

NEWELL RUBBERMAID INC

Form 11-K

June 29, 2006

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

**FORM 11-K
FOR ANNUAL REPORTS OF EMPLOYEE STOCK
REPURCHASE SAVINGS AND SIMILAR PLANS
PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

(Mark One):

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the fiscal year ended December 31, 2005

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____.

Commission file number: 1-4188

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

NEWELL RUBBERMAID 401(k) SAVINGS AND RETIREMENT PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

NEWELL RUBBERMAID INC.

10B GLENLAKE PARKWAY

SUITE 300

ATLANTA, GA 30328

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REQUIRED INFORMATION

Financial Statements. The following financial statements and schedules are filed as part of this annual report and appear immediately after the signature page hereof:

1. Report of Independent Registered Public Accounting Firm
2. Statements of Net Assets Available for Benefits
3. Statement of Changes in Net Assets Available for Benefits
4. Notes to Financial Statements
5. Supplemental Schedule

Exhibits. The following exhibit is filed as a part of this annual report:

Exhibit 23.1 Consent of Ernst & Young LLP

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

NEWELL RUBBERMAID 401(k)
SAVINGS AND RETIREMENT PLAN

Date: June 29, 2006

/s/ Tom Nohl

Tom Nohl, Member,
Benefit Plans Administrative Committee

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(Formerly Newell Rubbermaid 401(k) Savings Plan)
Financial Statements and Supplemental Schedule
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Report of Independent Registered Public Accounting Firm Auditors

The Benefit Plans Administrative Committee
Newell Rubbermaid 401(k) Savings and Retirement Plan
(Formerly Newell Rubbermaid 401(k) Savings Plan)

We have audited the accompanying statements of net assets available for benefits of the Newell Rubbermaid 401(k) Savings and Retirement Plan (formerly Newell Rubbermaid 401(k) Savings Plan) as of December 31, 2005 and 2004, and the related statements of changes in net assets available for benefits for the year ended December 31, 2005. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2005 and 2004, and the changes in its net assets available for benefits for the year ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2005, is presented for purposes of additional analysis and is not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

June 15, 2006

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Newell Rubbermaid 401(k) Savings and Retirement Plan
 (Formerly Newell Rubbermaid 401(k) Savings Plan)
 Statements of Net Assets Available for Benefits

| | December 31 | |
|--------------------------------------|-----------------------|----------------|
| | 2005 | 2004 |
| Assets | | |
| Investments | \$ 714,546,330 | \$ 725,744,013 |
| Employer contribution receivable | 21,026,815 | 208,195 |
| Participants contribution receivable | 17,160 | 17,607 |
| Net assets available for benefits | \$ 735,590,305 | \$ 725,969,815 |

See accompanying notes.

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Newell Rubbermaid 401(k) Savings and Retirement Plan
 (Formerly Newell Rubbermaid 401(k) Savings Plan)
 Statement of Changes in Net Assets Available for Benefits
 Year Ended December 31, 2005

Additions

| | |
|---|---------------|
| Investment income: | |
| Interest and dividends | \$ 16,275,284 |
| Net appreciation in fair value of investments | 26,222,465 |
| | 42,497,749 |

Contributions:

| | |
|-------------|------------|
| Participant | 33,570,548 |
| Employer | 36,405,258 |
| Rollover | 4,055,984 |
| | 74,031,790 |

Deductions

| | |
|-------------------------------|-------------|
| Benefits paid to participants | 106,683,155 |
| Administrative expenses | 225,894 |
| Total deductions | 106,909,049 |

| | |
|---|----------------|
| Net increase | 9,620,490 |
| Net assets available for benefits beginning of year | 725,969,815 |
| Net assets available for benefits end of year | \$ 735,590,305 |

See accompanying notes.

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Newell Rubbermaid 401(k) Savings and Retirement Plan
(Formerly Newell Rubbermaid 401(k) Savings Plan)
Notes to Financial Statements
Year Ended December 31, 2005

1. Description of the Plan

The following description of the Newell Rubbermaid 401(k) Savings and Retirement Plan (formerly Newell Rubbermaid 401(k) Savings Plan) (the Plan) provides only general information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

General

Certain employees of the Newell Operating Company and subsidiaries (the Company) are eligible to participate in the Plan. Full-time employees, as defined, are eligible to participate in the Plan upon date of hire. Other employees are eligible to participate after completing one year of service, as defined. The Plan is administered by the Benefit Plans Administrative Committee, which is appointed by the Board of Directors of the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The portion of the Plan's investments held in the Company Stock Fund is designated as an employee stock ownership plan (ESOP).

Contributions

Participants may elect to contribute up to 50% of pretax earnings, as defined by the Plan. A participant who is a resident of Puerto Rico shall be limited to 10% of pretax earnings. The Company contributes a matching contribution for participants in an amount equal to 100% of the first 3% of compensation plus 50% of the next 2% of compensation contributed by the participant. Certain employees at the Graco's Children's Products Inc. Century Division and the Rubbermaid, Inc. Home Products Division receive a match equal to 50% of the first 6% of compensation contributed by the participant. Certain union employees at the Rubbermaid, Inc. Home Products Division are eligible for an annual retirement contribution based on hours worked. These union employees generally must work 1,000 hours and be employed on the last day of the Plan year to receive the contribution. Beginning January 1, 2005, nonunion participants became eligible for an annual retirement savings contribution, which is determined based on the participant's age and years of service. Also beginning January 1, 2005, nonunion participants hired prior to January 1, 2004, who were age 50 or older and were actively employed on January 1, 2005, became eligible for an annual transition retirement contribution, which is determined based on the participant's age. Generally, participants must work 1,000 hours and be employed on the last day of the Plan year to receive the retirement savings and transition retirement contributions.

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Newell Rubbermaid 401(k) Savings and Retirement Plan
(Formerly Newell Rubbermaid 401(k) Savings Plan)
Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Participant Accounts

Separate accounts are maintained for each participant. Each participant's account is credited with the participant's contributions and Company matching contributions and an allocation of: (a) the union retirement contribution if applicable, (b) the retirement savings contribution if applicable, (c) the transition retirement contribution if applicable, and (d) Plan earnings, and is charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions and the Company matching contributions. Union retirement contributions vest over a seven-year graded schedule. The retirement savings and transition retirement contributions vest based on a five-year cliff vesting schedule. Forfeitures are used to pay Plan expenses and reduce Company matching or retirement contributions. Forfeitures available for future use were \$811,981 and \$1,340,675 at December 31, 2005 and 2004, respectively.

Participant Loans

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan terms range from one to five years (up to ten years for the purchase of a principal residence). The loans are secured by the balance in the participant's account and bear interest at a rate based on prevailing market conditions. Interest rates on loans outstanding at December 31, 2005, ranged from 4.0% to 11.4%. Principal and interest are paid ratably through monthly payroll deductions.

Payment of Benefits

On termination of service, a participant may receive a lump-sum amount equal to the vested value of their account, or upon death, disability, or retirement, elect to receive periodic installment payments. Generally, unless the participant elects otherwise, distributions related to the ESOP portion of the participant's account will be made in equal installments over a period not exceeding five years. Benefits are recorded when paid.

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Newell Rubbermaid 401(k) Savings and Retirement Plan
(Formerly Newell Rubbermaid 401(k) Savings Plan)
Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Investment Options

All investments are participant-directed. Participants may direct contributions to the Plan to one or more of the Plan's investment funds. In addition to the investment funds offered by the Plan, participants may invest in a self-directed brokerage account. Participants may change their investment options or reallocate investment balances on a daily basis.

2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

Except for investment contracts, which are stated at contract value, the Plan's investments are stated at fair value, which for mutual funds and common stock equals the quoted market price on the last business day of the Plan year.

Participant loans are valued at their outstanding balances, which approximate fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

Dividends are recorded on the ex-dividend date.

Administrative Expenses

All normal costs and expenses of administering the Plan and trust are paid by the Plan's participants. Any cost resulting from a participant obtaining a loan or requesting a distribution or in-service withdrawal may be borne by such participant or charged to the participant's individual account.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing the Plan's financial statements are reasonable and prudent. Actual results may differ from those estimates.

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Newell Rubbermaid 401(k) Savings and Retirement Plan
 (Formerly Newell Rubbermaid 401(k) Savings Plan)
 Notes to Financial Statements (continued)

3. Investments

During 2005, the Plan's investment (including investments purchased, sold as well as held during the year) appreciated (depreciated) in fair value as determined by quoted market prices as follows:

| | Net Realized and Unrealized Appreciation (Depreciation) in Fair Value of Investments |
|-------------------------|---|
| Common/collective trust | \$ 8,803,412 |
| Common stock | (1,353,889) |
| Mutual funds | 18,772,942 |
| | \$ 26,222,465 |

The fair market value of individual assets that represent 5% or more of the Plan's assets as of December 31 is as follows:

| | 2005 | 2004 |
|--|---------------------|--------------|
| Growth Fund of America | \$96,698,923 | \$88,889,374 |
| Franklin Small-Mid Cap Growth A Fund | 62,206,529 | 60,349,372 |
| American Century Income and Growth Fund | 58,316,946 | 61,107,487 |
| Newell Rubbermaid Inc. common stock** | 57,513,337 | 64,548,708 |
| American Century Equity Index Fund | 53,069,507 | 56,991,433 |
| American Balanced Fund | 45,935,119 | 48,439,413 |
| J.P. Morgan Chase synthetic guaranteed investment contract** | 40,424,747 | * |
| J.P. Morgan International Equity Fund** | 40,100,188 | 36,456,663 |
| PIMCO Total Return Fund | 39,356,128 | 42,722,588 |
| Rabobank Nederland synthetic guaranteed investment contract | 38,646,364 | 48,293,048 |

* Below 5%
threshold.

** Party in interest.

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Newell Rubbermaid 401(k) Savings and Retirement Plan
 (Formerly Newell Rubbermaid 401(k) Savings Plan)
 Notes to Financial Statements (continued)

3. Investments (continued)

The Plan's investments also include the PIMCO Stable Value Fund, which invests primarily in synthetic guaranteed investment contracts. The fund also includes a short-term interest fund in the amount of \$2,075,398 and \$4,193,108 at December 31, 2005 and 2004, respectively. The fund is included in the financial statements at contract value as reported by the respective insurance companies. Contract value represents contributions made, plus earnings, less participant withdrawals and administrative expenses.

The contract values and fair values of investment contracts included in the Stable Value Fund as of December 31, 2005 and 2004, are as follows:

| | Contract Value | | Fair Value | |
|---|-----------------------|----------------|-----------------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| Guaranteed investment contract | \$ | \$ 6,176,785 | \$ | \$ 6,482,989 |
| Synthetic guaranteed investment contracts | 183,771,003 | 187,241,467 | 183,528,553 | 191,772,032 |
| | \$ 183,771,003 | \$ 193,418,252 | \$ 183,528,553 | \$ 198,255,021 |

Included in the fair value of synthetic guaranteed investment contracts as of December 31, 2005 and 2004, are wrapper contracts with a total estimated fair value of \$242,450 and \$4,530,565, respectively. The wrappers guarantee the contract value of the synthetic guaranteed investment contracts for participant-initiated withdrawal events. The blended crediting interest rate for the fund was 4.74% and 4.61% as of December 31, 2005 and 2004, respectively. The fund's blended rate of return for the 2005 year was 4.77%.

The crediting rates are reset periodically and are based on the market value of the underlying portfolio of assets backing these contracts. Inputs used to determine the crediting rate include each contract's portfolio market value, current yield-to-maturity, duration (i.e., weighted-average life), and market value relative to contract value. All contracts have a guaranteed rate of 0% or higher.

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Newell Rubbermaid 401(k) Savings and Retirement Plan
(Formerly Newell Rubbermaid 401(k) Savings Plan)
Notes to Financial Statements (continued)

4. Related-Party Transactions

All expenses related to the trustee and record-keeping in connection with the operation of the Plan are paid by the Plan. All other costs are paid out of the Plan's assets, except to the extent the Administrative Committee elects to have such expenses paid directly by the Company.

5. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated March 18, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes the Plan, as amended, is qualified and the related trust is tax-exempt.

7. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of assets available for benefits.

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Supplemental Schedule

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Newell Rubbermaid 401(k) Savings and Retirement Plan
 (Formerly Newell Rubbermaid 401(k) Savings Plan)
 Schedule H, Line 4i Schedule of Assets
 (Held at End of Year)
 December 31, 2005

| Identity of Issue | Current Value |
|---|----------------------|
| Registered Investment Companies: | |
| Growth Fund of America | \$ 96,698,923 |
| Franklin Small-Mid Cap Growth A Fund | 62,206,529 |
| American Century Income and Growth Fund | 58,316,946 |
| American Century Equity Index Fund | 53,069,507 |
| American Balanced Fund | 45,935,119 |
| *J.P. Morgan International Equity Fund | 40,100,188 |
| PIMCO Total Return Fund | 39,356,128 |
| ICM Small Company Fund | 24,018,542 |
| American Century Equity Income Fund | 17,946,481 |
| Columbia Small Cap Growth Fund | 11,337,536 |
| Total Registered Investment Companies | 448,985,899 |
| Company Stock: | |
| *Newell Rubbermaid Inc. common stock | 57,513,337 |
| Total Company Stock | 57,513,337 |
| Other: | |
| Brokerage Accounts | 3,593,580 |
| Total Other | 3,593,580 |
| Loans: | |
| *Participant loans (various maturities, interest rates from 4 % to 11.4%) | 18,607,113 |
| Total Loans | 18,607,113 |
| PIMCO Stable Value Fund: | |
| Short-Term Interest Funds: | |
| *J.P. Morgan Chase Short Term Interest Fund | 2,075,398 |
| Total Short-Term Interest Funds | 2,075,398 |

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Newell Rubbermaid 401(k) Savings and Retirement Plan
 (Formerly Newell Rubbermaid 401(k) Savings Plan)
 Schedule H, Line 4i Schedule of Assets
 (Held at End of Year) (continued)
 December 31, 2005

| Identity of Issue | Current Value |
|---|----------------------|
| PIMCO Stable Value Fund (continued): | |
| Synthetic Guaranteed Investment Contracts: | |
| Bank of America Wrapper Contract | \$ 444,759 |
| Underlying Assets of Synthetic Guaranteed Investment Contract: | |
| PIMCO AAA | 33,278,512 |
| Bank of America Synthetic Guaranteed Investment Contract | 33,723,271 |
| ING Life & Annuity Wrapper Contract | (61,881) |
| Underlying Assets of Synthetic Guaranteed Investment Contract: | |
| INVESCO Intermediate Fund | 33,180,299 |
| ING Life & Annuity Synthetic Guaranteed Investment Contract | 33,118,418 |
| *J.P. Morgan Chase Wrapper Contract | (258,438) |
| *Underlying Assets of Synthetic Guaranteed Investment Contract: | |
| INVESCO AAA | 40,683,185 |
| *J.P. Morgan Chase Synthetic Guaranteed Investment Contract | 40,424,747 |
| Monumental Wrapper Contract | (37,520) |
| Underlying Assets of Synthetic Guaranteed Investment Contract: | |
| WAM AAA | 33,903,784 |
| Monumental Synthetic Guaranteed Investment Contract | 33,866,264 |
| Rabobank Nederland Wrapper Contract | 427,380 |
| Underlying Assets of Synthetic Guaranteed Investment Contract: | |
| INVESCO Short Term Bond | 38,218,984 |
| Rabobank Nederland Synthetic Guaranteed Investment Contract | 38,646,364 |
| Metropolitan Life Wrapper Contract | (271,850) |
| Underlying Assets of Synthetic Guaranteed Investment Contract: | |
| Cash | 310,672 |
| U.S. Treasury Note | 1,232,476 |
| U.S. Treasury Note | 2,720,641 |
| Metropolitan Life Synthetic Guaranteed Investment Contract | 3,991,939 |

| | |
|---|----------------|
| Total Synthetic Guaranteed Investment Contracts | 183,771,003 |
| Total PIMCO Stable Value Fund | 185,846,401 |
| Total | \$ 714,546,330 |

* Party in interest.

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