discontinued operations	—	13.2
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(11.7)	55.5
INVESTING ACTIVITIES:		
Acquisitions, net of cash acquired	(23.2)	(30.3)
Capital expenditures	(25.3)	(23.1)
Disposals of noncurrent assets and sale of businesses	29.8	12.9
NET CASH USED IN INVESTING ACTIVITIES	(18.7)	(40.5)
FINANCING ACTIVITIES:		
Proceeds from issuance of debt	148.3	1.9
Payments on notes payable and long-term debt	(1.9)	(31.1)
Cash dividends	(58.2)	(58.0)
Proceeds from exercised stock options and other	2.0	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	90.2	(87.2)
Exchange rate effect on cash and cash equivalents	0.8	(3.6)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	60.6	(75.8)
Cash and cash equivalents at beginning of year	115.5	505.6
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$176.1	\$429.8

See Footnotes to Consolidated Financial Statements (Unaudited).

NEWELL RUBBERMAID INC. AND SUBSIDIARIES
FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Footnote 1 — Basis of Presentation and Significant Accounting Policies

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 footnotes 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 footnotes thereto included in the Company’s latest Annual Report on Form 10-K.

Seasonal Variations: The Company’s sales and operating income in the first quarter are generally lower than any other quarter during the year, driven principally by reduced volume and the mix of products sold in the quarter. The Cleaning & Organization and Other business segments typically have higher sales in the second half of the year due to retail stocking related to the holiday season; the Home Fashions 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; the Tools & Hardware business segment typically has higher sales in the third and fourth quarters due to an increased level of home improvement projects completed in the summer and fall months and purchases of tools as gifts for the holiday season; and the Office Products business segment has higher sales in the second and third quarters due to the back-to-school season.

Stock Based Compensation: Effective January 1, 2006, the Company adopted the provisions of the Financial Accounting Standards Board Statement of Financial Accounting Standards (“SFAS”) No. 123 (revised 2004), “Share-Based Payment” (“SFAS 123(R)”), using the modified prospective method and therefore has not restated results for prior periods. Under this transition method, stock-based compensation expense for the first quarter of fiscal 2006 includes compensation expense for all stock-based compensation awards granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provision of SFAS No. 123, “Accounting for Stock-based Compensation” (“SFAS 123”). Stock based compensation expense for all awards granted after December 31, 2005 is based on the grant-date fair value estimated in accordance with the provision of SFAS 123(R). The Company recognizes stock based compensation expense on a straight-line basis over the requisite service period of the award, which is generally the option-vesting term of five years. Prior to the adoption of SFAS 123(R), the Company recognized stock-based compensation expense by applying the intrinsic value method in accordance with Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees” (“APB 25”). In March 2005, the Securities and Exchange Commission (the “SEC”) issued Staff Accounting Bulletin No. 107 (“SAB 107”) regarding the SEC’s interpretation of SFAS 123(R) and the valuation of share-based payments for public companies. The Company has applied the provisions of SAB 107 in its adoption of SFAS 123(R). See Footnote 12 to the Consolidated Financial Statements (Unaudited) for further discussion on stock-based compensation.

Reclassifications: Certain amounts in prior years have been reclassified to conform to the current year presentation and to reflect discontinued operations. See Footnote 3 for a discussion of discontinued operations.

Footnote 2 — Acquisition of Business

On November 23, 2005, the Company acquired DYMO, a global leader in designing, manufacturing and marketing on-demand labeling solutions, from Esselte. The Company has preliminarily allocated the purchase price of \$706 million to the identifiable assets. The Company has not yet obtained all information, including, but not limited to, final independent appraisals required to complete the purchase price allocation. The final allocation is expected to be completed in the second quarter of 2006. The initial purchase price allocation was based on preliminary data and management’s estimates at the date of acquisition as follows (*in millions*):

Current assets	\$30.2
Property, plant & equipment, net	23.3
Goodwill	623.7
Other assets	109.5
Total assets	<u>\$786.7</u>

Current liabilities	\$35.9
Long-term deferred tax liabilities	41.5
Other long-term liabilities	3.3
Total liabilities	<u>\$80.7</u>

The transaction summarized above was accounted for as a purchase and the results of operations are included in the Company's Consolidated Financial Statements since the acquisition date. The acquisition costs were allocated to the fair value of the assets acquired and liabilities assumed.

The unaudited consolidated results of operations on a pro forma basis, as though the 2005 acquisition of DYMO had been completed on January 1, 2005, are as follows for the quarter ended March 31, 2005 (*in millions, except per share amounts*):

Net sales	\$1,422.0
Income from continuing operations	\$95.3
Net income	\$42.5

Basic earnings per share	
Income from continuing operations	\$0.35
Net income	\$0.16

Diluted earnings per share	
Income from continuing operations	\$0.35
Net income	\$0.15

These pro forma financial results have been prepared for comparative purposes only and include certain adjustments, such as increased interest expense on acquisition debt. They do not reflect the effect of synergies that are expected to result from integration.

Footnote 3 — Discontinued Operations

The following table summarizes the results of the discontinued operations for the three months ended March 31, (*in millions*):

	<u>2006</u>	<u>2005</u>
Net sales	\$-	\$67.6
Loss from operations, net of income tax expense of \$0.2 for the three months ended March 31, 2005	\$-	(\$3.7)
Loss on disposal, net of income tax benefit of zero for the three months ended March 31, 2006 and 2005	(1.6)	(49.1)
Loss from discontinued operations, net of tax	<u>(\$1.6)</u>	<u>(\$52.8)</u>

No amounts related to interest expense have been allocated to discontinued operations.

2006

In October 2005, the Company entered into an agreement for the intended sale of its European Cookware business. The Company completed this divestiture on January 1, 2006. This business included the brands Pyrex® (used under exclusive license from Corning Incorporated and its subsidiaries in Europe, the Middle East and Africa only) and

Vitri® and was previously included in the Company's Other segment. In the first quarter of 2006, the Company recorded an additional net loss of \$1.6 million upon completion of the sale.

2005

In January 2005, the Company entered into an agreement for the intended sale of the Company's Curver business. In June 2005, the Company completed the sale of its Curver business. The Curver business included the Company's European indoor organization and home storage division and was previously reported in the Cleaning & Organization segment.

In connection with this transaction, the Company recorded a non-cash loss on disposal related to the sale of \$62.0 million, net of tax, in 2005, including \$49.1 million, net of tax, in the first three months of 2005. The first quarter 2005 non-cash loss is reported in the table above as the loss on disposal of discontinued operations.

Footnote 4 — Goodwill Impairment Charges

In the first quarter of 2006, the Company began exploring various options for certain businesses in the Home Fashions segment. In connection with this evaluation of alternatives, the Company obtained a better indication of the fair value of the businesses and determined that these businesses had a net book value in excess of their fair values. Due to the apparent decline in value, the Company conducted an impairment test in the first quarter and recorded a \$50.9 million impairment loss to write-off the goodwill of the businesses.

Footnote 5 — Restructuring Costs

In the third quarter of 2005, the Company announced a global initiative referred to as Project Acceleration aimed at strengthening and transforming the Company's portfolio. In connection with Project Acceleration, the Board of Directors of the Company approved a three-year restructuring plan ("the Plan") that commenced in the fourth quarter of 2005. The Plan is designed to reduce manufacturing overhead to achieve best cost positions, and to allow the Company to increase investment in new product development, brand building and marketing. The Plan includes the closure of approximately one-third of the Company's 80 manufacturing facilities (as of September 2005), optimizing the Company's geographic footprint. During the first quarter 2006, the Company announced the closure of 12 facilities. To date, the Company has recorded \$81.1 million of charges related to Project Acceleration.

The Plan is expected to result in cumulative restructuring charges totaling between \$350 million and \$400 million (\$295 million — \$340 million after tax), with between \$170 million and \$200 million (\$145 million — \$170 million after tax) to be incurred in 2006. Approximately 60% of the charges are expected to be cash charges. Annualized savings are projected to exceed \$120 million upon conclusion of the program in 2008 with expected savings of approximately \$50 million in 2007.

The following table shows the restructuring costs recognized for restructuring activities for the three months ended March 31 (*in millions*):

	2006	2005
Facility and other exit costs	\$17.1	\$3.4
Employee severance and termination benefits	11.3	1.4
Exited contractual commitments and other	1.4	1.1
Restructuring costs	<u>\$29.8</u>	<u>\$5.9</u>

The facility and other exit costs are primarily related to the impairment of assets associated with vacated facilities and future minimum lease payments.

A summary of the Company's restructuring reserves for the three months ended March 31, is as follows (*in millions*):

	2006	2005
Balance as of January 1,	\$—	\$26.0
Restructuring costs (provision)	29.8	5.9
Costs incurred	(19.2)	(13.0)
Balance as of March 31,	<u>\$10.6</u>	<u>\$18.9</u>

Restructuring provisions were determined based on estimates prepared at the time the restructuring actions were approved by management and are periodically updated for changes, and also include amounts recognized as incurred. Cash paid for restructuring activities was \$1.3 million and \$9.2 million for the three months ended March 31, 2006 and 2005, respectively.

Footnote 6 — Inventories

Inventories are stated at the lower of cost or market value. The components of inventories, net of LIFO reserves, were as follows (*in millions*):

	March 31, 2006	December 31, 2005
Materials and supplies	\$213.5	\$180.1
Work in-process	184.6	175.6
Finished products	599.5	520.2
	<u>\$997.6</u>	<u>\$875.9</u>

Footnote 7 — Long-Term Debt

The following is a summary of long-term debt (*in millions*):

	March 31, 2006	December 31, 2005
Medium-term notes	\$1,475.0	\$1,475.0
Commercial paper	350.0	202.0
Preferred debt securities	450.0	450.0
Junior convertible subordinated debentures	436.7	436.7
Terminated interest rate swaps	21.5	24.8
Other long-term debt	4.1	4.0
Total Debt	<u>2,737.3</u>	<u>2,592.5</u>
Current portion of long-term debt	(411.4)	(162.8)
Long-Term Debt	<u>\$2,325.9</u>	<u>\$2,429.7</u>

Footnote 8 — Employee Benefit and Retirement Plans

The following table presents the components of the Company's pension expense (income) for the three months ended March 31, (*in millions*):

	United States		International	
	2006	2005	2006	2005
Service cost-benefits earned during the period	\$0.7	\$0.5	\$1.8	\$2.1
Interest cost on projected benefit obligation	12.8	12.9	5.9	6.2
Expected return on plan assets	(14.9)	(16.3)	(5.9)	(5.6)
Amortization of:				
Prior service cost	0.3	0.3	—	—
Actuarial loss	2.0	1.2	1.2	1.0
Curtailed & special termination benefit gains	—	(16.7)	—	—
Net pension expense (income)	<u>\$0.9</u>	<u>(\$18.1)</u>	<u>\$3.0</u>	<u>\$3.7</u>

Effective December 31, 2004, the Company froze its defined benefit pension plan for its entire non-union U.S. workforce. As a result of this curtailment, the Company reduced its pension obligation by \$50.3 million and recorded a curtailment gain related to negative prior service cost of \$15.8 million in the three months ended March 31, 2005. The Company replaced the defined benefit pension plan with an additional defined contribution plan, whereby the Company will make additional contributions to the Company sponsored employees' profit sharing plan. The Company recorded \$5.3 million and \$5.1 million in expense for the defined contribution plan for the three months ended March 31, 2006 and 2005, respectively. During the first quarter of 2006, the Company paid \$20.9 million to fund the prior year liability associated with the defined contribution plan.

The following table presents the components of the Company's other postretirement benefits expense for the three months ended March 31, (*in millions*):

	2006	2005
Service cost-benefits earned during the period	\$0.6	\$0.9
Interest cost on projected benefit obligation	2.5	3.7
Amortization of:		
Prior service cost	(0.6)	(0.1)
Actuarial loss	—	0.3
Net other postretirement benefits expense	<u>\$2.5</u>	<u>\$4.8</u>

Footnote 9 — Income Taxes

During the first quarter of 2006, the Company completed the reorganization of certain legal entities in Europe which resulted in the recognition of an income tax benefit of \$78.0 million. Additionally, the effective tax rate was impacted by the non-deductibility associated with the Company's impairment charge of \$50.9 million recorded in the first quarter of 2006.

In January 2005, the Company reached agreement with the Internal Revenue Service (IRS) relating to the appropriate treatment of a specific deduction included in the Company's 2003 U.S. federal income tax return. The Company requested accelerated review of the transaction under the IRS' Pre-Filing Agreement Program that resulted in an affirmative resolution in late January 2005. As a result, the Company recorded a \$58.6 million benefit in income taxes for the three months ended March 31, 2005. The amount was fully reserved as of December 31, 2004.

Footnote 10 — Earnings per Share

The calculation of basic and diluted earnings per share for the three months ended March 31, is shown below (*in millions, except per share data*):

	2006	2005
Numerator:		
Income from continuing operations	\$56.4	\$89.4
Loss from discontinued operations	(1.6)	(52.8)
Net income	<u>\$54.8</u>	<u>\$36.6</u>
Denominator:		
Denominator for basic earnings per share — weighted-average shares	274.5	274.4
Dilutive securities (1)	0.5	0.5
Convertible preferred securities (2)	—	—
Denominator for diluted earnings per share	<u>275.0</u>	<u>274.9</u>

Basic earnings (loss) per share:

Earnings from continuing operations	\$0.21	\$0.33
Loss from discontinued operations	(0.01)	(0.19)
Earnings per share	\$0.20	\$0.13

Diluted earnings (loss) per share:

Earnings from continuing operations	\$0.21	\$0.33
Loss from discontinued operations	(0.01)	(0.19)
Earnings per share	\$0.20	\$0.13

(1) Dilutive securities include “in the money options” and restricted stock awards. The weighted-average shares outstanding for the three months ended March 31, 2006 and March 31, 2005 exclude the dilutive effect of approximately 13.4 million and 12.7 million stock options, respectively, because such options were anti-dilutive.

(2) The convertible preferred securities are anti-dilutive for the three months ended March 31, 2006 and 2005, and therefore have been excluded from diluted earnings per share. Had the convertible preferred securities been included in the diluted earnings per share calculation, net income would be increased by \$3.6 million and \$3.8 million for the three months ended March 31, 2006 and 2005, respectively, and weighted-average shares outstanding would have increased by 8.3 million shares and 8.5 million shares for the three months ended March 31, 2006 and 2005, respectively.

Footnote 11 — Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss is recorded within stockholders’ equity and encompasses foreign currency translation adjustments, gains on derivative instruments and minimum pension liability adjustments.

The following table displays the components of accumulated other comprehensive loss (*in millions*):

	Foreign Currency Translation Gain	After-tax Derivatives Hedging Gain	After-tax Minimum Pension Liability	Accumulated Other Comprehensive Loss
Balance at December 31, 2005	\$12.8	\$6.8	(\$246.3)	(\$226.7)
Current year change	9.0	1.0	—	10.0
Balance at March 31, 2006	\$21.8	\$7.8	(\$246.3)	(\$216.7)

Comprehensive income amounted to the following for the three months ended March 31, (*in millions*):

	2006	2005
Net income	\$54.8	\$36.6
Foreign currency translation gain (loss)	9.0	(23.2)
After-tax derivatives hedging gain	1.0	4.4
Comprehensive income	\$64.8	\$17.8

Footnote 12 – Stock-Based Compensation

The Company offers stock-based compensation to its employees that include stock options and restricted share awards as follows:

Stock Options

The Company’s stock plans include plans adopted in 1993 and 2003 as well as the Rubbermaid plan assumed in the merger. The Company issues both non-qualified and incentive stock options at exercise prices equal to the Company’s common stock price on the date of grant with contractual terms of ten years and generally vest over five years.

Restricted Stock

Restricted stock awards are independent of stock option grants and are generally subject to forfeiture if employment terminates prior to vesting. The awards generally cliff-vest three years from the date of grant. Prior to vesting, ownership of the shares cannot be transferred. The restricted stock has the same dividend and voting rights as the common stock. The Company expenses the cost of these awards ratably over the vesting period.

Prior to January 1, 2006, the Company accounted for stock-based compensation under the recognition and measurement provisions of APB 25. Under APB 25, the Company generally recognized compensation expense only for restricted stock. The Company recognized the compensation expense associated with the restricted stock ratably over the associated service period.

Effective January 1, 2006, the Company adopted the fair value recognition provisions of SFAS 123(R), using the modified prospective transition method, and therefore has not restated the results of prior periods. Under this transition method, stock-based compensation expense for the first quarter of 2006 includes (i) compensation expense for all stock-based compensation awards granted prior to, but not yet vested as of, January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, and (ii) compensation expense for all share-based payment awards granted after January 1, 2006 based on estimated grant-date fair values. Compensation expense is adjusted for estimated forfeitures and is recognized on a straight-line basis over the requisite service period of the award, which is generally the option vesting term of five years. The Company estimated future forfeiture rates based on its historical experience during the preceding fiscal years.

For the three months ended March 31, 2006, the Company recognized \$6.9 million in stock-based compensation expense compared to \$1.3 million for the three months ended March 31, 2005.

The following table highlights the expense related to share-based payment for the periods ended March 31:

	2006	2005
Stock options	\$4.0	\$ —
Restricted shares	2.9	1.3
Stock-based compensation	<u>\$6.9</u>	<u>\$1.3</u>
Stock-based compensation, net of income tax benefit of \$2.1 million and \$0.4 million for the three months ended March 31, 2006 and 2005, respectively	<u>\$4.8</u>	<u>\$0.9</u>

In 2006, the Company modified its stock-based compensation by expanding the number of employees receiving restricted shares. The net impact was to reduce the amount of annual options granted and increase the annual restricted stock awards. For the year ending December 31, 2006, the Company expects to recognize approximately \$15 million to \$20 million, pre-tax, in additional stock-based compensation expense over 2005 as a result of the adoption of SFAS 123(R) and the modification of its stock-based compensation plan described above.

The following table is a reconciliation of the Company's net income and earnings per share to pro forma net income and pro forma earnings per share for the three months ended March 31, 2005 as if the Company had adopted the provisions of SFAS 123 to options granted under the Company's stock option plans (in millions, except per share data):

Net income:	
As reported	\$36.6
Fair value option expense	(2.8)
Pro forma	<u>\$33.8</u>
Basic income per share:	
As reported	\$0.13
Pro forma	0.12
Diluted income per share:	
As reported	\$0.13
Pro forma	0.12

The fair value of share-based payment awards was estimated using the Black-Scholes option pricing model with the following assumptions and weighted-average fair values for the three months ended March 31, as follows:

	2006	2005
Weighted-average fair value of grants	\$ 7	\$ 6
Risk-free interest rate	4.6%	3.9%
Dividend yield	3.0%	3.0%
Expected volatility	33%	33%
Expected life (in years)	6.5	6.5

The Company utilized its historic experience to estimate the expected life of the options and volatility.

The following summarizes the changes in the number of shares of common stock under option, including options to acquire common stock resulting from the conversion of options under pre-merger Rubbermaid option plans for the three months ended March 31, 2006 (*shares in millions*):

	Shares	Weighted Average Exercise Price	Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2005	13.2	\$27	5.8	\$29	6.9	
Granted	2.5	24				
Exercised	(0.1)	23				
Canceled / expired	(0.6)	27				
Outstanding at March 31, 2006	15.0	\$26	6.3	\$28	7.2	\$19
Vested and expected to vest at March 31, 2006	13.9	\$26			7.2	\$18
Exercisable at March 31, 2006					5.4	\$ 5

The weighted average fair value of options granted during the first quarter of 2006 was \$7 per share.

The following table summarizes the changes in the number of shares of restricted stock for the three months ended March 31, 2006 (*shares in millions*):

	Shares	Weighted-average grant date fair value
Outstanding at December 31, 2005	1.0	\$ 23
Granted	1.3	24
Vested	—	—
Canceled	(0.1)	(24)
Outstanding at March 31, 2006	2.2	\$ 23
Vested and expected to vest at March 31, 2006	1.9	\$ 23

The following table summarizes the Company's total unrecognized compensation cost related to stock-based compensation as of March 31, 2006 (*in millions*):

	Unearned Compensation	Weighted Average Remaining Period of Expense Recognition (in months)
Stock options	\$52.0	30
Restricted stock	41.7	18
Total	\$93.7	

Footnote 13 — Industry Segments

The Company's reporting segments reflect the Company's focus on building large consumer brands, promoting organizational integration, achieving operating efficiencies and aligning the businesses with the Company's strategic account management strategy. The Company reports its results in five reportable segments as follows:

Segment	Description of Products
Cleaning & Organization	Material handling, cleaning, refuse, indoor/outdoor organization, home storage, food storage
Office Products	Ballpoint/roller ball pens, markers, highlighters, pencils, correction fluids, office products, art supplies, on-demand labeling products
Tools & Hardware	Hand tools, power tool accessories, manual paint applicators, cabinet, window and convenience hardware, propane torches, solder
Home Fashions	Drapery hardware, window treatments
Other	Operating segments that do not meet aggregation criteria, including aluminum and stainless steel cookware, hair care accessory products, infant and juvenile products, including toys, high chairs, car seats, strollers and play yards

The Company has updated its segment reporting to reflect the realignment of certain European businesses, previously reported in the Cleaning & Organization segment, now reported in the Other segment for all periods presented. The decision to realign these businesses, which include the European Little Tikes and Graco businesses, is consistent with the Company's move from a regional management structure to a global business unit structure. The Company's segment results are as follows (*in millions*):

	Three Months Ended March 31,	
	2006	2005
<u>Net Sales (1)</u>		
Cleaning & Organization	\$333.1	\$300.4
Office Products	390.8	332.8
Tools & Hardware	276.8	276.4
Home Fashions	196.1	198.3
Other	288.0	255.2
	<u>\$1,484.8</u>	<u>\$1,363.1</u>
<u>Operating Income (2)</u>		
Cleaning & Organization	\$21.3	\$12.4
Office Products	32.3	33.5
Tools & Hardware	33.1	26.7
Home Fashions	12.9	(4.5)
Other	29.9	18.5
Corporate	(17.6)	(9.5)
Impairment charges	(50.9)	—
Restructuring costs	(29.8)	(5.9)
	<u>\$31.2</u>	<u>\$71.2</u>
<u>Identifiable Assets</u>	March 31, 2006	March 31, 2005
Cleaning & Organization	\$712.3	\$737.4
Office Products	1,119.0	1,020.0
Tools & Hardware	734.6	735.1
Home Fashions	406.6	412.8
Other	426.4	446.9
Corporate (3)	2,970.6	3,032.0
Discontinued operations	—	61.6
	<u>\$6,369.5</u>	<u>\$6,445.8</u>

Geographic Area Information

	Three Months Ended March 31,	
	2006	2005
<u>Net Sales</u>		
United States	\$1,064.8	\$954.7
Canada	83.3	72.2
North America	1,148.1	1,026.9
Europe	248.3	257.5
Central and South America	47.4	41.6
All other	41.0	37.1
	<u>\$1,484.8</u>	<u>\$1,363.1</u>
<u>Operating Income (4)</u>		
United States	\$70.3	\$64.0
Canada	12.6	10.7
North America	82.9	74.7
Europe	(55.3)	(8.4)
Central and South America	(3.8)	(0.2)
All other	7.4	5.1
	<u>\$31.2</u>	<u>\$71.2</u>

- 1) All intercompany transactions have been eliminated. Sales to Wal*Mart Stores, Inc. and subsidiaries amounted to approximately 14% of consolidated net sales in the three months ended March 31, 2006 and 2005. Sales to no other customer exceeded 10% of consolidated net sales for either period.
- 2) Operating income is net sales less cost of products sold, selling, general and administrative expenses, impairment charges, and restructuring costs. Certain headquarters expenses of an operational nature are allocated to business segments and geographic areas primarily on a net sales basis.
- 3) Corporate assets primarily include goodwill, trade names and deferred tax assets.
- 4) The restructuring costs have been reflected in the appropriate geographic regions for all periods presented.

Footnote 14 — 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.

In the normal course of business and as part of its acquisition and divestiture strategy, the Company may provide certain representations and indemnifications related to legal, environmental, product liability, tax or other types of issues. Based on the nature of these representations and indemnifications, it is not possible to predict the maximum potential payments under all of these agreements due to the conditional nature of the Company's obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by the Company under these agreements did not have a material effect on the Company's business, financial condition or results of operation.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Company remains committed to investing in strategic brands and new product development, strengthening its portfolio of businesses, reducing its supply chain costs and streamlining non-strategic selling, general and administrative expenses (SG&A). The Company will continue to make investments in advertising, promotion, new product development and brand building activities in its "Invest" businesses, which encompass the Company's high-potential, high margin brands, while taking action to improve profitability in "Fix" businesses, which encompass many of the Company's low margin product lines.

The Company defines Invest businesses as those having high margin opportunity and the ability to generate growth through innovative new products and investments in brand building and marketing. Invest businesses are generally meeting or exceeding the company's minimum financial targets and collectively generate above average operating income margins. Fix businesses are characterized by the Company as having various challenges and unacceptable profitability. Management's primary focus for Fix businesses is to take significant actions to improve profitability. Currently, the Company classifies Rubbermaid Home Products, Home Fashions and Little Tikes as Fix businesses.

In late February 2006, a revised strategy and key imperatives were communicated to the Company's management team. The tenets of the strategy include building Brands That Matter, creating scale advantages through horizontal integration, commercializing innovation across the enterprise and creating a structure for business globalization.

Consumer-Meaningful Brands: The Company is moving from its historical focus on creating competitive advantage in manufacturing and distributing products, to excellence in innovating and marketing brands. Consumer meaningful brands create more value than products alone, and big brands provide the Company with the economies of scale that can be leveraged in today's marketplace. In the quarter, the Company made slightly more than \$20 million of incremental strategic investments in advertising, promotion and research and development, particularly on brands like Calphalon®, Graco®, Goody®, LENOX®, IRWIN®, Sharpie® and DYMO®. The integration of DYMO into the office products business remains on schedule and the Company is pleased with its performance. The Company also initiated a consulting and training partnership with one of the largest worldwide creative and media agencies. The objective is to create best-in-class branding capabilities across the Company. The first step is to understand the brand vitality of the Company's 16 largest brands using a common set of metrics. The Company will then integrate this understanding into its ongoing processes for product innovation, competitive analysis, strategic planning and brand marketing.

Horizontal Integration: The Company is exploring ways to best leverage its common functional capabilities such as Human Resources, Information Technology, Supply Chain and Finance to improve efficiency and reduce costs. This broad reaching initiative already includes projects such as the corporate consolidation of the distribution and transportation function, and aggregating Company-wide purchasing efforts including both direct and indirect materials and services. During the quarter, the Company also streamlined the structure of our Tools & Hardware segment to create a more effective organization and leverage scale efficiencies. The Company also began the process of creating shared services for the European businesses and is evaluating expanding the scope of shared services in the United States. The most important benefit of horizontal integration is that the cost savings from these initiatives will free up money for investment in innovation and brand building.

Invest in Innovation: The Company has broadened its definition of innovation beyond product invention. The Company will define innovation as the successful commercialization of invention. Innovation must be more than product development. It is a rigorous process that permeates the entire development cycle. It begins with a deep understanding of how consumers interact with the Company's brands and categories, and all the factors that drive their purchase decisions and in-use experience. That understanding must then be translated into products that deliver unique features and benefits, at a best-cost position, providing the consumer with great value. Lastly, understanding how and where to create awareness and trial, and measuring the effectiveness of advertising and promotion spending, completes the process. The Company has pockets of excellence using this expanded definition of innovation, and it will continue to build on this competency.

Globalization: The Company is expanding from a U.S.-centric business model to one that includes international growth as an increasing focus. The Company is working hard to get the structure right for the future. For example, the Office Products businesses have been reorganized to operate across product lines that can target global consumer acceptance. This past quarter, the Company also aligned the Graco and Little Tikes businesses under a global business unit structure, reporting under the Home & Family Products group (included in the “Other” segment), rather than by geographic location. This realignment positions the businesses to leverage research and development, branding, marketing and innovation on a global basis.

2006 will be a transformational year for the Company, on the multi-year journey to becoming an integrated, innovative branding and marketing company. The Company is making the necessary investments now for the long-term success of its business.

Results of Operations

The following table sets forth for the periods indicated items from the Consolidated Statements of Operations as a percentage of net sales (*in millions, except percentages*):

	Three Months Ended March 31,			
	2006		2005	
Net sales	\$1,484.8	100.0%	\$1,363.1	100.0%
Cost of products sold	1,026.0	69.1	988.4	72.5
Gross margin	458.8	30.9	374.7	27.5
Selling, general and administrative expenses	346.9	23.4	297.6	21.8
Impairment charges	50.9	3.4	—	—
Restructuring costs	29.8	2.0	5.9	0.4
Operating income	31.2	2.1	71.2	5.2
Nonoperating expenses:				
Interest expense, net	33.7	2.3	30.8	2.3
Other expense (income), net	3.1	0.2	(2.3)	(0.2)
Net nonoperating expenses	36.8	2.5	28.5	2.1
(Loss) income from continuing operations before income taxes	(5.6)	(0.4)	42.7	3.1
Income tax benefit	(62.0)	(4.2)	(46.7)	(3.4)
Income from continuing operations	56.4	3.8	89.4	6.6
Loss from discontinued operations, net of tax	(1.6)	(0.1)	(52.8)	(3.9)
Net income	\$54.8	3.7%	\$36.6	2.7%

Three Months Ended March 31, 2006 vs. Three Months Ended March 31, 2005

Consolidated Operating Results:

Net sales for the three months ended March 31, 2006 were \$1,484.8 million, representing an increase of \$121.7 million, or 8.9%, from \$1,363.1 million in the comparable quarter of 2005. Excluding sales related to the DYMO acquisition, sales were up \$65 million or 4.8%, driven primarily by core sales increases and favorable pricing, partially offset by a negative foreign currency translation adjustment of \$17 million.

The Company’s Invest businesses generated a 4.9% improvement in sales for the first quarter of 2006 versus the comparable quarter of 2005, led by double-digit growth in the Calphalon, Graco, Goody and Rubbermaid Commercial Products businesses, along with high single-digit growth in the Rubbermaid Food business and IRWIN and LENOX branded tool businesses. Excluding the sales related to the DYMO acquisition of \$55.9 million, sales in the Office Products segment were up approximately 1% in the quarter. These increases were partially offset by a double-digit decline in the consumer electronic tools business as that product line nears the end of its life cycle.

Net sales of the businesses the Company classifies as Fix increased by 4.8% due to double-digit growth in the Levolor and Rubbermaid Home Products businesses, partially offset by lower sales in our European Window Fashion business.

Gross margin, as a percentage of net sales, in the first quarter of 2006 was 30.9%, or \$458.8 million, versus 27.5%, or \$374.7 million, in the comparable quarter of 2005. The increase in gross margin is a result of strong productivity, favorable pricing, and favorable mix, more than offsetting the impact of raw material inflation.

SG&A expenses in the first quarter of 2006 were 23.4% of net sales, or \$346.9 million, versus 21.8%, or \$297.6 million, in the comparable quarter of 2005. The primary drivers of the increase were additional strategic advertising and promotional investments in the Rubbermaid Commercial Products, Tools & Hardware, Calphalon, Graco and Office Products businesses and the impact of the DYMO acquisition. Also contributing to the increase were the impact of stock option accounting and the non-repeating pension curtailment benefit recognized in 2005.

In the first quarter of 2006, the Company began exploring various options for certain businesses in the Home Fashions segment. In connection with this evaluation of alternatives, the Company obtained a better indication of the fair value of the businesses and determined that these businesses had a net book value in excess of their fair values. Due to the apparent decline in value, the Company conducted an impairment test in the first quarter and recorded a \$50.9 million impairment loss to write-off the goodwill of the businesses.

In the first quarter of 2006, the Company recorded \$29.8 million in restructuring charges related to Project Acceleration. Project Acceleration remains on track, and the Company announced the closure of 12 facilities in the first quarter of 2006, in line with expectations. The Company continues to expect cumulative charges of \$350 to \$400 million, approximately 60% of which will be cash charges, over the life of the initiative. Annualized savings are projected to exceed \$120 million upon completion of the project with an approximate \$50 million benefit expected in 2007 and the remainder in 2008. In the first quarter of 2005, the Company recorded restructuring costs of \$5.9 million. See Footnote 5 to the Consolidated Financial Statements (Unaudited) for further information on these restructuring costs.

Operating income in the first quarter of 2006 was \$31.2 million, or 2.1% of net sales, versus \$71.2 million, or 5.2%, in the comparable quarter of 2005. The change in operating income is the result of the factors described above.

Net nonoperating expenses in the first quarter of 2006 were 2.5% of net sales, or \$36.8 million, versus 2.1% of net sales, or \$28.5 million, in the comparable quarter of 2005. The increase in net nonoperating expenses is mainly attributable to an increase in net interest expense as a result of the DYMO acquisition and rising interest rates.

The effective tax rate was (1,107.1)% in the first quarter of 2006 versus (109.4)% in the first quarter of 2005. The change in the effective tax rate is primarily related to the \$78.0 million income tax benefit recorded in 2006 as a result of the reorganization of certain of the Company's non-U.S. subsidiaries compared to the net income tax benefit of \$58.6 million recorded in 2005 as a result of favorable resolution of a tax contingency. The tax benefits increased earnings per share by \$0.28 in 2006 and \$0.21 in 2005. See Footnote 9 to the Consolidated Financial Statements (Unaudited) for further information.

Income from continuing operations for the first quarter of 2006 was \$56.4 million, compared to \$89.4 million in the first quarter of 2005. Diluted earnings per share from continuing operations were \$0.21 in the first quarter of 2006 compared to \$0.33 in the first quarter of 2005.

The loss from discontinued operations was \$1.6 million and \$52.8 million for the three months ended March 31, 2006 and 2005, respectively. The loss on disposal of discontinued operations for the first quarter of 2006 was \$1.6 million, net of tax, compared to \$49.1 million, net of tax, in the first quarter of 2005. The 2006 loss related to the disposal of the Cookware Europe business, while the 2005 loss related to the disposal of the Curver business. Diluted loss per share from discontinued operations was \$0.01 in the first quarter of 2006 compared to \$0.19 in the first quarter of 2005. See Footnote 3 to the Consolidated Financial Statements (Unaudited) for further information.

Net income for the first quarter of 2006 was \$54.8 million, compared to \$36.6 million in the first quarter of 2005. Diluted earnings per share were \$0.20 in the first quarter of 2006 compared to \$0.13 in the first quarter of 2005.

Business Group Operating Results:

Net sales by reportable segment were as follows for the three months ended March 31, *(in millions, except percentages)*:

	2006	2005	% Change
Cleaning & Organization	\$333.1	\$300.4	10.9%
Office Products	390.8	332.8	17.4
Tools & Hardware	276.8	276.4	0.1
Home Fashions	196.1	198.3	(1.1)
Other	288.0	255.2	12.9
Total Net Sales (1)	<u>\$1,484.8</u>	<u>\$1,363.1</u>	<u>8.9%</u>

Operating income (loss) by segment was as follows for the three months ended March 31, *(in millions, except percentages)*:

	2006	2005	% Change
Cleaning & Organization	\$21.3	\$12.4	71.8%
Office Products	32.3	33.5	(3.6)
Tools & Hardware	33.1	26.7	24.0
Home Fashions	12.9	(4.5)	386.7
Other	29.9	18.5	61.6
Corporate Costs (2)	(17.6)	(9.5)	(85.2)
Impairment Charges	(50.9)	—	(100.0)
Restructuring Costs (3)	(29.8)	(5.9)	(405.1)
Total Operating Income (4)	<u>\$31.2</u>	<u>\$71.2</u>	<u>(56.2%)</u>

- (1) All intercompany transactions have been eliminated. Sales to Wal*Mart Stores, Inc. and subsidiaries amounted to approximately 14% of consolidated net sales in the three months ended March 31, 2006 and 2005, respectively. Sales to no other customer exceeded 10% of consolidated net sales for either period.
- (2) Corporate operating expenses consist primarily of administrative costs, including stock-based compensation, that are not allocated to a particular segment.
- (3) Restructuring costs have been presented separately in this table. For additional information refer to Footnote 5 to the Consolidated Financial Statements (Unaudited).
- (4) Operating income is net sales less cost of products sold, selling, general and administrative expenses, impairment charges and restructuring costs. Certain headquarters expenses of an operational nature are allocated to business segments primarily on a net sales basis.

Cleaning & Organization

Net sales for the first quarter of 2006 were \$333.1 million, an increase of \$32.7 million, or 10.9%, from \$300.4 million in the first quarter of 2005, driven by double-digit growth in the Rubbermaid Commercial Products and Rubbermaid Home businesses and high single-digit growth in the Rubbermaid Food business. The first quarter sales growth in the Rubbermaid Food and Rubbermaid Home businesses benefited from relatively easy comparisons as sales in the first quarter of 2005 were suppressed by product line exits and pricing actions required to offset raw material inflation.

Operating income for the first quarter of 2006 was \$21.3 million or 6.4% of sales, an increase of \$8.9 million, or 71.8%, from \$12.4 million in the first quarter of 2005. The increase in operating income is a result of the sales increase and favorable mix, partially offset by raw material inflation and increased SG&A in the Rubbermaid Commercial Products business.

Office Products

Net sales for the first quarter of 2006 were \$390.8 million, an increase of \$58.0 million, or 17.4%, from \$332.8 million in the first quarter of 2005. The increase was primarily due to the DYMO acquisition with sales of \$55.9 million, partially offset by unfavorable currency translation. Excluding the impact of DYMO, sales were up about 1%. From a product perspective, double-digit growth in markers and mid single-digit growth in everyday writing were partially offset by declines in fine writing and coloring.

Operating income for the first quarter of 2006 was \$32.3 million or 8.3% of sales, a decrease of \$1.2 million, or 3.6%, from \$33.5 million in the first quarter of 2005. The decrease in operating income was the result of increased SG&A investment, restructuring related expenses and acquisition integration costs, offset by additional income from the DYMO acquisition.

Tools & Hardware

Net sales for the first quarter of 2006 were \$276.8 million, essentially flat to last year, from \$276.4 million in the first quarter of 2005, driven by high single-digit growth in the IRWIN and LENOX branded tools offset by a double-digit decline in the consumer electronic tools business.

Operating income for the first quarter of 2006 was \$33.1 million or 12.0% of sales, an increase of \$6.4 million, or 24.0%, from \$26.7 million in the first quarter of 2005. Operating income increased primarily as the result of productivity initiatives and favorable mix, partially offset by increased SG&A investment.

Home Fashions

Net sales for the first quarter of 2006 were \$196.1 million, a decrease of \$2.2 million, or 1.1%, from \$198.3 million in the first quarter of 2005. The decrease was driven by a double-digit decline in European sales, offset by double-digit growth in North America. Sales in North America benefited from the addition of a new warehouse at a key retailer and generally low customer inventories coming into the year.

Operating income (loss) for the first quarter of 2006 was \$12.9 million or 6.6% of sales, an increase of \$17.4 million, or 386.7%, from (\$4.5) million in the first quarter of 2005. The increase in operating income was the result of sales growth in North America, strong productivity and a reduction in European SG&A expenses.

Other

Net sales for the first quarter of 2006 were \$288.0 million, an increase of \$32.8 million, or 12.9%, from \$255.2 million in the first quarter of 2005, driven by double-digit increases in the Graco, Calphalon and Goody businesses. A portion of the sales increase relates to the timing of promotions and plan-o-gram changes at retailers.

Operating income for the first quarter of 2006 was \$29.9 million or 10.4% of sales, an increase of \$11.4 million, or 61.6%, from \$18.5 million in the first quarter of 2005. The primary drivers of the increase in operating income were the impact of the sales increase, productivity and favorable mix, partially offset by increased SG&A investment.

Liquidity and Capital Resources

Cash and cash equivalents increased by \$60.6 million for the three months ended March 31, 2006. The change in cash and cash equivalents is as follows for the three months ended March 31, (*in millions*):

	2006	2005
Cash (used in) provided by operating activities	\$(11.7)	\$55.5
Cash used in investing activities	(18.7)	(40.5)
Cash provided by (used in) financing activities	90.2	(87.2)
Exchange effect on cash and cash equivalents	0.8	(3.6)
Increase (decrease) in cash and cash equivalents	<u>\$60.6</u>	<u>\$(75.8)</u>

Sources:

The Company's primary sources of liquidity and capital resources include cash provided by operating activities, proceeds from divestitures and use of available borrowing facilities.

Cash (used in) provided by operating activities for the three months ended March 31, 2006 was \$(11.7) million compared to \$55.5 million for the comparable period of 2005. The decrease in cash provided from operating activities was primarily due to the \$20.9 million contribution to the U.S. defined contribution plan and the timing of the payment of certain accrued liabilities.

The Company has a \$750.0 million syndicated revolving credit facility (the "Revolver") pursuant to a five-year credit agreement, which expires in November 2010. At March 31, 2006, there were no borrowings under the Revolver.

In lieu of borrowings under the Revolver, the Company may issue up to \$750.0 million of commercial paper. The 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 Revolver. The Revolver also provides for the issuance of up to \$100.0 million of standby letters of credit so long as there is a sufficient amount available for borrowing under the Revolver. At March 31, 2006, \$350.0 million of commercial paper was outstanding and there were no standby letters of credit issued under the Revolver.

The Revolver permits the Company to borrow funds on a variety of interest rate terms and requires, among other things, that the Company maintain certain Interest Coverage and Total Indebtedness to Total Capital Ratio, as defined in the agreement. The Revolver also limits Subsidiary Indebtedness. As of March 31, 2006, the Company was in compliance with the agreement governing the Revolver. On an annual basis, the Company may request extension of the Revolver (subject to lender approval) for additional one-year periods.

In the first three months of 2006, the Company received proceeds from the issuance of debt of \$148.3 million compared to \$1.9 million in the first three months of 2005.

In the first three months of 2006, the Company received cash proceeds of \$29.8 million related to the sale of businesses and other non-current assets, compared to \$12.9 million in the first three months of 2005. The European Cookware business was sold in 2006, generating cash proceeds of \$29.5 million.

Uses:

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

In the first three months of 2006, the Company spent \$23.2 million on strategic acquisitions, compared to \$30.3 million in the comparable period of 2005.

In the first three months of 2006, the Company made payments on notes payable and long-term debt of \$1.9 million compared to \$31.1 million in the first three months of 2005, including the purchase in 2005 of 550,000 shares of its Preferred Securities from a holder for \$47.375 per share. The Company paid \$26.1 million for such purchase of Preferred Securities.

Cash used for restructuring activities was \$1.3 million and \$9.2 million in the first three months of 2006 and 2005, respectively. These payments relate primarily to employee termination benefits. The Company expects to spend approximately \$100 million in 2006 related to restructuring activities. See Footnote 5 to the Consolidated Financial Statements (Unaudited) for additional information.

Capital expenditures were \$25.3 million and \$23.1 million in the first three months of 2006 and 2005, respectively. Capital expenditures for 2006 are expected to be in the range of \$125 to \$150 million.

In the first three months of 2006, the Company paid \$20.9 million to fund the U.S. defined contribution plan implemented in 2005. See Footnote 8 to the Consolidated Financial Statements (Unaudited) for additional information.

Dividends paid were \$58.2 million and \$58.0 million in the first three months of 2006 and 2005, respectively. In the second quarter of 2006, the Company expects to make similar dividend payments.

Stockholders' equity increased in the first three months of 2006 by \$14.9 million. The increase in stockholders' equity is primarily due to the current year net income and foreign currency translation adjustments, partially offset by dividends paid on common stock.

Working capital at March 31, 2006 was \$676.2 million compared to \$675.3 million at December 31, 2005. The current ratio was 1.38:1 at March 31, 2006 and 1.38:1 at December 31, 2005.

Total debt to total capitalization (total debt is net of cash and cash equivalents, and total capitalization includes total debt and stockholders' equity) was .61:1 at March 31, 2006 and .60:1 at December 31, 2005.

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 on a short-term basis; however, certain events, such as significant acquisitions, could require additional external financing on a long-term basis.

Critical Accounting Policies

The Company's accounting policies are more fully described in the consolidated financial statements included in the 2005 Annual Report on Form 10-K. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and 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 such differences may be material to the consolidated financial statements. The Company describes its most critical accounting policies in its 2005 Annual Report on Form 10-K, Management's Discussion and Analysis of Financial Condition and Results of Operations. During the first quarter of 2006, the Company adopted SFAS No. 123(R), Share-Based Payment. The following discussion provides additional information about the effects on the consolidated financial statements of judgments and estimates related to the Company's policies related to the recording of stock-based compensation expense.

Stock Options

Effective January 1, 2006, the Company adopted the provisions of SFAS 123(R), using the modified prospective method and therefore has not restated results for prior periods. Under this transition method, stock-based compensation expense for the first quarter of fiscal 2006 includes compensation expense for all stock-based compensation awards granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, "Accounting for Stock-based Compensation" ("SFAS 123"). Stock-based compensation expense for all awards granted after December 31, 2005 is based on the grant-date fair value estimated in accordance with the provision of SFAS 123(R). The Company recognizes stock based compensation expense on a straight-line basis over the requisite service period of the award, which is generally the option-vesting term of five years. Prior to the adoption of SFAS 123(R), the Company recognized stock-based compensation expense by applying the intrinsic value method in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). In March 2005, the Securities and Exchange Commission (the "SEC") issued Staff Accounting Bulletin No. 107 ("SAB 107") regarding the SEC's interpretation of SFAS 123(R) and the valuation of share-based payments for public companies. The Company has applied the provisions of SAB 107 in its adoption of SFAS 123(R).

Determining the appropriate fair value model and calculating the fair value of share-based payment awards require the input of highly subjective assumptions, including the expected life of the share-based payment awards and stock price volatility. The assumptions used in calculating the fair value of share-based payment awards represent

management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our stock-based compensation expense could be materially different in the future. In addition, we are required to estimate the expected pre-vesting forfeiture rate and only recognize expense for those shares expected to vest. If our actual pre-vesting forfeiture rate is materially different from our estimate, the stock-based compensation expense could be significantly different from our estimates. See Note 12 to the Consolidated Financial Statements (Unaudited) for a further discussion of stock-based compensation.

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 manages interest rate exposure through its conservative debt ratio target and its mix of fixed and floating rate debt. 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 Company's Consolidated Statements of Operations.

The Company purchases certain raw materials, including resin, corrugate, steel and aluminum, which are subject to price volatility caused by unpredictable factors. While future movements of raw material costs are uncertain, a variety of programs, including periodic raw material purchases, purchases of raw materials for future delivery and customer price adjustments help the Company address this risk. Where practical, the Company uses derivatives as part of its risk management process. In the first three months of 2006, the Company experienced raw material inflation (primarily in resin), which was more than offset by pricing increases, favorable mix and productivity.

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. It 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, but are shown as an illustration of the impact of potential adverse changes in interest rates. The following table indicates the calculated amounts for the three months ended March 31, (*dollars in millions*):

	2006 Three Month Average	March 31, 2006	2005 Three Month Average	March 31, 2005	Confidence Level
Interest rates	\$8.1	\$8.1	\$9.9	\$9.9	95%
Foreign exchange	\$5.2	\$5.2	\$1.5	\$1.5	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 may relate to, but are not limited to, information or assumptions about the effects of Project Acceleration, sales (including pricing), income/(loss), earnings per share, operating income or gross margin improvements, return on equity, return on invested capital, capital expenditures, working capital, cash flow, dividends, capital structure, debt to capitalization ratios, interest rates, internal growth rates, restructuring, impairment and other charges, potential losses on divestitures, impact of changes in accounting standards, pending legal proceedings and claims (including environmental matters), future economic performance, operating income improvements, costs and cost savings (including raw material inflation, productivity and streamlining), synergies, management's plans, goals and objectives for future operations, performance and growth or the assumptions relating to any of the forward-looking statements. These statements generally are accompanied by words such as "intend," "anticipate," "believe," "estimate," "project," "target," "plan," "expect," "will," "should" or similar 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 generally and Exhibit 99.1 to this Report.

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

As of March 31, 2006, an evaluation was performed by the Company's management, under the supervision and with the participation of the Company's chief executive officer and chief financial officer, of 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.

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended March 31, 2006 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Information required under this Item is contained above in Part I. Financial Information, Item 1 and is incorporated herein by reference.

Item 5. Other Information

On April 26, 2006, the Board of Directors of the Company approved an amendment to Section 2.7 of the Company's By-Laws, which sets forth the quorum and voting requirements applicable to meetings of the Company's stockholders. This section, as amended, continues to provide that, in general, the affirmative vote of a majority of the votes entitled to be cast by the holders of shares of capital stock represented at the meeting shall be the act of the stockholders, unless a different number of votes is required by the Delaware General Corporation Law, the Certificate of Incorporation or the By-Laws. The amendment adds language to clarify that, consistent with the Company's historical practice and interpretation of the Company's By-Laws, directors are elected by a plurality of the votes of the shares present in person or represented by proxy at a meeting and entitled to vote on the election of directors. The full text of this amendment to the Company's By-Laws is set forth in Exhibit 3.2 to this report and is incorporated herein by this reference.

Item 6. Exhibits.

- 3.1 By-Laws of Newell Rubbermaid Inc., as amended as of April 26, 2006.
- 3.2 Amendment to By-Laws of Newell Rubbermaid Inc., effective April 26, 2006.
- 4.1 By-Laws of Newell Rubbermaid Inc., as amended as of April 26, 2006, are included in Item 3.1
- 10.1 Amended 2006 Long Term Incentive Plan under the Newell Rubbermaid Inc. 2003 Stock Plan.
- 10.2 Newell Rubbermaid Inc. Management Cash Bonus Plan, as amended February 8, 2006.
- 10.3 Compensation Arrangement for Mark D. Ketchum dated February 13, 2006.
- 10.4 Form of Employment Security Agreement between the Company and Mark D. Ketchum, dated March 14, 2006 (incorporated by reference to Exhibit 10 to the Company's Current Report on Form 8-K dated November 10, 2004).
- 10.5 Performance share award grant to Mark D. Ketchum on March 22, 2006, under the 2003 Stock Plan (incorporated by reference to the Section titled "Entry into a Material Definitive Agreement" of the Company's Current Report on Form 8-K, dated March 22, 2006).
- 10.6 Form of Stock Option Agreement for Chief Executive Officer under Newell Rubbermaid Inc. 2003 Stock Plan.
- 12 Statement of Computation of Earnings to Fixed Charges.
- 31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

- 32.1 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.
- 32.2 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.
- 99.1 Safe Harbor Statement.

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: May 2, 2006

/s/ Ronald L. Hardnock
Ronald L. Hardnock
Vice President -- Corporate Controller

BY-LAWS, AS AMENDED AS OF APRIL 26, 2006
As adopted by the Newell Rubbermaid Board of Directors, effective as of April 26, 2006

BY-LAWS
OF
NEWELL RUBBERMAID INC.

(a Delaware corporation)
(as amended April 26, 2006)

ARTICLE I
OFFICES

1.1 REGISTERED OFFICE. The registered office of the Corporation in the State of Delaware shall be located in the City of Dover and County of Kent. The Corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors may designate or the business of the Corporation may require from time to time.

1.2 PRINCIPAL OFFICE IN ILLINOIS. The principal office of the Corporation in the State of Illinois shall be located in the City of Freeport and County of Stephenson.

ARTICLE II
STOCKHOLDERS

2.1 ANNUAL MEETING. The annual meeting of stockholders shall be held each year at such time and date as the Board of Directors may designate prior to the giving of notice of such meeting, but if no such designation is made, then the annual meeting of stockholders shall be held on the second Wednesday in May of each year for the election of directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

2.2 SPECIAL MEETINGS. Special meetings of the stockholders, for any purpose or purposes, may be called by the Chairman, by the Board of Directors or by the President.

2.3 PLACE OF MEETING. The Board of Directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the Corporation in the State of Illinois.

2.4 NOTICE OF MEETING. Written notice stating the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, or in the case of a merger or consolidation of the Corporation requiring stockholder approval or a sale, lease or exchange of substantially all of the Corporation's property and assets, not less than twenty nor more than sixty days before the date of meeting, to each stockholder of record entitled to vote at such meeting. If mailed, notice shall be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, unless the adjournment is for more than thirty days, or unless, after adjournment, a new record date is fixed for the adjourned meeting, in either of which cases notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.5 FIXING OF RECORD DATE. For the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent (to the extent permitted, if permitted) to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and the record date for determining stockholders for any other purpose shall be the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting unless the Board of Directors fixes a new record date for the adjourned meeting.

2.6 VOTING LISTS. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in his name, which list, for a period of ten days prior to such meeting, shall be kept on file either at a place within the city where the meeting is to be held and which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held, and shall be open to the examination of any stockholder, for any purpose germane to the meeting, at any time during ordinary business hours. Such lists shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders entitled to vote, or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

2.7 QUORUM. The holders of shares of stock of the Corporation entitled to cast a majority of the total votes that all of the outstanding shares of stock of the Corporation would be entitled to cast at the meeting, represented in person or by proxy, shall constitute a quorum at any meeting of stockholders; provided, that if less than a majority of the outstanding shares of capital stock are represented at said meeting, a majority of the shares of capital stock so represented may adjourn the meeting. If a quorum is present, in all matters other than the election of directors, the affirmative vote of a majority of the votes entitled to be cast by the holders of shares of capital stock represented at the meeting shall be the act of the stockholders, unless a different number of votes is required by the General Corporation Law, the

Certificate of Incorporation or these By-Laws. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting. Withdrawal of stockholders from any meeting shall not cause failure of a duly constituted quorum at that meeting.

2.8 PROXIES. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy pursuant to the foregoing sentence, a stockholder may validly grant such authority (i) by executing a writing authorizing another person or persons to act for such stockholder as proxy or (ii) by authorizing another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder, or by any other means permitted under the Delaware General Corporation Law.

2.9 VOTING OF STOCK. Each stockholder shall be entitled to such vote as shall be provided in the Certificate of Incorporation, or, absent provision therein fixing or denying voting rights, shall be entitled to one vote per share with respect to each matter submitted to a vote of stockholders.

2.10 VOTING OF STOCK BY CERTAIN HOLDERS. Persons holding stock in a fiduciary capacity shall be entitled to vote the shares so held. Persons whose stock is pledged shall be entitled to vote, unless in the transfer by the pledgor on the books of the Corporation he has expressly empowered the pledgee to vote thereon, in which case only the pledgee or his proxy may represent such stock and vote thereon. Stock standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent or proxy as the charter or by-laws of such corporation may prescribe or, in the absence of such provision, as the board of directors of such corporation may determine. Shares of its own capital stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held by the Corporation, shall neither be entitled to vote nor counted for quorum purposes, but shares of its capital stock held by the Corporation in a fiduciary capacity may be voted by it and counted for quorum purposes.

2.11 VOTING BY BALLOT. Voting on any question or in any election may be by voice vote unless the presiding officer shall order or any stockholder shall demand that voting be by ballot.

ARTICLE III

DIRECTORS

3.1 GENERAL POWERS. The business of the Corporation shall be managed by its Board of Directors.

3.2 NUMBER, TENURE AND QUALIFICATION. The number of directors of the Corporation shall be not less than ten and not more than twelve, with the exact number to be fixed from time to time by the Board of Directors, and the term of office of each director shall be as set forth in the Restated Certificate of Incorporation, as amended. A director may resign at any time upon written notice to the Corporation. Directors need not be stockholders of the Corporation.

3.3 REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than this By-Law, immediately after, and at the same place as, the annual meeting of stockholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Delaware, for the holding of additional regular meetings without other notice than such resolution.

3.4 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the Chief Executive Officer or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Delaware, as the place for holding any special meeting of the Board of Directors called by him or them.

3.5 NOTICE. Notice of any special meeting of directors, unless waived, shall be given, in accordance with Section 3.6 of the By-Laws, in person, by mail, by telegram or cable, by telephone, or by any other means that reasonably may be expected to provide similar notice. Notice by mail and, except in emergency situations as described below, notice by any other means, shall be given at least two (2) days before the meeting. For purposes of dealing with an emergency situation, as conclusively determined by the director(s) or officer(s) calling the meeting, notice may be given in person, by telegram or cable, by telephone, or by any other means that reasonably may be expected to provide similar notice, not less than two hours prior to the meeting. If the secretary shall fail or refuse to give such notice, then the notice may be given by the officer(s) or director(s) calling the meeting. Any meeting of the Board of Directors shall be a legal meeting without any notice thereof having been given, if all the directors shall be present at the meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, and no notice of a meeting shall be required to be given to any director who shall attend such meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

3.6 NOTICE TO DIRECTORS. If notice to a director is given by mail, such notice shall be deemed to have been given when deposited in the United States mail, postage prepaid, addressed to the director at his address as it appears on the records of the Corporation. If notice to a director is given by telegram, cable or other means that provide written notice, such notice shall be deemed to have been given when delivered to any authorized transmission company, with charges prepaid, addressed to the director at his address as it appears on the records of the Corporation. If notice to a director is given by telephone, wireless, or other means of voice transmission, such notice shall be deemed to have been given when such notice has been transmitted by telephone, wireless or such other means to such number or call designation as may appear on the records of the Corporation for such director.

3.7 QUORUM. Except as otherwise required by the General Corporation Law or by the Certificate of Incorporation, a majority of the number of directors fixed by these By-Laws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such number of directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee thereof.

3.8 MANNER OF ACTING. The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

3.9 ACTION WITHOUT A MEETING. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all the members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

3.10 VACANCIES. Vacancies on the Board of Directors, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, disability, resignation, retirement, disqualification, removal from office or other cause shall be filled in accordance with the provisions of the Certificate of Incorporation.

3.11 COMPENSATION. The Board of Directors, by the affirmative vote of a majority of directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the Corporation as directors, officers, or otherwise. The directors may be paid their expenses, if any, of attendance at each meeting of the Board and at each meeting of any committee of the Board of which they are members in such manner as the Board of Directors may from time to time determine.

3.12 PRESUMPTION OF ASSENT. A director of the Corporation who is present at a meeting of the Board of Directors or at a meeting of any committee of the Board at which action on any corporate matter is taken shall be conclusively presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation within 24 hours after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

3.13 COMMITTEES. By resolution passed by a majority of the whole Board, the Board of Directors may designate one or more committees, each such committee to consist of two or more directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member of any meeting of the committee. Any such committee, to the extent provided in the resolution or in these By-Laws, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at the meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of such absent or disqualified member.

3.14 CHAIRMAN AND VICE CHAIRMEN. The Board of Directors may from time to time designate from among its members a Chairman of the Board and one or more Vice Chairmen. The Chairman shall preside at all meetings of the Board of Directors. In the absence of the Chairman of the Board, the Chief Executive Officer and the President and Chief Operating Officer, and, in their absence, a Vice Chairman (with the longest tenure as Vice Chairman), shall preside at all meetings of the Board of Directors. The Chairman and each of the Vice Chairmen shall have such other responsibilities as may from time to time be assigned to each of them by the Board of Directors.

ARTICLE IV

OFFICERS

4.1 NUMBER. The officers of the Corporation shall be a Chief Executive Officer, a President and Chief Operating Officer, one or more Group Presidents (the number thereof to be determined by the Board of Directors), one or more vice presidents (the number thereof to be determined by the Board of Directors), a Treasurer, a Secretary and such Assistant Treasurers, Assistant Secretaries or other officers as may be elected by the Board of Directors.

4.2 ELECTION AND TERM OF OFFICE. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of stockholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor is elected and has qualified or until his earlier resignation or removal. Any officer may resign at any time upon written notice to the Corporation. Election of an officer shall not of itself create contract rights, except as may otherwise be provided by the General Corporation Law, the Certificate of Incorporation or these By-Laws.

4.3 REMOVAL. Any officer elected by the Board of Directors may be removed by the Board of Directors whenever in its judgement the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

4.4 VACANCIES. A vacancy in any office occurring because of death, resignation, removal or otherwise, may be filled by the Board of Directors.

4.5 [INTENTIONALLY OMITTED.]

4.6 THE CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be the principal executive officer of the Corporation. Subject only to the Board of Directors, he shall be in charge of the business of the Corporation; he shall see that the resolutions and directions of the Board of Directors are carried into effect except in those instances in which that responsibility is specifically assigned to some other person by the Board of Directors; and, in general, he shall discharge all duties incident to the office of the chief executive officer of the Corporation and such other duties as may be prescribed by the Board of Directors from time to time. In the absence of the Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the Board of Directors. The Chief Executive Officer shall have authority to vote or to refrain from voting any and all shares of capital stock of any other corporation standing in the name of the Corporation, by the execution of a written proxy, the execution of a written ballot, the execution of a written consent or otherwise, and, in respect to any meeting of the stockholders of such other corporation, and, on behalf of the Corporation, may waive any notice of the calling of any such meeting. The Chief Executive Officer or, in his absence, the President and Chief Operating Officer, the Vice President-Finance, the Vice President-Controller, the Treasurer or such other person as the Board of Directors or one of the preceding named officers shall designate, shall call any meeting of the stockholders of the Corporation to order and shall act as chairman of such meeting. In the event that no one of the Chief Executive Officer, the President and Chief Operating Officer, the Vice President-Finance, the Vice President-Controller, the Treasurer or a person designated by the Board of Directors or by one of the preceding named officers, is present, the meeting shall not be called to order until such time as there shall be present the Chief Executive Officer, the President and

Chief Operating Officer, the Vice President-Finance, the Vice President-Controller, the Treasurer or a person designated by the Board of Directors or by one of the preceding named officers. The chairman of any meeting of the stockholders of this Corporation shall have plenary power to set the agenda, determine the procedure and rules of order, and make definitive rulings at meetings of the stockholders. The Secretary or an Assistant Secretary of the Corporation shall act as secretary at all meetings of the stockholders, but in the absence of the Secretary or an Assistant Secretary, the chairman of the meeting may appoint any person to act as secretary of the meeting.

4.7 THE PRESIDENT AND CHIEF OPERATING OFFICER. The President and Chief Operating Officer shall be the principal operating officer of the Corporation and, subject only to the Board of Directors and to the Chief Executive Officer, he shall have the general authority over and general management and control of the property, business and affairs of the Corporation. In general, he shall discharge all duties incident to the office of the principal operating officer of the Corporation and such other duties as may be prescribed by the Board of Directors and the Chief Executive Officer from time to time. In the absence of the Chairman of the Board and the Chief Executive Officer, the President and Chief Operating Officer shall preside at all meetings of the Board of Directors. In the absence of the Chief Executive Officer or in the event of his disability, or inability to act, or to continue to act, the President and Chief Operating Officer shall perform the duties of the Chief Executive Officer, and when so acting, shall have all of the powers of and be subject to all of the restrictions upon the office of Chief Executive Officer. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the Corporation or a different mode of execution is expressly prescribed by the Board of Directors or these By-Laws, he may execute for the Corporation certificates for its shares (the issue of which shall have been authorized by the Board of Directors), and any contracts, deeds, mortgages, bonds, or other instruments that the Board of Directors has authorized, and he may (without previous authorization by the Board of Directors) execute such contracts and other instruments as the conduct of the Corporation's business in its ordinary course requires, and he may accomplish such execution in each case either individually or with the Secretary, any Assistant Secretary, or any other officer thereunto authorized by the Board of Directors, according to the requirements of the form of the instrument. The President and Chief Operating Officer shall have authority to vote or to refrain from voting any and all shares of capital stock of any other corporation standing in the name of the Corporation, by the execution of a written proxy, the execution of a written ballot, the execution of a written consent or otherwise, and, in respect of any meeting of stockholders of such other corporation, and, on behalf of the Corporation, may waive any notice of the calling of any such meeting.

4.8 THE GROUP PRESIDENTS. Each of the Group Presidents shall have general authority over and general management and control of the property, business and affairs of certain businesses of the Corporation. Each of the Group Presidents shall report to the President and Chief Operating Officer or such other officer as may be determined by the Board of Directors or the President and Chief Operating Officer and shall have such other duties and responsibilities as may be assigned to him by the President and Chief Operating Officer and the Board of Directors from time to time.

4.9 THE VICE PRESIDENTS. Each of the Vice Presidents shall report to the President and Chief Operating Officer or such other officer as may be determined by the Board of Directors or the President and Chief Operating Officer. Each Vice President shall have such duties and responsibilities as from time to time may be assigned to him by the President and Chief Operating Officer and the Board of Directors.

4.10 THE TREASURER. The Treasurer shall: (i) have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with

the provisions of Article V of these By-Laws; (ii) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President and Chief Operating Officer or the Board of Directors. In the absence of the Treasurer, or in the event of his incapacity or refusal to act, or at the direction of the Treasurer, any Assistant Treasurer may perform the duties of the Treasurer.

4.11 THE SECRETARY. The Secretary shall: (i) record all of the proceedings of the meetings of the stockholders and Board of Directors in one or more books kept for the purpose; (ii) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (iii) be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all certificates for shares of capital stock prior to the issue thereof and to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-Laws; (iv) keep a register of the post office address of each stockholder which shall be furnished to the Secretary by such stockholder; (v) have general charge of the stock transfer books of the Corporation and (vi) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President and Chief Operating Officer or the Board of Directors. In the absence of the Secretary, or in the event of his incapacity or refusal to act, or at the direction of the Secretary, any Assistant Secretary may perform the duties of Secretary.

ARTICLE V

CONTRACTS, LOANS, CHECKS AND DEPOSITS

5.1 CONTRACTS. Except as otherwise determined by the Board of Directors or provided in these By-Laws, all deeds and mortgages made by the Corporation and all other written contracts and agreements to which the Corporation shall be a party shall be executed in its name by the Chief Executive Officer, the President and Chief Operating Officer, or any Vice President so authorized by the Board of Directors.

5.2 LOANS. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

5.3 CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

5.4 DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VI
CERTIFICATES FOR SHARES OF
CAPITAL STOCK AND THEIR TRANSFER

6.1 SHARE OWNERSHIP; TRANSFERS OF STOCK. Shares of the capital stock of the Corporation may be certificated or uncertificated. Owners of shares of the capital stock of the Corporation shall be recorded in the books of the Corporation and ownership of such shares shall be evidenced by a certificate or book entry notation in the books of the Corporation. If shares are represented by certificates, such certificates shall be in such form as may be determined by the Board of Directors. Certificates shall be signed by the Chief Executive Officer or the President and Chief Operating Officer or any Vice President and by the Treasurer or the Secretary or an Assistant Secretary. If any such certificate is countersigned by a transfer agent other than the Corporation or its employee, or by a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue. All certificates for shares of capital stock shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the Corporation. Each certificate surrendered to the Corporation for transfer shall be cancelled and no new certificate or other evidence of new shares shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed or mutilated certificate, a new certificate or other evidence of new shares may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors may prescribe. Uncertificated shares shall be transferred in the books of the Corporation upon the written instruction originated by the appropriate person to transfer the shares.

6.2 TRANSFER AGENTS AND REGISTERS. The Board of Directors may appoint one or more transfer agents or assistant transfer agents and one or more registrars of transfers, and may require all certificates for shares of capital stock of the Corporation to bear the signature of a transfer agent and a registrar of transfers. The Board of Directors may at any time terminate the appointment of any transfer agent or any assistant transfer agent or any registrar of transfers.

ARTICLE VII
LIABILITY AND INDEMNIFICATION

7.1 LIMITED LIABILITY OF DIRECTORS.

(a) No person who was or is a director of this Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for breach of the duty of loyalty to the Corporation or its stockholders; (ii) for acts of omissions not in good faith or that involve intentional misconduct or known violation of law; (iii) under Section 174 of the General Corporation Law; or (iv) for any transaction from which the director derived any improper personal benefit. If the General Corporation Law is amended after the effective date of the

By-Law to further eliminate or limit, or to the effective date of this By-Law to further eliminate or limit, or to authorize further elimination or limitation of, the personal liability of a director to this Corporation or its stockholders shall be eliminated or limited to the full extent permitted by the General Corporation Law, as so amended. For purposes of this By-Law, "fiduciary duty as a director" shall include any fiduciary duty arising out of serving at the request of this Corporation as a director of another corporation, partnership, joint venture, trust or other enterprise, and any liability to such other corporation, partnership, joint venture, trust or other enterprise, and any liability to this Corporation in its capacity as a security holder, joint venturer, partner, beneficiary, creditor, or investor of or in any such other corporation, partnership, joint venture, trust or other enterprise.

(b) Any repeal or modification of the foregoing paragraph by the stockholders of this Corporation shall not adversely affect the elimination or limitation of the personal liability of a director for any act or omission occurring prior to the effective date of such repeal or modification. This provision shall not eliminate or limit the liability of a director for any act or omission occurring prior to the effective date of this By-Law.

7.2 LITIGATION BROUGHT BY THIRD PARTIES. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was or has agreed to become a director or officer of the Corporation; or is or was serving or has agreed to serve at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against costs, charges and other expenses (including attorneys' fees) ("Expenses"), judgements, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding and any appeal thereof if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgement, order, settlement, conviction, or plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. For purposes of this By-Law, "serving or has agreed to serve at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise" shall include any service by a director or officer of the Corporation as a director, officer, employee, agent or fiduciary of such other corporation, partnership, joint venture trust or other enterprise, or with respect to any employee benefit plan (or its participants or beneficiaries) of the Corporation or any such other enterprise.

7.3 LITIGATION BY OR IN THE RIGHT OF THE CORPORATION. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was or has agreed to become a director or officer of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity against Expenses actually and reasonably incurred by him in connection with the investigation, defense or settlement of such action or suit and any appeal thereof if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall

determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such Expenses as the Court of Chancery of Delaware or such other court shall deem proper.

7.4 SUCCESSFUL DEFENSE. To the extent that any person referred to in section 7.2 or 7.3 of these By-Laws has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any action, suit or proceeding referred to therein or in defense of any claim, issue or matter therein, he shall be indemnified against Expenses actually and reasonably incurred by him in connection therewith.

7.5 DETERMINATION OF CONDUCT. Any indemnification under section 7.2 or 7.3 of these By-Laws (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in section 7.2 or 7.3. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum (as defined in these By-laws) consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders.

7.6 ADVANCE PAYMENT. Expenses incurred in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding and any appeal upon receipt by the Corporation of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that the is not entitled to be indemnified by the Corporation.

7.7 DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION. The determination of the entitlement of any person to indemnification under section 7.2, 7.3 or 7.4 or to advancement of Expenses under section 7.6 of these By-Laws shall be made promptly, and in any event within 60 days after the Corporation has received a written request for payment from or on behalf of a director or officer and payment of amounts due under such sections shall be made immediately after such determination. If no disposition of such request is made within said 60 days or if payment has not been made within 10 days thereafter, or if such request is rejected, the right to indemnification or advancement of Expenses provided by this By-Law shall be enforceable by or on behalf of the director or officer in any court of competent jurisdiction. In addition to the other amounts due under this By-Law, Expenses incurred by or on behalf of a director or officer in successfully establishing his right to indemnification or advancement of Expenses, in whole or in part, in any such action (or settlement thereof) shall be paid by the Corporation.

7.8 BY-LAWS NOT EXCLUSIVE: CHANGE IN LAW. The indemnification and advancement of Expenses provided by these By-Laws shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of Expenses may be entitled under any law (common or statutory), the Certificate of Incorporation, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, or while employed by or acting as a director or officer of the Corporation or as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person. Notwithstanding the provisions of these By-Laws, the Corporation shall indemnify or make advancement of Expenses to any person referred to in section 7.2 or 7.3 of this By-Law to the full extent permitted under the laws of Delaware and any other applicable laws, as they now exist or as they may be amended in the future.

7.9 CONTRACT RIGHTS. All rights to indemnification and advancement of Expenses provided by these By-Laws shall be deemed to be a contract between the Corporation and each director or officer of the Corporation who serves, served or has agreed to serve in such capacity, or at the request of the Corporation as director or officer of another corporation, partnership, joint venture, trust or other enterprise, at any time while these By-Laws and the relevant provisions of the General Corporation Law or other applicable law, if any, are in effect. Any repeal or modification of these By-Laws, or any repeal or modification of relevant provisions of the Delaware General Corporation Law or any other applicable law, shall not in any way diminish any rights to indemnification of or advancement of Expenses to such director or officer or the obligations of the Corporation.

7.10 INSURANCE. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was or has to become a director or officer of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of these By-Laws.

7.11 INDEMNIFICATION OF EMPLOYEES OR AGENTS. The Board of Directors may, by resolution, extend the provisions of these By-Laws pertaining to indemnification and advancement of Expenses to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was or has agreed to become an employee, agent or fiduciary of the Corporation or is or was serving or has agreed to serve at the request of the Corporation as a director, officer, employee, agent or fiduciary of another Corporation, partnership, joint venture, trust or other enterprise or with respect to any employee benefit plan (or its participants or beneficiaries) of the Corporation or any such other enterprise.

ARTICLE VIII

FISCAL YEAR

8.1 The fiscal year of the Corporation shall end on the thirty-first day of December in each year.

ARTICLE IX

DIVIDENDS

9.1 The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares of capital stock in the manner and upon the terms and conditions provided by law and its Certificate of Incorporation.

ARTICLE X

SEAL

10.1 The Board of Directors shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Delaware."

ARTICLE XI

WAIVER OF NOTICE

11.1 Whenever any notice whatever is required to be given under any provision of these By-Laws or of the Certificate of Incorporation or of the General Corporation Law, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice.

ARTICLE XII

AMENDMENTS

12.1 These By-Laws may be altered, amended or repealed and new By-Laws may be adopted at any meeting of the Board of Directors of the Corporation by a majority of the whole Board of Directors.

AMENDMENT TO BY-LAWS EFFECTIVE APRIL 26, 2006

On April 26, 2006, the Board of Directors of Newell Rubbermaid Inc. (the "Corporation") approved the following amendment to the By-Laws of the Corporation:

1. Section 2.7 of the Corporation's By-Laws was amended to read in its entirety as follows:

2.7 QUORUM. The holders of shares of stock of the Corporation entitled to cast a majority of the total votes that all of the outstanding shares of stock of the Corporation would be entitled to cast at the meeting, represented in person or by proxy, shall constitute a quorum at any meeting of stockholders; provided, that if less than a majority of the outstanding shares of capital stock are represented at said meeting, a majority of the shares of capital stock so represented may adjourn the meeting. If a quorum is present, in all matters other than the election of directors, the affirmative vote of a majority of the votes entitled to be cast by the holders of shares of capital stock represented at the meeting shall be the act of the stockholders, unless a different number of votes is required by the General Corporation Law, the Certificate of Incorporation or these By-Laws. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting. Withdrawal of stockholders from any meeting shall not cause failure of a duly constituted quorum at that meeting.

2. The prior version of Section 2.7 of the Corporation's By-Laws, which was replaced and superseded pursuant to the amendment, read as follows:

2.7 QUORUM. The holders of shares of stock of the Corporation entitled to cast a majority of the total votes that all of the outstanding shares of stock of the Corporation would be entitled to cast at the meeting, represented in person or by proxy, shall constitute a quorum at any meeting of stockholders; provided, that if less than a majority of the outstanding shares of capital stock are represented at said meeting, a majority of the shares of capital stock so represented may adjourn the meeting. If a quorum is present, the affirmative vote of a majority of the votes entitled to be cast by the holders of shares of capital stock represented at the meeting shall be the act of the stockholders, unless a different number of votes is required by the General Corporation Law, the Certificate of Incorporation or these By-Laws. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting. Withdrawal of stockholders from any meeting shall not cause failure of a duly constituted quorum at that meeting.

2006 Long Term Incentive Plan (LTIP)

1.1 Grant of Restricted Stock. Under the terms and provisions of the Newell Rubbermaid Inc. 2003 Stock Plan, as amended and restated effective February 8, 2006 (the “Stock Plan”), the terms of which are hereby incorporated by reference, the Committee, at any time and from time to time, may grant Shares of Restricted Stock to Key Employees in such amounts, as the Committee shall determine. This Long Term Incentive Plan establishes a methodology for determining awards of Restricted Stock under the Stock Plan. Awards made pursuant to this LTIP shall constitute Performance Shares for purposes of Section 9 of the Stock Plan and are intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code. Based on attainment of the performance goals established pursuant to this LTIP, the Committee will grant shares of Restricted Stock to eligible Key Employees. A maximum of 250,000 shares of Restricted Stock may be granted to any eligible Key Employee in any one calendar year pursuant to this LTIP, in each case subject to adjustment as provided in the Stock Plan.

1.2 Guidelines. Each grant of Restricted Stock shall be made based on the applicable target of an employee’s base salary set forth below:

- Salary Level 6 — 25%
- Salary Level 7 — 50%
- Salary Level 8 and above — 100%
- Chief Executive Officer — 200%

The following criteria will be used to determine the actual level:

- Total Shareholder Return (75%)
- Free Cash Flow (25%)

The total point value will be used as follows:

- Total Shareholder Return will be calculated based on the following formula:

$$\frac{(\text{Change in Stock Price}) + (\text{Dividend})}{(\text{Beginning Stock Price})}$$

- o Top 5 of comparator group = 100% of target
- o 6 — 10 of comparator group = 75% of target
- o 11 — 15 of comparator group = 50% of target
- o 16 — 20 of comparator group = 25% of target
- o Bottom 5 of comparator group = 0%

NOTE: Target is 75% of the total award payout for Shareholder return

- The Free Cash Flow award will be calculated based on the following schedule:

- o > 110% of FCF target = 100% of target
- o 100 — 110% of FCF target = 75% of target
- o 90 — 100% of FCF target = 50% of target
- o 80 — 90% of FCF target = 25% of target
- o <80% of FCF target = 0%

NOTE: Target is 25% of the total award payout for Free Cash Flow

The list of eligible employees is determined by the Committee each year. For 2006, employees of Newell Rubbermaid holding the position of Director (Salary Level 6) or above that are designated by the Committee shall be eligible to participate in the LTIP.

1.3 Restricted Stock Agreement. Each Restricted Stock grant made pursuant to this LTIP shall be evidenced by a Stock Award Agreement in accordance with Section 7 of the Stock Plan that shall specify the Period of Restriction at a 3 year cliff, the number of Shares of Restricted Stock granted, and such other provisions as the Committee shall determine.

1.4 Transferability. Except as provided in this Article, the Shares of Restricted Stock granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction established by the Committee in its sole discretion and set forth in the Stock Award Agreement. All rights with respect to the Restricted Stock granted to an eligible employee under the LTIP shall be available during his or her lifetime only to such eligible employee.

1.5 Other Restrictions. The Committee shall impose such other conditions and/or restrictions on any Shares of Restricted Stock granted pursuant to the LTIP as it may deem advisable including, without limitation, continued employment with Newell Rubbermaid, restrictions based upon the achievement of specific company-wide performance goals, time-based restrictions on vesting following the attainment of performance goals, and/or restrictions under applicable federal or state securities laws. The Committee will establish performance targets annually in accordance with the standards set forth in this LTIP.

Except as otherwise provided in this Article or pursuant to the Stock Plan, Shares of Restricted Stock covered by each award of Restricted Stock made pursuant to the LTIP shall become freely transferable by the eligible employee after the last day of the applicable Period of Restriction.

1.6 Dividends and Other Distributions. During the Period of Restriction, eligible employees holding Shares of Restricted Stock granted hereunder will be credited with regular cash dividends paid with respect to the underlying Shares while they are so held; provided that the Committee may apply any restrictions to the dividends that the Committee deems appropriate. Without limiting the generality of the preceding sentence, the Committee may apply any restrictions it deems appropriate to the payment of dividends declared with respect to Restricted Stock, such that the dividends and/or the Restricted Stock continue to qualify as performance-based compensation.

1.7 Termination of Employment/Directorship. Each Stock Award Agreement shall set forth the extent to which the eligible employee shall have the right to receive unvested Restricted Stock following termination of the eligible employee's employment or directorship with Newell Rubbermaid. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Stock Award Agreement entered into with each eligible employee, need not be uniform among all Shares of Restricted Stock issued pursuant to the LTIP, and may reflect distinctions based on the reasons for termination.

1.8 Performance Goals. Following the completion of the performance period, the Committee shall determine, in its sole judgment, the extent to which such performance goals have been achieved and shall authorize the issuance of Restricted Stock to participants in accordance with the terms of this LTIP. No Restricted Stock will be awarded pursuant to this LTIP except on the

basis of the attainment of such performance criteria and in the amount specified herein; provided that the Committee retains the discretion to reduce any amount to be awarded hereunder or to terminate an individual's participation in this LTIP. No individual who is not employed by the Company or any of its affiliates on the date of such determination by the Committee shall be eligible to receive an award of Restricted Stock hereunder.

1.9 Capitalized Terms. Capitalized terms used but not defined herein shall have the meanings assigned to such terms pursuant to the Stock Plan.

NEWELL RUBBERMAID INC. MANAGEMENT CASH BONUS PLAN

The following is a description of the Newell Rubbermaid Inc. Management Cash Bonus Plan ("Bonus Plan"), as amended through February 8, 2006. The Bonus Plan (attached hereto) provides for the payment of annual cash bonuses to employees who are considered to be management level and are selected by the Committee.

The Bonus Plan is administered by the Organizational Development & Compensation Committee, or if the Committee is not comprised of "outside directors" as defined in Section 162(m), then by a subset of the Committee comprised of at least two "outside directors" (the "Committee"). The Committee has full authority to select the employees eligible for bonus awards under the Bonus Plan, determine when the employee's participation in the Bonus Plan will begin, and determine the performance goals pursuant to which bonus amounts will be determined. The Committee may delegate to the officers of the Company the authority to determine performance goals and participation at the Divisional Level, subject to the guidelines and limitations determined by the Committee.

The Bonus Plan provides that for a calendar year the Committee will establish corporate, group and division performance goals and a bonus payment schedule detailing the amount that may be paid to each participant based upon the level of attainment of the applicable performance goals. Bonus payments will be made only upon the Committee's determination that the performance goals for the calendar year were achieved. The performance goals may be based on one or more of the following business criteria: earnings per share; cash flow; operating income; sales growth; common stock price; return on equity; return on assets; return on investment; net income; and expense management. Performance goals may be absolute in their terms or measured against or in relationship to the performance of other companies or indices selected by the Committee. The performance goals may be particular to one or more subsidiaries, groups or divisions or may be based on the performance of the Company and its subsidiaries as a whole.

Bonus payments for the 2006 calendar year will be based on a combination of the following business criteria. For Corporate participants, 100% of the bonus payment will be based on the Company's earnings per share, cash flow, sales growth and total shareholder return. For Group participants, 50% of the bonus payment will be based on Corporate performance criteria, and 50% of the bonus payment will be based on Group operating income, cash flow and sales growth. For Divisional participants, 25% of the bonus payment will be based on Corporate performance criteria, and 75% of the bonus payment will be based on Divisional operating income, cash flow and sales growth and, for certain divisions, Group performance criteria. Bonus payments for calendar years subsequent to 2006 will be based on the same performance criteria described above, unless the Committee establishes different criteria.

The bonus amount payable is a percentage of salary based upon an employee's participation category and the level of attainment of the applicable performance goals, as reflected in the table below. Performance below the target levels will result in lower or no bonus payments. No award will be paid for any calendar year or portion thereof to a participant whose

employment with the Company terminates during the year for a reason other than retirement, disability, death or other reason approved by the Committee. In all cases, the Committee must approve final bonus awards and can reduce a bonus payment in its discretion. The Company retains the right to terminate an employee's participation in the Bonus Plan at any time, in which case no bonus may be paid.

Participation Category	Bonus as a Percentage of Salary if Targets Achieved at 100% Level	Maximum Bonus as a Percentage of Salary
<S>	<C>	<C>
A/A*	105.0%	210.0%
A/B**	65.0%	130.0%
A/C**	55.0%	110.0%
A**	45.0%	90.0%
B/C**	35.0%	70.0%
B**	33.5%	67.0%
C**	16.75%	33.5%
D**	8.375%	16.75%

* Applies to the Company's Chief Executive Officer.

** Applies to participants as determined by the Committee or management, as applicable. A/B includes all named executive officers other than the Chief Executive Officer. Except for individuals specifically designated by the Committee, bonus payouts for individuals outside of the United States will not be based on the payout percentages set forth herein but will instead be based on the payout percentages set forth in the Company's Management Cash Bonus Plan, effective January 31, 2002, which plan was filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

Newell Rubbermaid Inc. Management Cash Bonus Plan

1. **Name**
Newell Rubbermaid Inc. Management Cash Bonus Plan
 2. **Effective Date of Revisions**
February 8, 2006
 3. **Purpose**
To provide an incentive for key employees to improve Company performance by making them participants in the financial success of the Company.
 4. **Definitions**
 - (a) The term "Company" means Newell Rubbermaid Inc. and its subsidiaries.
 - (b) The term "Board" means the Board of Directors of Newell Rubbermaid Inc.
 - (c) The term "Plan" means the arrangement described by these specifications to be known as the Newell Rubbermaid Management Inc. Cash Bonus Plan.
 - (d) The term "Plan Year" means a calendar year of the Company.
 - (e) The term "Committee" means the Organizational Development & Compensation Committee of the Board.
 - (f) The term "Participant" means any active "regular" key employee of the Company or any of its subsidiaries who has been selected by the Committee as eligible to receive incentive compensation under the Plan.
 - (g) The term "Salary" means a Participant's base annual salary earned during a Plan Year while a participant, exclusive of commissions and bonuses.
 5. **Eligibility and Participation**

Employees selected by the Committee as eligible to receive incentive compensation under the Plan shall be Participants.

When the Committee selects an employee to become a Participant under the Plan, it shall designate the date as of which his/her participation shall begin.
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6. Annual Incentive Awards

At the end of each Plan Year, the incentive compensation to be awarded to each Participant shall be determined by multiplying his/her Salary for the Plan Year by the appropriate Corporate, Group or Divisional financial results percentage based on achievement of pre-determined goals.

7. Bonus Plan Awards

When an employee is selected to become a Participant under the Plan, he/she will be eligible to receive a target bonus payout based on the following percentage of Salary: A/A (105.0%), A/B (65.0%); A/C (55.0%); A (45.0%); B/C (35.0%); B (33.5%); C (16.75%); and D (8.375%). The maximum bonus payout percentages for incentive awards under the Plan are as follows: A/A (210.0%), A/B (130.0%); A/C (110.0%); A (90.0%); B/C (70.0%); B (67.0%); C (33.5%); and D (16.75%). In no event shall any employee receive an incentive award under the Plan that exceeds, for any calendar year, \$2,900,000.

8. Plan Limitations

Notwithstanding anything herein to the contrary, for Plan purposes, no award will be made for a Plan Year to a Participant whose employment terminated during such Plan Year unless the termination was due to retirement, disability, death or any other cause approved by the Committee.

9. Payment of Incentive Awards

A Participant's award for a Plan Year under the Plan shall be paid in cash to the Participant, or his/her beneficiary or beneficiaries in the event of his/her death, prior to March 15 of the following Plan Year, unless he/she elects to have a part or all of the award deferred as provided in Section 10 below.

10. Deferral of Awards

In lieu of receiving an award as provided in Section 9 above, a Participant may elect to defer all or part of his/her incentive award in accordance with the 2002 Newell Rubbermaid Deferred Compensation Plan.

11. Management Rights

Corporate Management or, in the case of the Chief Executive Officer of the Corporation or any Participant that reports directly to the Chief Executive Officer, the Board reserves the right to cancel eligibility of a bonus participant at any time and refuse bonus payment for any reason.

12. Amendments

The Board may either modify or eliminate the Plan if in its judgment such modification or elimination does not materially or adversely affect the best interests of the Company or of the stockholders; provided, that such modification or elimination shall not affect the obligation of the Company to pay any incentive compensation after it has been earned.

13. Employment Rights

Nothing contained in the Plan shall be construed as conferring a right upon any employee to be continued in the employment of the Company.



William D. Marohn
Chairman of the Board

February 13, 2006

Mr. Mark Ketchum

Dear Mark,

I have been authorized by the Board of Directors of Newell/Rubbermaid to offer you the position of President and Chief Executive Officer once we have reached accord on your compensation package. As we discussed on Thursday, there are some parts of this package where we have little flexibility, like base salary and bonus. However, other parts of the package (such as the annual option awards vs. SERP vs. signing bonus) can be tailored to fit your needs. Listed below are the key elements of the package.

1. Base Salary...\$1,200,000 per year.
 2. Bonus...You will have a target payout of 105% of base with a maximum of 210% depending on company performance.
 3. Automobile...You will participate in the executive level program with eligibility to lease a vehicle worth up to \$80,000.
 4. Long Term Incentive Program (LTIP)...This program provides a tremendous long term vehicle by providing restricted stock, up to 200% of your base salary, that cliff vests in three years from the date of issuance.
 5. Supplemental Executive Retirement Plan (SERP)...We will accelerate your vesting in the SERP that will provide three years of credited service for every one year of completed service — up to 5 years, and then 1 year of credited service for every year after the initial 5 years. If you leave prior to completing 5 full years of service, your SERP vesting will revert back to a normal SERP vesting schedule — effective from the date of your employment. These payments begin at age 65 and may continue for the rest of your life.
 6. Company Retirement Savings Program...You will be qualified to participate in the 401(k) plan whereby the company would match your contributions up to \$8400 annually. In addition, the company would annually contribute 5% of your base salary into the Defined Contribution Plan.
 7. Stock Options...You will be eligible for an annual target award of 250,000 shares and may earn up to 400,000 stock options (vesting at 20% per year for 5 years) which are typically issued in February after the Board of Directors meeting. These shares can fluctuate based on individual and company performance.
-

8. Signing Bonus...You will retain the stock option awarded to you in November 2005 for 75,000 shares, in accordance with its terms. If you remain employed through November 8, 2006, you will be entitled to the full amount of the award. In addition, you will receive a one time signing bonus consisting of 200,000 stock options (vesting at 20% per year for 5 years) that will be priced upon your acceptance and 50,000 shares of restricted stock that will cliff vest in one year from the date of issuance. This restricted grant would be subject to shareholder approval of an amended and restated 2003 Stock Plan. If such approval is not obtained, the award would be replaced with a restricted stock award having a three year cliff vesting period.
9. Executive Relocation...You will be eligible to participate in our executive relocation program.
10. Other benefits including health care and deferred compensation.

On behalf of the board, I am pleased to present this opportunity to you. We are confident you will provide the leadership that will yield results critical for the success of our company. Personally, I look forward to working with you and providing my support and that of the board to you in this endeavor. I am confident you will provide instant credibility and value both internally to our associates who are anxiously awaiting your reply and to the outside world.

Once you have had the opportunity to give thought to the various elements of this offer, I encourage you to discuss your individual preferences with Jim Sweet so we can adjust the variable elements to meet your needs. Of course, you can reach me at any time. I look forward to resolving this with you in the very near future.

Sincerely,

/s/ William D. Marohn

William D. Marohn
Chairman of the Board

Agreed:

/s/ Mark D. Ketchum

Mark D. Ketchum
02/13/06

cc: Jim Sweet

[CEO]

NEWELL RUBBERMAID INC. 2003 STOCK PLAN
STOCK OPTION AGREEMENT

A Stock Option (the "Option") granted by Newell Rubbermaid Inc., a Delaware corporation (the "Company"), to the employee named in the attached Option letter (the "Optionee"), for common stock, par value \$1.00 per share and related preferred stock purchase rights (the "Common Stock"), of the Company, shall be subject to the following terms and conditions:

1. Stock Option Grant. Subject to the provisions set forth herein and the terms and conditions of the Newell Rubbermaid Inc. 2003 Stock Plan (the "Plan"), a copy of which is attached hereto and the terms of which are hereby incorporated by reference, and in consideration of the agreements of the Optionee herein provided, the Company hereby grants to the Optionee an Option to purchase from the Company the number of shares of Common Stock, at the purchase price per share, and on the schedule, set forth in the attached Option letter. Any Incentive Stock Option is intended to be an incentive stock option within the meaning of Section 422A of the Internal Revenue Code of 1986.

2. Acceptance by Optionee. The exercise of the Option is conditioned upon its acceptance by the Optionee in the space provided therefor at the end of the attached Option letter and the return of an executed copy of such Option letter to the Secretary of the Company no later than 60 days after the Date of Grant set forth therein or, if later, 30 days after the Optionee receives this Agreement.

3. Exercise of Option. Written notice of an election to exercise any portion of the Option shall be given by the Optionee, or his personal representative in the event of the Optionee's death, in accordance with procedures established by the Organizational Development and Compensation Committee of the Board of Directors of the Company (the "Committee") as in effect at the time of such exercise.

At the time of exercise of the Option, payment of the purchase price for the shares of Common Stock with respect to which the Option is exercised must be made by one or more of the following methods: (i) in cash, (ii) in cash received from a broker-dealer to whom the Optionee has submitted an exercise notice and irrevocable instructions to deliver the purchase price to the Company from the proceeds of the sale of shares subject to the Option, (iii) by delivery to the Company of other Common Stock owned by the Optionee that is acceptable to the Company, valued at its fair market value on the date of exercise, or (iv) by certifying to ownership by attestation of such previously owned Common Stock. Notwithstanding the foregoing, the payment method specified in (ii) above may not be used by an Optionee who is subject to Section 16 of the Securities Exchange Act of 1934 unless otherwise approved by the Committee.

If applicable, an amount sufficient to satisfy all minimum Federal, state and local withholding tax requirements prior to delivery of any certificate for shares of Common Stock must also accompany the exercise. Payment of such taxes can be made by a method specified above, and/or by directing the Company to withhold such number of shares of Common Stock otherwise issuable upon exercise of the Option with a fair market value equal to the amount of tax to be withheld.

4. Exercise Upon Termination of Employment. If the Optionee's employment with the Company and all affiliates terminates for any reason other than death, disability or retirement (as defined below), and in connection therewith the Optionee's service on the Board terminates, the Option shall expire on the date of such termination of employment, and no portion shall be exercisable after the date of such termination.

In the event of the Optionee's death, or in the event the Optionee's employment with the Company and all affiliates terminates due to disability or retirement and in connection therewith his service on the Board terminates, the outstanding portion of the Option shall become fully vested on such date and shall continue to be exercisable until the earlier of the first anniversary of the date of the Optionee's termination of employment, or the date the Option expires by its terms. (Full vesting of an Incentive Stock Option may result in all or part of the Option being treated as a Non-Qualified Stock Option in accordance with Section 8.4(a) of the Plan.)

In the event the Optionee's employment with the Company and all affiliates terminates for any reason other than death, disability or retirement, and the Optionee's service on the Board continues thereafter, the outstanding portion of the Option shall continue to vest and remain exercisable in accordance with the Option letter. If the Optionee's service on the Board subsequently terminates, then (i) if the termination of service is due to death or disability, the outstanding portion of the Option shall become fully vested on such date and shall continue to be exercisable until the earlier of the first anniversary of the date of the Optionee's termination of service or the date the Option expires by its terms, (ii) if the termination of service is due to retirement, the outstanding portion of the Option shall continue to vest and remain exercisable in the same manner and to the same extent as if the Optionee had continued service on the Board, and (iii) if the termination of service is for any reason other than death, disability or retirement, the outstanding portion of the Option shall expire on the date of such termination of service, and no portion shall be exercisable after the date of such termination of service.

In the event the Optionee's employment with the Company and all affiliates terminates due to disability or retirement, and the Optionee's service on the Board continues thereafter, the outstanding portion of the Option shall become fully vested on such date and remain exercisable in accordance with the Option letter. If the Optionee's service on the Board subsequently terminates, then (i) if the termination of service is due to death or disability, the outstanding portion of the Option shall continue to be exercisable until the earlier of the first anniversary of the Optionee's termination of service or the date the Option expires by its terms; (ii) if the termination of service is due to retirement, the outstanding portion of the Option shall remain exercisable in the same manner and to the same extent as if the Optionee had continued service on the Board; and (iii) if the termination of service is for any reason other than death, disability or retirement, the outstanding portion of the Option shall expire on the later of the date of the Optionee's termination of service or the first anniversary of the date of the Optionee's termination of employment, but in no event later than the date the Option expires by its terms, and no portion of the Option shall be exercisable after the date of such expiration.

For purposes of this Section 4, (i) "disability" means (as determined by the Committee in its sole discretion) the inability of the Optionee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which is expected to result in death or disability or which has lasted or can be expected to last for a continuous period of not less than 12 months, and (ii) "retirement" means (A) while the Optionee is employed, the Optionee's termination from employment with the Company and all affiliates without cause (as determined by the Committee in its sole discretion) when the Optionee is 65 or older; or (B) while the Optionee is a non-employee Director, retirement in accordance with the Company's retirement policy for Directors.

The foregoing provisions of this Section 4 shall be subject to the provisions of any written employment security agreement or severance agreement that has been or may be executed by the Optionee and the Company, and the provisions in such employment security agreement or severance agreement concerning exercise of an Option shall supercede any inconsistent or contrary provisions of this Section 4.

5. Option Not Transferable. The Option may be exercised only by the Optionee during his lifetime and may not be transferred other than by will or the applicable laws of descent or distribution or

pursuant to a qualified domestic relations order. The Option shall not otherwise be assigned, transferred, or pledged for any purpose whatsoever and is not subject, in whole or in part, to attachment, execution or levy of any kind. Any attempted assignment, transfer, pledge, or encumbrance of the Option, other than in accordance with its terms, shall be void and of no effect.

6. Surrender of or Changes to Agreement. In the event the Option shall be exercised in whole, this Agreement shall be surrendered to the Company for cancellation. In the event this Option shall be exercised in part or a change in the number of designation of the shares of Common Stock shall be made, this Agreement shall be delivered by the Optionee to the Company for the purpose of making appropriate notation thereon, or of otherwise reflecting, in such manner as the Company shall determine, the change in the number or designation of such shares.

7. Administration. The Option shall be exercised in accordance with such administrative regulations as the Committee shall from time to time adopt.

8. Governing Law. This Agreement, and the Option, shall be construed, administered and governed in all respects under and by the laws of the State of Delaware.

IN WITNESS WHEREOF, this Agreement is executed by the Company this ___ day of _____, __, effective as of the ___ day of _____,___.

NEWELL RUBBERMAID INC.

By: _____

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

(In millions, except ratio data)

	Three Months Ended March 31,	
	<u>2006</u>	<u>2005</u>
Earnings available for fixed charges:		
(Loss) income before income taxes	\$(5.6)	\$42.7
Fixed charges:		
Interest expense	38.1	34.0
Portion of rent determined to be interest (1)	7.8	10.1
Equity earnings	(0.2)	(0.2)
	<u>\$40.1</u>	<u>\$86.6</u>
Fixed charges:		
Interest expense	\$38.1	\$34.0
Portion of rent determined to be interest (1)	7.8	10.1
	<u>\$45.9</u>	<u>\$44.1</u>
Ratio of earnings to fixed charges	<u>0.87</u>	<u>1.96</u>

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

CERTIFICATION

I, Mark D. Ketchum, certify that:

1. I have reviewed this report on Form 10-Q for the quarterly period ended March 31, 2006 of Newell Rubbermaid Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2006

/s/ Mark D. Ketchum

Mark D. Ketchum

Chief Executive Officer

CERTIFICATION

I, J. Patrick Robinson, certify that:

1. I have reviewed this report on Form 10-Q for the quarterly period ended March 31, 2006 of Newell Rubbermaid Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2006

/s/ J. Patrick Robinson
J. Patrick Robinson
Chief Financial Officer

**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 March 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark D. Ketchum, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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 results of operations of the Company.

/s/ Mark D. Ketchum

Mark D. Ketchum
Chief Executive Officer
May 2, 2006

**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 March 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Patrick Robinson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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 results of operations of the Company.

/s/ J. Patrick Robinson
J. Patrick Robinson
Chief Financial Officer
May 2, 2006

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, 2005, as well as in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, 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, but are not limited to, information or assumptions about the effects of Project Acceleration, sales (including pricing), income/(loss), earnings per share, return on equity, return on invested capital, capital expenditures, working capital, cash flow, dividends, capital structure, debt to capitalization ratios, interest rates, internal growth rates, restructuring, impairment and other charges, potential losses on divestitures, impact of changes in accounting standards, pending legal proceedings and claims (including environmental matters), future economic performance, operating income improvements, costs and cost savings (including raw material inflation, productivity and streamlining), synergies, and 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," "plan," "expect," "will," "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 2005 Form 10-K, the 1st Quarter 2006 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.

The Company is subject to risks related to its dependence on the strength of retail economies in various parts of the world.

The Company's 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 factors such as consumer demand and the condition of the retail industry, which, in turn, are affected by general economic conditions and specific events such as natural disasters and the terrorist attacks of September 11, 2001. In recent years, the retail industry in the U.S. and, increasingly, elsewhere has been characterized by intense competition and consolidation among 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 profitability, creditworthiness and pricing policies of its customers.

The Company is subject to intense competition in a marketplace dominated by large retailers.

The Company competes with numerous other manufacturers and distributors of consumer and commercial products, many of which are large and well established. The Company's principal customers are large mass merchandisers, such as discount stores, home centers, warehouse clubs and office superstores, and commercial distributors. 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 that have strong negotiating power with suppliers. Current trends among retailers include fostering high levels of competition among suppliers, demanding innovative new products and requiring suppliers to maintain or reduce product prices and deliver products with shorter lead times. Other trends are for retailers to import products directly from foreign sources and to source and sell products, under their own private label brands, that compete with products of the Company.

The combination of these market influences has created an intensely competitive environment in which the Company's principal customers continuously evaluate which product suppliers to use, resulting in downward pricing pressures and the need for big, consumer-meaningful brands, the ongoing introduction and commercialization of

innovative new products, continuing improvements in customer service, and the maintenance of strong relationships with large, high-volume purchasers. The Company also faces the risk of changes in the strategy or structure of its major retailer customers, such as overall store and inventory reductions and retailer consolidation. The resulting risks to the Company include possible loss of sales, reduced profitability and limited ability to recover cost increases through price increases.

To compete successfully, the Company must develop and commercialize a continuing stream of innovative new products that create consumer demand.

The Company's long-term success in this competitive retail environment depends on its ability to develop and commercialize a continuing stream of innovative new products that create consumer demand for the Company's products. The Company also faces the risk that its competitors will introduce innovative new products that compete with the Company's products. The Company's strategy includes increased investment in new product development and increased focus on innovation. There are, nevertheless, numerous uncertainties inherent in successfully developing and commercializing innovative new products on a continuing basis, and new product launches may not deliver expected growth results.

To compete successfully, the Company must develop and maintain big, consumer-meaningful brands.

The Company's competitive success also depends increasingly on its ability to develop and maintain consumer-meaningful brands so that the Company's retailer customers will need the Company's products to meet consumer demand, and big brands to provide the Company with economies of scale. The development and maintenance of such brands requires significant investment in brand building and marketing initiatives. While the Company is substantially increasing its expenditures for advertising and other brand building and marketing initiatives, the increased investment may not deliver the anticipated results.

Price increases in raw materials could harm the Company's financial results.

The Company purchases some raw materials, including resin, corrugate, steel and aluminum, that are subject to price volatility and inflationary pressure. The Company attempts to reduce its exposure to increases in those costs through a variety of programs, including periodic purchases, purchases for future delivery, long-term contracts and sales price adjustments. Where practical, the Company uses derivatives as part of its risk management process. Raw material price increases may offset productivity gains and could materially impact the Company's financial results.

The Company's success depends on its ability to continuously improve productivity and streamline operations.

The Company's success depends on its ability to continuously improve its manufacturing efficiencies, reduce supply chain costs and streamline non-strategic SG&A expenses in order to produce products at a best-cost position and free up money for investment in innovation and brand building. Project Acceleration includes the closure of approximately one-third of the Company's 80 manufacturing facilities (as of September 2005) over the next three years. In addition, the Company is exploring ways to best leverage its functional capabilities such as Human Resources, Investor Relations, Supply Chain and Finance in order to improve efficiency and reduce costs. The Company runs the risk that Project Acceleration and other corporate initiatives aimed at streamlining and cost reduction may not be completed substantially as planned, may be more costly to implement than expected, or may not have the positive effects anticipated, or that other major productivity and streamlining programs may be required after such projects are completed. In addition, disruptions in the Company's ability to supply products on a timely basis, which may be incidental to any problems in the execution of Project Acceleration, could adversely affect the Company's future results.

The Company needs to continue to make strategic acquisitions and to integrate its acquired businesses.

Although the Company has in recent years increasingly emphasized internal growth rather than growth by acquisition, the Company's ability to continue to make strategic acquisitions and to integrate the acquired businesses successfully, obtaining anticipated cost savings and operating income improvements within a reasonable period of time, remain important factors in the Company's future growth. For example, the successful integration of the recently acquired DYMO business into the Company's Office Products segment is important to the Company's success. Furthermore, the cost of any future major acquisitions could constrain the Company's access to capital and increase the Company's borrowing costs.

The Company is subject to risks related to its international operations.

Foreign operations, especially in Europe, but also in Asia, Central and South America and Canada, are important to the Company's business. The Company is expanding from a U.S.-centric business model to one that includes international growth as an increasing focus. In November 2005, the Company acquired the DYMO business and thereby increased the magnitude of the Company's operations in Europe. In addition, as the Company increasingly sources products in low-cost countries, particularly in the Far East, it is exposed to additional risks and uncertainties. Foreign operations can be affected by factors such as currency devaluation, other currency fluctuations, tariffs, nationalization, exchange controls, interest rates, limitations on foreign investment in local business and other political, economic and regulatory risks and difficulties. The Company also faces risks due to the transportation and logistical complexities inherent in increased reliance on foreign sourcing.

The Company faces challenges and uncertainties as it transforms into a company that grows through consumer-meaningful brands and new product innovation.

The Company is undergoing a transformation from a portfolio-holding company that grew through acquisitions to a focused group of leadership platforms that generate internal growth driven by consumer-meaningful brands and new product innovation. Such a transformation will require significant investment in brand-building, marketing and product development and the development of the right methods for understanding how consumers interact with the Company's brands and categories and measuring the effectiveness of advertising and promotion spending. Although the process is well underway, there remain significant challenges and uncertainties.

Impairment charges could have a material adverse effect on the Company's financial results.

Future events may occur that would adversely affect the reported value of the Company's assets and require impairment charges. Such events may include, but are not limited to, strategic decisions made in response to changes in economic and competitive conditions, the impact of the economic environment on the Company's customer base, or a material adverse change in its relationship with significant customers.

Product liability claims or regulatory actions could adversely affect the Company's financial results or harm its reputation or the value of its end-user brands.

Claims for losses or injuries purportedly caused by some of the Company's products arise in the ordinary course of the Company's business. In addition to the risk of substantial monetary judgments, product liability claims or regulatory actions could result in negative publicity that could harm the Company's reputation in the marketplace or the value of its end-user brands. The Company could also be required to recall possibly defective products, which could result in adverse publicity and significant expenses. Although the Company maintains product liability insurance coverage, potential product liability claims are subject to a self-insured retention or could be excluded under the terms of the policy.