NEWELL RUBBERMAID INC
Form DEF 14A
March 28, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Newell Rubbermaid Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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4) Date Filed:

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 8, 2007

To the Stockholders of NEWELL RUBBERMAID INC.:

You are cordially invited to attend the annual meeting of stockholders of NEWELL RUBBERMAID INC. (the Company) to be held on Tuesday, May 8, 2007, at 9:00 a.m., local time, at the Georgia Tech Hotel and Conference Center, 800 Spring Street, NW, Atlanta, Georgia.

At the annual meeting, you will be asked to:

Elect four directors of the Company to serve for a term of three years;

Ratify the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the year 2007;

Vote on two proposals submitted by stockholders, if properly presented at the meeting; and

Transact such other business as may properly come before the annual meeting and any adjournment or postponement of the annual meeting.

Only stockholders of record at the close of business on March 15, 2007 may vote at the annual meeting or any adjournment or postponement thereof.

Whether or not you plan to attend the annual meeting, please act promptly to vote your shares with respect to the proposals described above. You may vote your shares by marking, signing and dating the enclosed proxy card and returning it in the postage-paid envelope provided. You also may vote your shares by telephone or through the Internet by following the instructions set forth on the proxy card. If you attend the annual meeting, you may vote your shares in person, even if you have previously submitted a proxy in writing, by telephone or through the Internet.

By Order of the Board of Directors,

Dale L. Matschullat
Vice President General Counsel &
Corporate Secretary

March 28, 2007

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NEWELL RUBBERMAID INC.
10B Glenlake Parkway
Suite 300
Atlanta, Georgia 30328

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 8, 2007

You are receiving this proxy statement and proxy card from us because you own shares of common stock of Newell Rubbermaid Inc. (the Company). This proxy statement describes the items on which we would like you to vote. It also gives you information so that you can make an informed voting decision. We first mailed this proxy statement and the proxy card to stockholders on or about March 28, 2007.

VOTING AT THE ANNUAL MEETING

Date, Time and Place of the Annual Meeting

We will hold the annual meeting at the Georgia Tech Hotel and Conference Center, 800 Spring Street, NW, Atlanta, Georgia, at 9:00 a.m., local time, on Tuesday, May 8, 2007.

Who May Vote

Record holders of the Company s common stock at the close of business on March 15, 2007 are entitled to notice of and to vote at the annual meeting. On the record date, approximately 279,040,454 shares of common stock were issued and outstanding.

Quorum for the Annual Meeting

A quorum of stockholders is necessary to take action at the annual meeting. A majority of the outstanding shares of common stock of the Company, present in person or by proxy, will constitute a quorum. Votes cast in person or by proxy at the annual meeting will be tabulated by the inspectors of election appointed for the annual meeting. The inspectors of election will determine whether a quorum is present at the annual meeting. The inspectors of election will treat instructions to withhold authority, abstentions and broker non-votes as present for purposes of determining the presence of a quorum. In the event that a quorum is not present at the annual meeting, we expect that the annual meeting will be adjourned or postponed to solicit additional proxies.

Votes Required

You are entitled to one vote for each share you own on the record date on each proposal to be considered at the annual meeting. A broker or other nominee may have discretionary authority to vote certain shares of common stock if the beneficial owner or other person entitled to vote those shares has not provided instructions.

The four nominees for director who receive the greatest number of votes cast in person or by proxy at the annual meeting will be elected directors of the Company. The vote required for ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the year 2007, and approval of each of the two stockholder proposals, if properly presented at the meeting, is the affirmative vote of a majority of the shares of common stock present in person or by proxy and entitled to vote at the annual meeting.

With respect to election of directors, you may vote in favor of all nominees, withhold votes as to all nominees or withhold votes as to specific nominees. Instructions to withhold authority to vote will have no effect on the election of directors because directors are elected by a plurality of votes cast. With respect to the ratification of the appointment of Ernst & Young LLP, and approval of each of the two stockholder

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proposals, you may vote in favor of or against each item or you may abstain from voting. Any proxy marked abstain with respect to the ratification of the appointment of Ernst & Young LLP, or approval of either of the two stockholder proposals, will have the effect of a vote against the proposal. Shares represented by a proxy as to which there is a broker non-vote or a proxy in which authority to vote for any matter considered is withheld will have no effect on the vote for the election of directors, ratification of the appointment of Ernst & Young LLP, or approval of either of the two stockholder proposals.

How to Vote

You may attend the annual meeting and vote your shares in person. You also may choose to submit your proxies by any of the following methods:

> ***Voting by Mail.*** If you choose to vote by mail, simply complete the enclosed proxy card, date and sign it, and return it in the postage-paid envelope provided. Your shares will be voted in accordance with the instructions on your proxy card. If you sign your proxy card and return it without marking any voting instructions, your shares will be voted FOR the election of all director nominees, FOR the ratification of the appointment of Ernst & Young LLP, AGAINST each of the stockholder proposals and in the discretion of the persons named as proxies on all other matters that may properly come before the annual meeting or any adjournment or postponement thereof.
>
> ***Voting by Telephone.*** You may vote your shares by telephone by calling the toll-free telephone number provided on the proxy card. Telephone voting is available 24 hours a day, and the procedures are designed to authenticate votes cast by using a personal identification number located on the proxy card. The procedures allow you to give a proxy to vote your shares and to confirm that your instructions have been properly recorded. If you vote by telephone, you should not return your proxy card.
>
> ***Voting by Internet.*** You also may vote through the Internet by signing on to the website identified on the proxy card and following the procedures described in the website. Internet voting is available 24 hours a day, and the procedures are designed to authenticate votes cast by using a personal identification number located on the proxy card. The procedures allow you to give a proxy to vote your shares and to confirm that your instructions have been properly recorded. If you vote by Internet, you should not return your proxy card.

If you are a stockholder whose shares are held in street name (*i.e.*, in the name of a broker, bank or other record holder), you must either direct the record holder of your shares how to vote your shares or obtain a proxy, executed in your favor, from the record holder to be able to vote at the annual meeting.

This proxy statement is also being used to solicit voting instructions for the shares of the Company s common stock held by trustees of the Newell Rubbermaid 401(k) Savings Plan, and shares of the Company s common stock held by the plan administrator of the Newell Rubbermaid Inc. Employee Stock Purchase Plan and Newell Rubbermaid Inc. 2003 Stock Plan, for the benefit of plan participants. Participants in these plans have the right to direct the trustees or plan administrator regarding how to vote the shares of Company stock credited to their accounts. Unless otherwise required by law, the shares credited to each participant s account will be voted as directed. Participants in these plans may direct the trustees or plan administrator by telephone, by the Internet or by completing and returning a voting card. If valid instructions are not received from a 401(k) Savings Plan participant by May 4, 2007, a participant s shares will be voted proportionately by the trustee in the same manner in which the trustee votes all shares for which it has received valid instructions. If valid instructions are not received from an Employee Stock Purchase Plan or 2003 Stock Plan participant by May 4, 2007, the shares of stock credited to his or her account will not be voted.

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How You May Revoke or Change Your Vote

You may revoke your proxy at any time before it is voted at the annual meeting by any of the following methods:

Submitting a later-dated proxy by mail, over the telephone or through the Internet.

Sending a written notice, including by facsimile, to the Corporate Secretary of the Company. You must send any written notice of a revocation of a proxy so that it is received before the taking of the vote at the annual meeting to:

Newell Rubbermaid Inc.
10B Glenlake Parkway, Suite 300
Atlanta, Georgia 30328
Facsimile: 1-770-407-3987
Attention: Corporate Secretary

Attending the annual meeting and voting in person. Your attendance at the annual meeting will not in and of itself revoke your proxy. You must also vote your shares at the annual meeting. If your shares are held in street name by a broker, bank or other record holder, you must obtain a proxy, executed in your favor, from the record holder to be able to vote at the annual meeting.

If you require assistance in changing or revoking your proxy, please contact the Company s proxy solicitor, Morrow & Co., Inc., at the following address or telephone number:

Morrow & Co., Inc.
470 West Avenue
Stamford, CT 0902
Phone Number: 1-800-662-5200

Costs of Solicitation

This proxy statement and the accompanying proxy card are being furnished to stockholders in connection with the solicitation of proxies by the Board of Directors of the Company. The Company will pay the costs of soliciting proxies. The Company has retained Morrow & Co., Inc. to aid in the solicitation of proxies and to verify certain records related to the solicitation. The Company will pay Morrow & Co., Inc. a fee of $8,000 as compensation for its services and will reimburse it for its reasonable out-of-pocket expenses.

In addition to solicitation by mail, directors, officers and employees of the Company, at no additional compensation, may solicit proxies from stockholders by telephone, facsimile, Internet or in person. Upon request, the Company will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses in sending the proxy materials to beneficial owners.

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PROPOSAL 1 ELECTION OF DIRECTORS

The Company s Board of Directors is currently comprised of 12 directors who are divided into three classes, with each class elected for a three-year term. The Board of Directors has nominated Scott S. Cowen, Cynthia A. Montgomery, General Gordon Sullivan and Michael A. Todman for re-election as Class II directors at the annual meeting. Mr. Todman was elected to the Board of Directors on January 29, 2007. Allan P. Newell has elected to retire at the conclusion of his current term as a director, which expires at the annual meeting of stockholders. Mr. Newell therefore will not stand for re-election in 2007, and upon the expiration of Mr. Newell s term, the number of directors serving on the Board will be reduced to 11. If re-elected, Dr. Cowen, Dr. Montgomery, General Sullivan and Mr. Todman will serve until the annual meeting of stockholders to be held in 2010 and until their successors have been duly elected and qualified, except that General Sullivan will retire at the 2008 Annual Meeting of Stockholders in accordance with the Company s Corporate Governance Guidelines.

Proxies will be voted, unless otherwise indicated, FOR the election of the four nominees for director. All of the nominees are currently serving as directors of the Company and have consented to serve as directors if elected at this year s annual meeting. The Company has no reason to believe that any of the nominees will be unable to serve as a director. However, should any nominee be unable to serve if elected, the Board of Directors may reduce the number of directors, or proxies may be voted for another person nominated as a substitute by the Board of Directors.

The Board of Directors unanimously recommends that you vote FOR the election of each nominee for director.

Information about the nominees and the continuing directors whose terms expire in future years is set forth below.

Name and Background	Director Since
Nominees for Class II Directors Term Expiring in 2010	
Scott S. Cowen, age 60, has been the President of Tulane University and Seymour S. Goodman Memorial Professor of Business since 1998. From 1984 to 1998, Dr. Cowen served as Dean and Albert J. Weatherhead, III Professor of Management, Weatherhead School of Management, Case Western Reserve University. Prior to his departure in 1998, Dr. Cowen had been associated with Case Western Reserve University in various capacities since 1976. Dr. Cowen is also a director of American Greetings Corp. (a manufacturer of greeting cards and related merchandise), Forest City Enterprises (a real estate developer) and Jo-Ann Stores (an operator of retail fabric shops)	1999
Cynthia A. Montgomery, age 54, has been a Professor of Business Administration at the Harvard University Graduate School of Business since 1989. Prior thereto, Dr. Montgomery was a Professor at the Kellogg School of Management at Northwestern University from 1985 to 1989	1995
Gordon R. Sullivan, age 69, General, U.S. Army (Ret.), has been President of the Association of the United States Army since February 1998. From 1995 to 1997, General Sullivan served as President of Coleman Federal, a division of Coleman Research Corporation (a systems engineering company and a subsidiary of Thermo Electron Corporation). From 1991 to 1995, General Sullivan served as the 32nd Chief of Staff of the United States Army and as a member of the Joint Chiefs of Staff. Prior thereto, General Sullivan served as Vice Chief of Staff and Deputy Chief of Staff for Operations and Plans of the	1999

United States Army

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Name and Background	Director Since
Michael A. Todman, age 49, has been President, Whirlpool International, and a member of the Board of Directors of Whirlpool Corporation (a manufacturer and marketer of major home appliances) since January 1, 2006. Prior to this assignment, Mr. Todman had served as Executive Vice President and President of Whirlpool Europe since October 2001. From March 2001 to October 2001, he served as Executive Vice President, North America of Whirlpool Corporation. From 1993 to 1999, Mr. Todman served in a number of roles at Whirlpool, including Senior Vice President, Sales and Marketing, North America; Vice President, Sears Sales and Marketing; Vice President, Product Management; Controller of North America; Vice President, Consumer Services, Whirlpool Europe; General Manager, Northern Europe; and Director, Finance, United Kingdom. Prior to joining Whirlpool, Mr. Todman held a variety of leadership positions at Wang Laboratories, Inc. and Price Waterhouse and Co.	2007
Class I Directors Continuing in Office Term Expiring in 2009	
Thomas E. Clarke, age 55, has been President of New Business Ventures of Nike, Inc. (a designer, developer and marketer of footwear, apparel, equipment and accessory products) since 2001. Dr. Clarke joined Nike, Inc. in 1980. He was appointed divisional Vice President in charge of marketing in 1987, corporate Vice President in 1989, General Manager in 1990, and served as President and Chief Operating Officer from 1994 to 2000. Dr. Clarke previously held various positions with Nike, Inc., primarily in research, design, development and marketing	2003
Elizabeth Cuthbert Millett, age 50, has been a private investor for more than five years	1995
Steven J. Strobel, age 49, has been Senior Vice President Corporate Controller for Motorola, Inc. (a wireless and broadband communications company) since 2003. From 1999 to 2003, Mr. Strobel was Vice President Finance and Treasurer for Owens Corning (a manufacturer and marketer of building material and composites systems). From 1996 to 1999, Mr. Strobel served as Owens Corning s Vice President Corporate Controller. From 1986 to 1996, Mr. Strobel served in a number of roles with Kraft Foods, a division of Philip Morris Companies, Inc. (a manufacturer and marketer of consumer products). While at Kraft, he held various financial positions, including Director of Planning and Analysis, Kraft Retail Cheese Division; Director of Finance, Kraft Corporate Marketing Services; Vice President, Finance, Kraft Grocery Products Division; Vice President and Controller, Kraft USA Operations; and Chief Financial Officer, Kraft Foods Canada	2006
Class III Directors Continuing in Office Term Expiring in 2008	
Michael T. Cowhig, age 60, retired in December 2006 as President, Global Technical and Manufacturing of The Procter & Gamble Company Gillette GBU (a manufacturer and marketer of consumer products), a post he held since October 1, 2005. Prior thereto, he held the position of President, Global Technical and Manufacturing of The Gillette Company from January 2004 to October 2005. Mr. Cowhig joined Gillette in 1968, and thereafter served in a variety of roles, including Senior Vice President, Global Manufacturing and Technical Operations Stationery Products from 1996 to 1997, Senior Vice President, Manufacturing and Technical Operations Grooming from 1997 to 2000, Senior Vice President, Global Supply Chain and Business Development from 2000 to 2002, and Senior Vice President, Global Manufacturing and Technical Operations from 2002 to 2004. Mr. Cowhig is also a director of Wilsons The Leather Experts Inc. (a retailer of leather outerwear, accessories and apparel)	2005

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Name and Background	Director Since
Mark D. Ketchum, age 57, has been President & Chief Executive Officer of the Company since October 16, 2005. From 1999 to 2004, Mr. Ketchum was President, Global Baby and Family Care of The Procter & Gamble Company. Mr. Ketchum joined Procter & Gamble in 1971, and thereafter served in a variety of roles, including Vice President and General Manager Tissue/Towel from 1990 to 1996 and President North American Paper Sector from 1996 to 1999. Mr. Ketchum is also a director of Hillenbrand Industries, Inc. (a provider of goods and services for the healthcare and funeral services industries) and is currently a nominee for election as a director of Kraft Foods, Inc. (a global manufacturer and marketer of packaged foods and beverages) at its 2007 annual meeting of shareholders	2005
William D. Marohn, age 67, has been Chairman of the Board of the Company since May 2004. He retired in December 1998 as Vice Chairman of the Board of Whirlpool Corporation (a manufacturer and marketer of major home appliances), a post he held since February 1997. From 1992 to 1997, Mr. Marohn served as the President and Chief Operating Officer of Whirlpool Corporation. From January to October 1992, he was President of Whirlpool Europe, B.V. From 1989 to 1991, Mr. Marohn served as Executive Vice President of Whirlpool s North American Operations, and from 1987 to March 1989 he was President of Whirlpool s Kenmore Appliance Group. Prior to retirement, Mr. Marohn had been associated with Whirlpool since 1964	1999
Raymond G. Viault, age 62, retired in September 2004 as Vice Chairman of General Mills, Inc. (a manufacturer and marketer of consumer food products), a post he held since 1996. From 1990 to 1996, Mr. Viault was President of Kraft Jacobs Suchard in Zurich, Switzerland. Mr. Viault was with Kraft General Foods for a total of 20 years, serving in a variety of major marketing and general management positions. Mr. Viault is also a director of VF Corp. (an apparel company), Safeway Inc. (a food and drug retailer), and Cadbury Schweppes plc (a manufacturer and marketer of foods and beverages)	2002

INFORMATION REGARDING BOARD OF DIRECTORS AND COMMITTEES AND CORPORATE GOVERNANCE

General

The primary responsibility of the Board of Directors is to oversee the affairs of the Company for the benefit of the Company s stockholders. To assist it in fulfilling its duties, the Board of Directors has delegated certain authority to the Audit Committee, the Organizational Development & Compensation Committee and the Nominating/Governance Committee. The duties and responsibilities of these standing committees are described below under Committees.

The Board of Directors has adopted the Newell Rubbermaid Inc. Corporate Governance Guidelines. The purpose of these guidelines is to ensure that the Company s corporate governance practices enhance the Board s ability to discharge its duties on behalf of the Company s stockholders. The Corporate Governance Guidelines are available under the Corporate Governance link on the Company s website at *www.newellrubbermaid.com* and may be obtained in print without charge upon written request by any stockholder to the office of the Corporate Secretary of the Company at 10B Glenlake Parkway, Suite 300, Atlanta, Georgia 30328. The Corporate Governance Guidelines include:

- a requirement that a majority of the Board will be independent directors, as defined under the applicable rules of The New York Stock Exchange, Inc. (NYSE) and any standards adopted by the Board of Directors from time to time;

- a requirement that all members of the Audit Committee, the Organizational Development & Compensation Committee and the Nominating/Governance Committee will be independent directors as defined under the applicable rules of the NYSE and any standards adopted by the Board of Directors from time to time;

- mandatory director retirement at the annual meeting immediately following the attainment of age 70;

- regular executive sessions of non-management directors outside the presence of management at least four times a year, provided that if the non-management directors include one or more directors who are not independent directors under the applicable NYSE rules, the independent directors also will meet, outside the presence of management in executive session, at least once a year;

- annual review of the performance of the Board and the Chairman of the Board;

- regular review of management succession planning and annual performance reviews of the Chief Executive Officer; and

- the authority of the Board to engage independent legal, financial, accounting and other advisors as it believes necessary or appropriate to assist it in the fulfillment of its responsibilities, without consulting with, or obtaining the advance approval of, any Company officer.

Director Independence

Pursuant to the Corporate Governance Guidelines, the Board of Directors undertook its annual review of director independence in February 2007. During this review, the Board of Directors considered whether or not each director has any material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) and has otherwise complied with the requirements for independence under the applicable NYSE rules. The Board of Directors also reviewed the independence of Michael A. Todman in connection with his election as a director in January 2007.

As a result of these reviews, the Board of Directors affirmatively determined that all of the Company s current directors are independent of the Company and its management within the meaning of the applicable NYSE rules and under the standards set forth in the Corporate Governance Guidelines, with the exception of Mark D. Ketchum. Mr. Ketchum is considered an inside director because of his employment as President and Chief Executive Officer of the Company.

In making its independence determinations, the Board of Directors considered the following facts and circumstances relating to directors Cowhig and Viault.

Prior to his retirement on December 31, 2006, Michael T. Cowhig served as President, Global Technical and Manufacturing of the Gillette Global Business Unit (Gillette) of The Procter & Gamble Company. In 2006, the Company s Office Products business segment subleased from Gillette a manufacturing facility in Santa Monica, California, as a result of the Company s acquisition in 2000 of Gillette s former writing instruments business. The Company exited this facility in July 2006, but the Company s obligations under the sublease of approximately $70,000 per month remained in effect until 2013. The Company subsequently entered into an agreement with Gillette terminating the sublease. Under the terms of the agreement, Gillette has been given access to the property since July 1, 2006 and began making all payments under the master lease on the property commencing September 1, 2006. Gillette paid the Corporation $5 million in 2006 under the agreement, offset by approximately $320,000 of additional rent and tax payments. Mr. Cowhig recused himself from any approval of, or involvement in, the transaction, the terms of which were approved in advance by the Audit Committee of the Company s Board of Directors. Given the absence of any involvement by Mr. Cowhig and the lack of materiality of the transaction to the Company and to Gillette as a whole, the Board concluded that Mr. Cowhig s interest in this transaction was not material and would not influence his actions or decisions as a director of the Company and that Mr. Cowhig therefore complies with the requirements for independence under applicable NYSE rules.

Raymond G. Viault currently serves as a director of Safeway Inc., an entity which purchases the Company s products in the ordinary course of business. Sales by the Company to Safeway Inc. totaled $5.2 million in 2006, and such sales were made on customary terms. The Board has concluded that, under these facts and circumstances, Mr. Viault s interest in these transactions is not material and would not influence his actions or decisions as a director of the Company, and that Mr. Viault therefore complies with the requirements for independence under applicable NYSE rules.

Meetings

The Company s Board of Directors held eight meetings during 2006. All directors attended at least 75% of the Board meetings and meetings of Board committees on which they served. Under the Company s Corporate Governance Guidelines, each director is expected to attend the annual meeting of the Company s stockholders. All of the directors attended the 2006 annual meeting of stockholders.

The Company s non-management directors held five meetings during 2006 separately in executive session without any members of management present. The Company s Corporate Governance Guidelines provide that the presiding director at each such session is the Chairman of the Board or lead director, or in his or her absence, the person the Chairman of the Board or lead director so appoints. The Chairman of the Board currently presides over executive sessions of the non-management directors.

Committees

The Board of Directors has an Audit Committee, an Organizational Development & Compensation Committee and a Nominating/Governance Committee.

Audit Committee. The Audit Committee, whose Chair is Dr. Cowen and whose other current members are Mr. Newell, Mr. Strobel, General Sullivan, Mr. Todman and Mr. Viault, met eight times during 2006. The Board of

Directors has affirmatively determined that each current member of the Audit Committee is an independent director within the meaning of the applicable U.S. Securities and Exchange Commission (SEC) regulations, the applicable NYSE rules and the Company s Corporate Governance Guidelines. Further, the Board of Directors has affirmatively determined that each of

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Dr. Cowen, Mr. Todman, Mr. Strobel and Mr. Viault is qualified as an audit committee financial expert within the meaning of the applicable SEC regulations.

The Audit Committee assists the Board of Directors in fulfilling its fiduciary obligations to oversee:

- the integrity of the Company s financial statements;
- the Company s compliance with legal and regulatory requirements;
- the qualifications and independence of the Company s independent auditors;
- the performance of the Company s internal audit function and independent auditors; and
- the Company s overall risk management profile and the Company s process for assessing significant business risks.

In addition, the Audit Committee:

- is directly responsible for the appointment, compensation, retention and oversight of the work of the Company s independent auditors;
- has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters, including procedures for confidential, anonymous submission by employees of concerns regarding questionable accounting or audit matters; and
- has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties.

The Audit Committee acts under a written charter that is available under the Corporate Governance link on the Company s website at *www.newellrubbermaid.com* and may be obtained in print without charge upon written request by any stockholder to the office of the Corporate Secretary of the Company at 10B Glenlake Parkway, Suite 300, Atlanta, Georgia 30328.

Organizational Development & Compensation Committee. The Organizational Development & Compensation Committee, whose Chair is Dr. Clarke and whose other current members are Mr. Cowhig, Ms. Millett, General Sullivan, and Mr. Viault, met six times during 2006. The Board of Directors has affirmatively determined that each member of the Organizational Development & Compensation Committee is an independent director within the meaning of the applicable NYSE rules and the Company s Corporate Governance Guidelines.

The Organizational Development & Compensation Committee is principally responsible for:

- assisting the independent directors in evaluating the Chief Executive Officer s performance and fixing the CEO s compensation;
- making recommendations to the Board with respect to non-CEO compensation, incentive-compensation plans, equity based plans and director compensation; and
- assisting the Board in management succession planning.

The Organizational Development & Compensation Committee acts under a written charter that is available under the Corporate Governance link on the Company s website at *www.newellrubbermaid.com* and may be obtained in print without charge upon written request to the office of the Corporate Secretary of the Company at 10B Glenlake Parkway, Suite 300, Atlanta, Georgia 30328. Additional information on the Organizational Development & Compensation Committee s processes and procedures for the consideration and determination of executive and director compensation is addressed below under the caption Executive Compensation Compensation Discussion and Analysis.

Nominating/Governance Committee. The Nominating/Governance Committee, whose Chair is Dr. Montgomery and whose other current members are Dr. Clarke, Mr. Cowhig and Ms. Millett, met five times during 2006. The Board of Directors has affirmatively determined that each member of the

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Nominating/Governance Committee is an independent director within the meaning of the applicable NYSE rules and the Company s Corporate Governance Guidelines.

The Nominating/Governance Committee is principally responsible for:

identifying and recommending to the Board of Directors candidates for nomination or appointment as directors;

reviewing and recommending to the Board of Directors appointments to Board committees;

developing and recommending to the Board of Directors corporate governance guidelines for the Company and any changes to those guidelines;

reviewing, from time to time, the Company s Code of Business Conduct and Ethics and certain other policies and programs intended to promote compliance by the Company with its legal and ethical obligations, and recommending to the Board of Directors any changes to the Company s Code of Business Conduct and Ethics and such policies and programs; and

overseeing the Board of Directors annual evaluation of its own performance.

The Nominating/Governance Committee acts under a written charter that is available under the Corporate Governance link on the Company s website at *www.newellrubbermaid.com* and may be obtained in print without charge upon written request by any stockholder to the office of the Corporate Secretary of the Company at 10B Glenlake Parkway, Suite 300, Atlanta, Georgia 30328.

Director Nomination Process

The Nominating/Governance Committee is responsible for identifying and recommending to the Board of Directors candidates for directorships. The Nominating/Governance Committee considers candidates for Board membership who are recommended by members of the Nominating/Governance Committee, other Board members, members of management and individual stockholders. Once the Nominating/Governance Committee has identified prospective nominees for director, the Board is responsible for selecting such candidates. As set forth in the Corporate Governance Guidelines, the Board seeks to identify as candidates for director persons from various backgrounds and with a variety of life experiences, a reputation for integrity and good business judgment and experience in highly responsible positions in professions or industries relevant to the conduct of the Company s business. In selecting director candidates, the Board takes into account the current composition and diversity of the Board and the extent to which a candidate s particular expertise and experience will complement the expertise and experience of other directors. The Board considers candidates for director who are free of conflicts of interest or relationships that may interfere with the performance of their duties.

From time to time, the Nominating/Governance Committee has engaged the services of Christian & Timbers, a global executive search firm, to assist the Nominating/Governance Committee and the Board of Directors in identifying and evaluating potential director candidates. Christian & Timbers identified Mr. Todman as a director candidate and in 2006 recommended his candidacy to the Nominating/Governance Committee. The Nominating/Governance Committee evaluated Mr. Todman against the criteria set forth above and recommended him to the full Board of Directors for election.

A stockholder who wishes to recommend a director candidate for consideration by the Nominating/ Governance Committee should submit such recommendation in writing to the Nominating/Governance Committee at the address set forth below under Communications with the Board of Directors. A candidate recommended for consideration must be highly qualified and must be willing and able to serve as a director. Director candidates recommended by stockholders will receive the same consideration given to other candidates and will be evaluated against the criteria outlined above.

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Communications with the Board of Directors

The independent members of the Board of Directors have adopted the Company s Procedures for the Processing and Review of Stockholder Communications to the Board of Directors, which provide for the processing, review and disposition of all communications sent by stockholders or other interested persons to the Board of Directors. Stockholders and other interested persons may communicate with the Company s Board of Directors or any member or committee of the Board of Directors by writing to them at the following address:

Newell Rubbermaid Inc.
Attention: [Board of Directors]/[Board Member]
c/o Corporate Secretary
Newell Rubbermaid Inc.
10B Glenlake Parkway, Suite 300
Atlanta, Georgia 30328

Communications directed to the independent or non-management directors should be sent to the attention of the Chairman of the Board or the Chair of the Nominating/Governance Committee, c/o Corporate Secretary, at the address indicated above.

Any complaint or concern regarding financial statement disclosures, accounting, internal accounting controls, auditing matters or violations of the Company s Code of Ethics for Senior Financial Officers should be sent to the attention of the General Counsel at the address indicated above or may be submitted in a sealed envelope addressed to the Chair of the Audit Committee, c/o General Counsel, at the same address, and labeled with a legend such as: To Be Opened Only by the Audit Committee. Such accounting complaints will be processed in accordance with procedures adopted by the Audit Committee. Further information on reporting allegations relating to accounting matters is available under the Corporate Governance link on the Company s website at *www.newellrubbermaid.com*.

Code of Ethics

The Board of Directors has adopted a Code of Ethics for Senior Financial Officers , which is applicable to the Company s senior financial officers, including the Company s principal executive officer, principal financial officer, principal accounting officer and controller. The Company also has a separate Code of Business Conduct and Ethics that is applicable to all Company employees, including each of the Company s directors and officers. Both the Code of Ethics for Senior Financial Officers and the Code of Business Conduct and Ethics are available under the Corporate Governance link on the Company s website at *www.newellrubbermaid.com*. The Company posts any amendments to or waivers from its Code of Ethics for Senior Financial Officers or to the Code of Business Conduct and Ethics (to the extent applicable to the Company s directors or executive officers) at the same location on the Company s website. In addition, copies of the Code of Ethics for Senior Financial Officers and of the Code of Business Conduct and Ethics may be obtained in print without charge upon written request by any stockholder to the office of the Corporate Secretary of the Company at 10B Glenlake Parkway, Suite 300, Atlanta, Georgia 30328.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Various Company policies and procedures, which include the Code of Business Conduct and Ethics (applicable to all executive officers and non-employee directors), the Code of Ethics for Senior Financial Officers and annual questionnaires completed by all Company directors and executive officers, require disclosure of transactions or relationships that may constitute conflicts of interest or otherwise require disclosure under applicable SEC rules. Pursuant to its charter, the Company s Nominating/Governance Committee considers and makes recommendations to the Board of Directors with respect to possible waivers of conflicts of interest or any other provisions of the Code of Business Conduct and Ethics and the Code of Ethics for Senior Financial Officers. Pursuant to the Company s Corporate Governance Guidelines, the Nominating/Governance Committee also annually reviews the continuing independence of the Company s non-employee directors under applicable law or rules of the NYSE and reports its findings to the Board of Directors in connection with its independence determinations.

When the Nominating/Governance Committee learns of a transaction or relationship that may constitute a conflict of interest or may cause a director not to be treated as independent, the Committee determines if further investigation is required and, if so, whether it should be conducted by the Company s legal, internal audit or other staff or by outside advisors. The Committee reviews and evaluates the transaction or relationship, including the results of any investigation, and makes a recommendation to the Board of Directors with respect to whether a conflict or violation exists or will exist or whether a director s independence is or would be impaired. The Board of Directors, excluding any director who is the subject of the recommendation, receives the report of the Nominating/Governance Committee and makes the relevant determination. These practices are flexible and are not required by any document.

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ORGANIZATIONAL DEVELOPMENT & COMPENSATION COMMITTEE REPORT

The Organizational Development & Compensation Committee of the Board of Directors has furnished the following report to the stockholders of the Company in accordance with rules adopted by the Securities and Exchange Commission.

The Organizational Development & Compensation Committee of the Company states that the Committee reviewed and discussed with management the Company s Compensation Discussion and Analysis contained in this Proxy Statement.

Based upon the review and discussions referred to above, the Organizational Development & Compensation Committee recommended to the Board of Directors that the Company s Compensation Discussion and Analysis be included in this Proxy Statement.

This report is submitted on behalf of the members of the Organizational Development & Compensation Committee:

Thomas E. Clarke, Chair
Michael T. Cowhig
Elizabeth Cuthbert Millett
Gordon R. Sullivan
Raymond G. Viault

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis will explain the material elements of the compensation of the Company s named executive officers and describe the objectives and principles underlying the Company s executive compensation programs.

Executive Compensation Objectives

The Company s executive compensation objectives are to:

Motivate its executives to meet or exceed the Company s performance goals;

Reward individual performance and contributions;

Link the financial interests of executives and stockholders; and

Attract and retain the best possible executive talent.

The key elements of the Company s executive compensation program are salary, annual incentive compensation, long-term incentive compensation and retirement benefits. Explanation of each of these elements appears below under Key Elements of Executive Compensation.

The following discussion shows how the Company uses these compensation elements to meet the four objectives of its executive compensation program.

Motivate executives to meet or exceed Company performance goals. The Company motivates executives to meet or exceed Company goals by having a significant portion of their total compensation depend directly on achieving the Company s performance goals. The Company adjusts the performance goals as appropriate to reflect its current business objectives. For 2006, three elements of executive compensation were tied directly to Company performance goals.

The Company ties annual cash incentive compensation under its Management Cash Bonus Plan (the Bonus Plan) directly to performance against Company performance goals. For 2006, the Company based annual incentive payments to the named executive officers on the Company s performance against pre-established goals for Company Earnings Per Share, Cash Flow, Internal Sales Growth and Total Shareholder Return. In the case of the named executive officers who were Group Presidents (Messrs. Roberts, Jahnke and Marton), the annual incentive was based 50% on the Company s overall performance goals and 50% on their individual Group s Operating Income, Cash Flow and Internal Sales Growth for 2006. In the case of the other named executive officers (Messrs. Ketchum and Robinson), the annual incentive was based 100% on the overall Company performance goals.

The Company used the same performance goals that it used under the Bonus Plan to determine whether executives would earn Company common stock for the performance shares that were awarded to them in 2006.

The Company also used certain of these annual performance goals for 2006 under the Long-Term Incentive Plan (LTIP) to determine the number of shares of restricted stock it would award to executives in 2007. The performance goals under the LTIP were based 75% on the Company s 2006 Total Shareholder Return, as measured against the actual 2006 total shareholder return of the companies in its custom comparator group described below, and 25% on the Company s Cash Flow.

Reward individual performance and contributions. The Company s evaluation of the individual performance of each executive officer, together with the executive s contribution to Company performance, affects most aspects of an executive s compensation. Individual performance is an important factor in determining the executive s annual salary. The executive s salary, in turn, directly affects the amount of

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incentive compensation that the executive can earn for meeting or exceeding annual performance goals under the Bonus Plan. Annual salary, along with achievement of annual performance goals, also directly affected the number of shares of restricted stock that were granted to the executive under the LTIP for 2006. Individual performance was also an important factor in determining the number of stock options that were granted to executives in 2006.

Link the financial interests of executives and stockholders. The Company uses stock options and restricted stock to provide long-term incentive compensation and to link the financial interests of its executives with the financial interests of its stockholders. The Company s program for granting stock options and restricted stock contributes significantly to that linkage.

Stock options become exercisable over time, typically five years, and thus require a long-term commitment by executives to realize the appreciation potential of the options.

Restricted stock, which typically vests after a minimum of three years, requires a long-term commitment by executives to realize its value, which in turn depends on the stock price at the time of vesting. Thus, the executive is exposed to increases and decreases in stock price for at least three years.

The Company believes that its stock ownership guidelines supplement the Company s use of stock options and restricted stock as tools to link the financial interests of its executives and its stockholders. Under those guidelines, the Company expects executive officers to acquire and maintain ownership of Company stock with a value of at least twice their annual salaries, or three times in the case of the Chief Executive Officer.

Attract and retain the best possible executive talent. The Company believes that successfully recruiting and retaining talented executives requires the Company to pay compensation that is competitive. To do that, it needs information about compensation practices of its relevant competitors. For 2006, the Company selected a custom comparator group of companies that it believed represent both its principal competitors for executive talent and the appropriate companies against which to compare corporate performance. This custom comparator group consists of companies that participate in the various consumer and commercial products industries in which the Company competes.

The following 24 companies were in the Company s custom comparator group for 2006.

3M Company	Alberto-Culver Company	American Standard Companies Inc.
Avery Dennison Corporation	The Bic Group	The Black & Decker Corporation
The Clorox Company	Colgate-Palmolive Company	Cooper Industries, Ltd.
Danaher Corporation	Ecolab, Inc.	Energizer Holdings, Inc.
Fortune Brands, Inc.	Groupe SEB	Hasbro, Inc.
Helen of Troy Corporation	Illinois Tool Works Inc.	Johnson & Johnson
Kimberly-Clark Corporation	Masco Corporation	Mattel, Inc.
The Procter & Gamble Company	The Stanley Works	Tupperware Brands Corporation

In 2006, Helen of Troy Corporation, The Bic Group, Ecolab, Inc., Groupe SEB and Tupperware Brands Corporation were added to the Company s custom comparator group. In 2007, Hasbro, Inc. was removed from the custom comparator group as a result of the Company s exit from the toy industry with the sale of its Little Tikes business unit in November 2006, and Dorel Industries, a company engaged in the manufacture and sale of infant products, was added to the custom comparator group.

The Company periodically obtains surveys of the compensation practices of the custom comparator group companies and compares the Company s executive compensation with those of the comparator

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group. In 2006, the Company used compensation information about the custom comparator group as additional guidance for decisions regarding:

The portion of executive compensation that is current and the portion that is long-term;

The portion of current compensation that is salary and the portion that is performance-based incentive compensation;

The portion of total compensation that is equity and the portion that is cash; and

Levels of salary, annual bonus opportunities and long-term incentive opportunities.

Beginning in 2007, the Company will use compensation information compiled from a multiple industry index of 107 companies, whose compensation data is tracked by the Organizational Development and Compensation Committee s outside consultant, as guidance for the decisions listed above. This index includes companies both inside and outside of the consumer products industry in which the Company operates with annual revenues ranging from $3 billion to $12 billion. The Company chose to utilize the multiple industry index, instead of its custom comparator group, in order to provide a larger pool of data for a more statistically relevant comparison of compensation levels.

However, the Company will continue to use its custom comparator group for purposes of total shareholder return comparisons under the LTIP and Bonus Plan, as these companies still constitute the most relevant businesses against which the Company compares its corporate performance. The Company will also continue to use the custom comparator group for general guidance regarding plan design and compensation philosophy and practice.

Various elements of the executive compensation program encourage executives to remain with the Company. The annual incentives that can be earned under the Bonus Plan, performance share awards and the LTIP generally require continued employment for at least the full current year. Restricted stock awards typically do not vest for three years, and stock option grants typically vest over a five-year period. In addition, the vesting provisions of the Company s retirement plans require long-term commitment to the Company.

Key Elements of Executive Compensation

The key elements of the Company s executive compensation program are:

Salary;

Annual incentive compensation;

Long-term incentive compensation using stock option and restricted stock awards; and

Retirement benefits.

The Company believes that each key element complements the others and that together they achieve the Company s principal compensation objectives. When the Company makes decisions about compensation for an executive officer, it considers the impact on the total value of all these elements of compensation for the individual. To facilitate this approach, the Organizational Development & Compensation Committee annually reviews a summary report, or tally sheet, which identifies each element of the compensation paid to its executive officers and its dollar value.

The Summary Compensation Table shows the compensation of each named executive officer for the fiscal year ended December 31, 2006. The Total Compensation amount shown on the Summary Compensation Table differs in a number of ways from what the Company views as relevant to its decisions about executive compensation.

While the Company believes that retirement benefits constitute a key component of the competitive compensation package offered to executives, and carefully considers the design and cost of these programs and the benefits they provide, it does not view the year-to-year change in the amount of accrued retirement benefits as a meaningful measure of annual executive compensation because the increase in any year is so strongly influenced by the age and years of service of the individual executive.

The amounts reported for restricted stock and stock option awards in the Summary Compensation Table consist of the amount recognized by the Company as compensation cost in 2006 under Statement of Financial Accounting Standards No. 123 (Revised 2004), Share-Based Payment (FAS 123(R)), in respect of these equity awards to each named executive officer. The Company does not view this amount as a meaningful measure of annual executive compensation, because the compensation cost includes amounts attributable to equity grants made in prior years and thus varies significantly based on the length of an individual s tenure with the Company. The Company also values stock options and restricted stock under methodologies developed by the Organizational Development & Compensation Committee s compensation consultant rather than FAS 123(R), as described below under Long-Term Incentive Compensation.

The Company does not view as compensation Mr. Ketchum s living expenses in Atlanta, Georgia or his use of Company aircraft for commuting purposes while he served as interim chief executive officer and pending his relocation, nor does it view the reimbursement of expenses associated with his relocation as compensation.

For Company executives, including the named executive officers, as a group, the Company views salaries at or near the 50th percentile of the applicable comparator group, aggregate target annual incentive opportunities at or near the 65th percentile of the comparator group and aggregate long-term incentive opportunities at or near the 50th percentile of the comparator group as an indication of the competitive annual compensation level for its executives. In the case of individual named executive officers, compensation varies from those levels. The differences reflect individual performance and other factors, including the breadth of the executive s responsibility, the circumstances surrounding the executive s initial hiring and the desire to promote executive retention in a competitive market place. The Company pegs annual incentive opportunities at a level higher than the 50th percentile in order to provide a more attractive benefit that rewards and incentivizes annual performance.

Finally, the Company s retirement plans provide competitive benefits and assist in attracting and retaining key executives. The extended vesting requirements, in particular, encourage executives to stay until retirement.

Salary

The Company pays its executives a fixed, annual salary. Salaries provide a degree of financial stability for the executives, with salary increases designed to reward recent performance and contributions. The Company reviews and may revise salaries for executives in the early part of each year. The Company uses the following principal factors to make salary decisions:

The executive s current salary;

An evaluation of the individual performance of the executive officer. Individual performance criteria include operating and financial performance of the Company, Group or function for which the executive is responsible, success in achieving his individual business objectives and other personal criteria, including leadership, communication, teamwork, decision making, commitment to excellence and work ethic;

The recommendation of the Chief Executive Officer, in the case of other executive officers; and

Survey data available regarding salaries provided to persons holding comparable positions at the companies in the custom comparator group or, beginning in 2007, the multiple industry index used by the Company. Not all of the custom comparator group or multiple industry index companies have positions comparable to all

Company positions nor is information available as to the compensation paid to all persons in those positions. The Company uses the 50th percentile as an

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indication of competitive salary for an executive s position; however, salaries of individual named executive officers may be above or below those levels, reflecting individual performance and other relevant factors.

The relative importance of each of these factors varies from executive to executive and from year to year. Nevertheless, the evaluation of individual performance, including in the case of other executive officers, the Chief Executive Officer s evaluation of that performance, is always a critical factor.

The Salary column of the Summary Compensation Table shows the salaries paid in 2006 to each named executive officer. The Company paid Mark Ketchum an annualized base salary of $1,200,000 for his service as Chief Executive Officer in 2006, as was agreed in his February 2006 compensation arrangement. The Company did not increase the base salary in 2006 for any named executive officer (other than Mr. Ketchum, who was newly hired). The Company did make a one-time lump sum payment to Mr. Marton in lieu of a salary increase. This payment appears in the Bonus column of the Summary Compensation Table and was treated as base salary for purposes of the Bonus Plan and performance share award.

Annual Incentive Compensation

The annual incentive program is designed to reward performance that supports the Company s short-term performance goals. The Company provides annual performance-based compensation to the named executive officers and other executives under its Bonus Plan. Within the first 90 days of each year, the Company sets goals for the year under the Bonus Plan, based on its short-term performance goals. The Company pays a cash bonus, measured as a percentage of the executive s salary, based on the extent to which the Company achieves each of the performance goals. If a performance goal is met at the target level, the Company pays the target bonus for that goal. Performance above the target for a goal results in payment of a higher percentage of salary. Performance below the target results in a lower bonus payment for that goal if a minimum threshold is met, or no payment if it is not.

For 2006, the performance goals for cash bonus payments to the named executive officers were based on the Company s Earnings Per Share, Cash Flow, Internal Sales Growth and Total Shareholder Return (as measured against the actual total shareholder return in 2006 of the companies in the custom comparator group). In the case of those named executive officers who are Group Presidents (Messrs. Roberts, Jahnke and Marton), the goals were based 50% on those overall Company performance goals and 50% on their individual Group s Operating Income, Cash Flow and Internal Sales Growth. In the case of each of the other named executive officers (Messrs. Ketchum and Robinson), the goals were based 100% on overall Company performance measures.

The range of goals spreads incentive across various categories to help ensure that no particular performance category receives excessive focus at the expense of others. For 2006, the Company added the Company and Group Internal Sales Growth goals to emphasize the importance of increasing its internal sales, which had been declining in recent years prior to 2006. The Total Shareholder Return goal was also added in 2006 to align further the interests of executives with those of Company stockholders. The 50-50 split for Group Presidents rewards performance of the President s Group while aligning their interests with the success of the overall Company. The relative weight assigned under the Bonus Plan to each performance goal for 2006 for each named executive officer appears in the table below. In 2007, the same goals and relative percentages will apply to the named executive officers under the Bonus Plan.

2006 Bonus Plan: Relative Percentage Assigned to Each Performance Goal

Performance Measures	Mark D. Ketchum	James J. Roberts	J. Patrick Robinson	Timothy J. Jahnke	Steven G. Marton
Earnings Per Share	50%	25%	50%	25%	25%
Internal Sales Growth	20%	10%	20%	10%	10%
Cash Flow	15%	7.5%	15%	7.5%	7.5%
Total Shareholder Return	15%	7.5%	15%	7.5%	7.5%
Group Operating Income		25%		25%	25%
Group Cash Flow		12.5%		12.5%	12.5%
Group Internal Sales Growth		12.5%		12.5%	12.5%

For purposes of measuring attainment of the performance goals in 2006:

The Total Shareholder Return goal is the stock price increase plus dividends paid during the year divided by the stock price at the beginning of the year.

The Earnings Per Share goal excludes the effect of impairment and restructuring charges.

The Group Operating Income goal includes foreign exchange gains and losses and excludes foreign tax adjustments and franchise taxes and the effect of minority ownership interests.

The Cash Flow goal is operating cash flow less capital expenditures and dividends.

The Group Cash Flow goal is cash flow derived from Group operating income after an applied tax rate, less cash expenditures associated with purchase accounting reserves and restructuring, less Group capital expenditures.

The Internal Sales Growth and Group Internal Sales Growth goals exclude the impact of material acquisitions and divestitures, such as the Company s acquisition of DYMO in 2005.

Group level performance goals include the effect of businesses classified as discontinued operations for the portion of the year during which they were owned by the Company. However, upon the divestiture of a business unit, Group level performance targets are restated to exclude budgeted results for the business unit to the extent allocated to the period following the divestiture.

Under the Bonus Plan, the Organizational Development & Compensation Committee determines the performance goals for the named executive officers, and bonus payments are made only on the Committee s determination that the performance goals for the year were achieved. When the performance goals for 2006 were established, the Company viewed the target goals, with a few exceptions, as likely to be met if the Company performed in accordance with annual budgets. The exceptions were (1) the Internal Sales Growth and Group Internal Sales Growth goals, where targets exceeded budgets in order to maximize incentives for increased sales growth, and (2) the Total Shareholder Return goal, which was unpredictable because it depended in large part on the performance of the other companies in the comparator group and other external factors. The corporate target goals used under the Bonus Plan for 2006 are set forth below:

2006 Bonus Plan: Corporate Performance Targets

Performance Goal	Target
Earnings Per Share	$1.60
Internal Sales Growth	+1%
Cash Flow	$200 million
Total Shareholder Return	12th in Custom Comparator Group

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Attainment of the target indicated above in respect of each of these measures would have resulted in a bonus payout equal to 100% of the target cash bonus. The maximum payout in respect of each measure was equal to 200% of the target cash bonus. The Bonus Plan does not provide for discretion to waive pre-established goals, and discretion was not, in fact, exercised to waive the goals, for any of the named executive officers for 2006.

In 2006, the Company exceeded its targets in respect of Earnings Per Share, Internal Sales Growth and Cash Flow by considerable margins, attaining maximum payout levels for each of these measures. In addition, the Company generated a Total Shareholder Return of 25.27% in 2006, ranking ninth out of the 25 companies (including the Company) in the custom comparator group. For 2006, the amount of the bonus paid to each named executive officer appears in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Bonus payouts for 2006 to the named executive officers, other than the Chief Executive Officer, ranged from 131.2% to 194.6% of target opportunities, which was 65% of base salary. The Company paid Mr. Ketchum a bonus for 2006 of $2,337,662, or 189.1% of target bonus opportunity, which was 105% of his base salary. Additional information appears in the Estimated Possible Payouts Under Non-Equity Incentive Plan Awards columns of the Grants of Plan-Based Awards table.

As shown in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table, the cash bonus paid to the named executive officers (other than the Chief Executive Officer) for 2006 ranged from 85.3% to 126.5% of their salaries for the year. Differences in the relative performance against goals for the Groups account for the differing actual payout percentages shown for the Group Presidents. For the Chief Executive Officer, the cash bonus was approximately 198.6% of salary for the year.

The Company s annual incentive compensation program for 2006 also included both restricted stock awards under the LTIP and performance share awards. As described under Amendments to Bonus Plan and Transition Awards and Long-Term Incentive Compensation, they provide benefits based on 2006 performance goals.

Amendments to Bonus Plan and Transition Awards

For 2006, the Company reduced the percentages of salary paid to United States employees, including each named executive officer, under the Bonus Plan for meeting performance goals at the target level. At the same time, in order to create stronger incentives for the attainment of performance levels substantially above targets, the Company increased the maximum percentages of salary if actual performance substantially exceeded the target. The reductions in target incentive resulted from a decision to decrease the short-term, cash component of targeted executive compensation while increasing the long-term, equity element using restricted stock awards under the LTIP.

The changes in percentages of salary paid under the Bonus Plan for performance at the target level and in the maximum percentages of salary, for both the Chief Executive Officer and other named executive officers, for 2006 and 2007 compared to 2005 are shown below:

	Bonus as a Percentage of Salary					
	Minimum	**Target**	**Maximum**	**Minimum**	**Target**	**Maximum**
	2006/2007			**2005**		
Named Executive Officers (other than Chief Executive Officer)	0%	65%	130%	0%	100.5%	120.6%
Chief Executive Officer	0%	105%	210%	0%	134%	150%

Restricted stock awards were made in 2005 and 2006 under the LTIP in connection with the reduction of the target bonus opportunity. Such awards vest in 2008 and 2009, respectively. Due to this three-year vesting cycle of restricted stock, participating executives experienced a short-term reduction in available target compensation upon the implementation of the changes described above. The Company made performance share awards under the 2003 Stock Plan to certain executives, including the named executive officers (other than the Chief Executive Officer) in 2006 in order to compensate those individuals for this temporary reduction of available target compensation. The Company recognized, however, that if performance exceeded target goals by a sufficient amount, the performance share awards, along with payments under the Bonus Plan, would increase total annual compensation of participating executive officers for 2006.

Those performance share awards provided the named executive officers (other than Mr. Ketchum) the right to receive unrestricted common stock in 2007 based on the extent to which the Company achieved 2006 performance goals under the Bonus Plan. Because those goals were met at or above target levels, each of those individuals received shares having a market value on their date of issue in 2007 equal to 35.5% of the individual s base salary during 2006, which reflects the reduction in the individual s target cash bonus (as a percentage of salary) from 2005 to 2006.

In November 2005, in connection with Mr. Ketchum s service as interim President and Chief Executive Officer, the Company agreed to award him a performance share award in 2006 under the 2003 Stock Plan. That award entitled him to receive up to 50,000 shares of unrestricted stock of the Company in 2007. The award was based equally on attainment of the performance goals for 2006 under the Bonus Plan, which were met as described above, and on attainment of individual performance criteria established by the Board of Directors for 2006. The individual criteria related to Mr. Ketchum s performance in areas such as advancement of the Company s marketing and new product development efforts, successful implementation of its restructuring program, reduction of supply chain costs and other productivity initiatives, streamlining of non-strategic selling, general and administrative expenses, and other corporate initiatives. The Board determined in 2007 that it was satisfied with Mr. Ketchum s performance on these criteria and did not exercise its discretion to reduce the number of shares of Company stock. The value of this performance share award to Mr. Ketchum is reflected in the Stock Awards column of the Summary Compensation Table.

The value of performance share awards made in 2006 to the named executive officers is reflected in the Stock Awards column of the Summary Compensation Table. The Company does not expect to make awards of performance shares to any named executive officer in 2007.

Long-Term Incentive Compensation

Long-term incentive awards motivate executives to increase stockholder value over the long term and align the interests of executives with those of stockholders. The Company provides long-term incentive compensation to the named executive officers and other executives primarily with annual awards of stock options and shares of restricted Company stock. The stock options and restricted stock are awarded under the Company s 2003 Stock Plan. The 2003 Stock Plan also permits the Company to award restricted stock units, stock appreciation rights, performance shares, and performance units, as well as other equity awards. The Company considers the 50th percentile of its applicable comparator group to be an indication of the competitive long-term incentive compensation level for executives.

In 2006, the Company awarded stock options with a value of approximately 35% of the total value of long-term incentive compensation awarded to the named executive officers and restricted stock with a value of approximately 65% of the total value of long-term incentive compensation awarded to the named executive officers. For this purpose, the Company uses the valuation methodology developed by the Organizational Development & Compensation Committee s compensation consultant rather than the FAS 123(R) valuation. This methodology values stock-denominated awards for purposes of assessing compensation levels at one company in relation to those delivered at another, and seeks to compute the dollar equivalence of different award types.

The model used by the Company in valuing options for this purpose constitutes a modified Black-Scholes approach that recognizes option-specific terms, vesting schedules, forfeiture provisions and strike prices, as well as the particular characteristics of the stock underlying the option, such as volatility and dividend yield. The formula assumes that the option life equals the option term (ten years in the case of the Company), and ignores exercise patterns, based on the belief that early exercises reflect individual

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decisions not relating to the inherent value of the equity opportunity. The formula for options also assumes that future share price volatility equates to the daily change in share price over the 36 months preceding the option grant date. In the case of restricted stock, this methodology applies a discount of roughly 10-11% to the market price of a share on the grant date to reflect the risk of forfeiture, as opposed to the common accounting convention that reflects an undiscounted share value. This approach is consistent with the methodology used by the consultant in valuing the long-term incentive opportunities provided by other entities within the custom comparator group and the multiple industry index used by the Company, providing for comparability of award values.

Stock Options

In 2006, the Company made specific grants of stock options to the named executive officers (other than Mr. Ketchum) based on a management recommendation that was prepared using a table for the number of options for particular compensation levels, as well as an evaluation of the executive s performance and expected future contribution to the Company. The table was prepared by the Company by reviewing market data (provided by outside compensation consultants) for comparable positions at other companies and has been used by the Organizational Development & Compensation Committee for many years to determine stock option grants to key employees.

Options granted under the 2003 Stock Plan have an exercise price equal to the closing sale price of the common stock on the date of grant, have a maximum term of ten years, and, unless otherwise determined by the Company, become exercisable in annual cumulative installments of 20% of the number of options granted over a five-year period. All options granted in 2006 to named executive officers were subject to this five-year vesting schedule. In addition to the annual grants, the Company will from time to time grant stock options to executive officers in circumstances such as a promotion, a new hire or for retention purposes.

In accordance with the terms of his employment, Mr. Ketchum received a grant of options to purchase 200,000 shares of common stock in 2006. Mr. Ketchum s options have an exercise price of $23.62, which was the closing stock price on the grant date.

The Option Awards column of the Summary Compensation Table shows the dollar amount recognized for financial statement reporting purposes in 2006 in accordance with FAS 123(R) (but disregarding adjustments for estimated forfeitures) in respect of stock option grants to the named executive officers, and thus includes amounts attributable to awards made in both 2006 and prior years. The total FAS 123(R) grant date fair value of stock options awarded to each of the named executive officers in 2006 appears in the Grant Date Fair Value of Stock and Option Awards column of the Grants of Plan Based Awards table below.

The Company currently grants only non-qualified stock options, based on its view that the tax benefits to the Company of non-qualified stock options outweigh the potential tax benefits to executives of incentive stock options. Prior to 2006, the Company granted both incentive and non-qualified stock options.

Restricted Stock

The Company uses the LTIP to determine the number of shares of restricted stock to award to executives on an annual basis under the 2003 Stock Plan. Under the LTIP, the fair market value of the shares awarded equals a percentage of the executive s salary, with the percentage determined by the level of attainment of the performance goals established for the immediately preceding year. The target, and maximum, value of restricted stock awarded to named executive officers under the LTIP is 100% of salary or, for the grant made to the Chief Executive Officer in 2007 (based on 2006 performance), 200% of salary.

Each year the Company sets LTIP performance goals based on the Company s Total Shareholder Return in comparison with the actual Total Shareholder Return of the comparator group companies for the year and the extent to which the Company achieved a Cash Flow goal. The Cash Flow goal for 2005 and

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2006 consisted of cash flow provided by operating activities less capital expenditures and dividends. For 2005, each goal was weighted equally, and target payouts would occur in respect of these goals upon the attainment of a Total Shareholder Return within the top four of the custom comparator group (which consisted of 20 companies, including the Company, in 2005) and Cash Flow at or above 110% of the Cash Flow target under the Bonus Plan. For 2006, the Total Shareholder Return goal was 75% of the total performance goals and Cash Flow was 25%, and target payouts would occur in respect of these goals upon the attainment of a Total Shareholder Return within the top five of the custom comparator group and Cash Flow at or above 110% of the Cash Flow target under the Bonus Plan.

The restricted stock awarded to each named executive officer, other than the Chief Executive Officer, in 2006 under the LTIP, based on performance in 2005, represented 87.5% of target, and maximum, opportunities. The Chief Executive Officer did not receive an award of restricted shares pursuant to the LTIP in 2006, in accordance with the terms of his compensation arrangement. The Stock Awards column of the Summary Compensation Table shows the dollar amount recognized for financial statement reporting purposes in 2006 in accordance with FAS 123(R) (but disregarding adjustments for estimated forfeitures) in respect of restricted stock awards to the named executive officers, and thus includes amounts attributable to awards in both 2006 and prior years. The total FAS 123(R) grant date fair value of restricted stock awarded to each of the named executive officers in 2006 appears in the Grant Date Fair Value of Stock and Option Awards column of the Grants of Plan-Based Awards table below.

The Company s performance in 2006 resulted in restricted stock awards in February 2007 equal to 81.3%, or 162.6% in the case of the Chief Executive Officer, of executive officer salaries in 2007. The grants of restricted stock to each of the named executive officers in 2007 under the LTIP represented 81.3% of target and maximum opportunities. The awards of restricted stock made in 2007 are described in the footnotes to the Stock Awards column of the Summary Compensation Table.

The Organizational Development & Compensation Committee determines the extent to which the LTIP performance goals have been achieved. The Committee also has discretion to reduce any amount of restricted stock to be awarded under the LTIP. That discretion was not exercised in 2006. In addition to grants under the LTIP, the Company will from time to time make awards of restricted stock to executive officers in circumstances such as a promotion, a new hire or for retention purposes.

In February 2006, the Company awarded Mr. Ketchum 50,000 shares of restricted stock on a one-time basis under the terms of his employment as Chief Executive Officer. The one-year vesting period of the award was contingent on stockholder approval of the amendment and restatement of the 2003 Stock Plan, which would permit a vesting period for restricted stock shorter than three years. Because that approval was received, the shares vested in February 2007, one year after the date of grant. The Company used the one-year vesting to provide Mr. Ketchum with an immediate equity stake in the Company.

All shares of restricted stock granted to the named executive officers in 2006 and February 2007 are subject to a risk of forfeiture and restrictions on transfer which lapse three years after the date of award only if the executive remains employed by the Company, except for Mr. Ketchum s award in 2006, which was subject to a one-year vesting period.

Grant Policies and Practices

The Company s practice has been to make annual grants of stock options, restricted stock and performance shares and other incentive compensation to named executive officers at the time of regularly scheduled meetings of the Board of Directors or its Organizational Development & Compensation Committee in February of each year. Those meetings typically occur within a few weeks after the Company has announced its financial results for the recently completed fiscal year. On occasion, the Company makes additional grants to named executive officers, typically in connection with their hiring or promotion or for retention purposes. On those occasions, the grants have been made whenever the

Board, the Committee or a designated subcommittee can act. In November 2006, the Company determined that, going forward, all stock option, restricted stock award and other equity based grants will be made only at

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quarterly meetings of the Committee or the Board of Directors, which closely follow release of the Company s quarterly or annual financial results.

Stock Ownership Guidelines

In 2005 the Company adopted stock ownership guidelines that apply to the Chief Executive Officer, all management employees who report directly to the Chief Executive Officer (including the named executive officers and all Group Presidents) and all non-employee Directors. Under the guidelines, the Company expects the Chief Executive Officer to maintain ownership of Company stock having a market value equal to three times his annual salary. The Company expects other executives to maintain ownership of Company stock having a value of twice their annual salaries, and expects non-employee Directors, including the Chairman of the Board, to maintain ownership of Company stock having a value of twice the annual cash retainer paid to Directors generally. All shares held directly or beneficially, including shares of restricted stock and shares held under the Company s 401(k) Savings Plan, count toward attainment of these targets. Unexercised stock options are not counted. Each participant has three years to achieve the applicable ownership target. If a participant is promoted, the executive will have three years to increase his or her holdings to meet the ownership requirements at the new level. The Company can enforce the guidelines using restrictions on the sale of Company stock when stock ownership is below the target ownership level and by paying certain compensation in the form of stock rather than cash.

All Other Compensation

The Company provides its executive officers other benefits as part of its executive compensation program which it believes are in line with competitive practices. See the All Other Compensation column of the Summary Compensation Table and the related footnotes and narrative discussion. Those benefits include:

- personal use of a leased automobile worth up to $80,000 in the case of the Chief Executive Officer, or $60,000, in the case of each of the other named executive officers;
- personal use of Company aircraft;
- tax planning and tax return preparation services;
- Company contributions to the executive s account under the 2002 Deferred Compensation Plan;
- Company contributions to the 401(k) Savings Plan, including Company contributions that match employee deferrals consistent with the Internal Revenue Code and retirement savings contributions described below under the caption Retirement Plans Pension Plans;
- payment of life and long-term disability insurance premiums;
- annual health examinations required by the Company; and
- assistance upon a new hire or transfer necessitating relocation, which includes reimbursement of various relocation expenses, a relocation allowance, a bonus for an early sale of the executive s home, and tax assistance on certain taxable reimbursed expenses.

While the Company maintains corporate aircraft primarily for business travel, the Company believes that it is in the best interest of the Company from a productivity, safety and security concern that the Chief Executive Officer be permitted to use the aircraft for personal travel. The Company also permits limited use of corporate aircraft by other named executive officers for personal travel. In addition, for the period while Mr. Ketchum served as interim chief executive officer and pending his relocation, the Company paid for his living expenses in Atlanta, Georgia, and provided him with the use of Company aircraft for commuting purposes. In 2006, Mr. Ketchum moved his principal residence to Atlanta, and the Company reimbursed his relocation expenses and paid a moving allowance and early home sale bonus based on its relocation program for executives described above.

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Retirement Compensation

The Company provides its eligible executives with retirement benefits that are in addition to those provided to its employees generally in order to provide competitive benefits and assist in attracting and retaining key executives. These retirement benefits are provided using a combination of the Company s Supplemental Executive Retirement Plan (SERP) and 2002 Deferred Compensation Plan. A more detailed discussion of these retirement benefits appears under Retirement Plans, below.

The named executive officers can accrue retirement benefits that, if paid as an annuity at age 65, would provide an annual benefit equal to a percentage of their average salary and bonus (effective for bonuses earned in 2006 and subsequent years, based on bonus payout percentages in effect for 2005, rather than actual payouts) during the five consecutive years of employment in which it was highest, offset by benefits under the Company s Pension Plan and Social Security. The maximum benefit payable to a named executive officer who had a title of President or above on December 31, 2003 (namely, Mr. Roberts, Mr. Robinson and Mr. Jahnke) is equal to 67% of his average annual salary and bonus for the five consecutive years in which it was highest. The maximum benefit payable to a named executive officer who is hired with or promoted to a title of President or above after 2003 (namely, Mr. Ketchum and Mr. Marton) is 50% of his average annual salary and bonus for the five consecutive years in which it was highest. The benefit is reduced pro rata if the executive s credited service is less than 25 years or if the executive retires and begins receiving payments before age 65.

This annuity benefit (after the offsets described above) is reduced by the annuity value of the executive s cash account under the 2002 Deferred Compensation Plan, which is paid out following termination of employment. Each named executive officer s cash account consists of the present value, if any, of his SERP benefit accrued as of December 31, 2003, annual Company contributions beginning in 2004 generally ranging from 3% to 6% of compensation, depending on age and years of service, and earnings on the cash account. However, for Messrs. Ketchum and Marton, the contribution only takes into account compensation that is in excess of the IRS limit, which was $220,000 for 2006. If the value of the cash account, as converted to an annuity, is less than the SERP annuity portion, the difference is paid from the SERP. If the value of the cash account, as converted to an annuity, is more than the SERP annuity portion, no benefit is paid from the SERP. In any event, the executive is entitled to the cash account, to the extent vested, following his termination of employment.

Each named executive officer must satisfy various vesting requirements before becoming entitled to these retirement benefits. He becomes entitled to the portion of benefits paid under the SERP if his employment terminates on or after age 60 or he is involuntarily terminated after 15 years of credited service, and he becomes entitled to the portion paid under the 2002 Deferred Compensation Plan if his employment terminates at or after age 60, or to a percentage thereof vesting over a 10-year period beginning at six years of credited service. The named executive officer s beneficiary becomes entitled to the retirement benefits if the named executive officer dies during employment before completing these vesting requirements. These extended vesting periods encourage executives to remain with the Company.

Under the terms of his employment as Chief Executive Officer, Mr. Ketchum is entitled to receive three years of credited service under the SERP and for purposes of the SERP cash account for each year of his first five years of service, and then one year of credited service for each subsequent year of service. The additional years of service credited to Mr. Ketchum will be forfeited if his employment terminates prior to completing five years of service with the Company.

The aggregate change during 2006 in the actuarial present value of each named executive officer s accumulated retirement benefit under the SERP and the Pension Plan is reflected in the column Change in Pension Value and Nonqualified Deferred Compensation Earnings in the Summary Compensation Table. The actuarial present value of each named executive officer s accumulated retirement benefit under the SERP and the Pension Plan and the number of years of his credited service appear in the Pension Benefits table.

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In 2006, in order to offer retirement benefits that are more competitive with those of other employers and to reduce the future costs of those benefits, the Company amended the SERP to provide that no employee may commence or recommence participation in the SERP on or after January 1, 2007. In order to make up for this lost benefit, the Company also amended the formula for determining Company contributions to the cash accounts of certain senior level executives under the 2002 Deferred Compensation Plan in order to provide for additional annual contributions equal to 10% of compensation for those individuals who commence participation on or after January 1, 2007 and thus will not participate in the SERP. These additional contributions do not apply to any of the named executive officers, all of whom continue to participate in the SERP.

Deductibility of Compensation

Section 162(m) of the Internal Revenue Code limits the deductibility of executive compensation paid to the chief executive officer and to each of the four other most highly compensated officers of a public company to $1 million per year. However, compensation that is considered qualified performance-based compensation generally does not count toward the $1 million deduction limit. Annual salary does not qualify as performance-based compensation under Section 162(m) due to its nature. Amounts paid under the Bonus Plan, stock options, restricted stock awards granted pursuant to LTIP and performance share awards based on corporate performance criteria that are granted under the 2003 Stock Plan generally qualify as fully deductible performance-based compensation. Restricted stock awards made outside of the LTIP, such as the 50,000 shares of restricted stock awarded to Mr. Ketchum, as well as performance share awards that are based on individual or subjective criteria, such as a portion of the 2006 award of performance shares to Mr. Ketchum based on the Board s evaluation of his performance, generally are not considered performance-based. Accordingly, they are not likely to be fully deductible by the Company when the restrictions lapse and the shares are taxed as income to an executive officer while he or she is subject to Section 162(m). However, the Company believes that most of the compensation paid to the named executive officers for 2006 will be deductible for federal income tax purposes.

The Company considers the tax deductibility of executive compensation as one factor to be considered in the context of its overall compensation philosophy and objectives. However, the Company will not necessarily limit executive compensation to amounts deductible under Section 162(m), since the Company desires to maintain the flexibility to structure compensation programs that attract and retain the best possible executive talent and meet the objectives of the Company s executive compensation program.

Employment Agreements

The Company does not have employment agreements with its executive officers. In connection with hiring an executive officer, the Company does make written compensation offers and arrangements. It also has Employment Security Agreements, described below, with its executive officers, which apply only if there is a change in control of the Company. Executive officers may also receive post-employment benefits under the severance plan described below, with the exact amount dependent on the Company s discretion. The Company believes that the absence of employment agreements gives the Company more flexibility to make changes that it concludes are appropriate.

In November 2005, the Company made compensation arrangements for Mr. Ketchum s service as Chief Executive Officer on an interim basis. When the Company chose Mr. Ketchum as its Chief Executive Officer in February 2006, it entered into a compensation arrangement with him. The arrangements are summarized under Summary Compensation Table and Potential Payments Upon Termination or Change in Control of the Company.

Employment Security Agreements

The Company has Employment Security Agreements with each of its named executive officers as well as with other executives and key employees. Both a change in control of the Company and a subsequent termination of the executive s employment must occur for payment of the compensation and benefits

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under those Agreements, which are described in detail under the caption Potential Payments Upon Termination or Change in Control of the Company Employment Security Agreements below. The following types of terminations of employment would trigger the compensation and benefits under the agreements:

an involuntary termination of the executive s employment by the Company without good cause that occurs within 24 months after a change in control of the Company,

a voluntary termination of employment by the executive for good reason, such as demotion of the executive, that occurs within 24 months after a change in control of the Company, or

a voluntary termination of employment by the executive for any reason in the 13th month following a change in control.

The Company believes that the protections afforded by the Employment Security Agreements are a valuable incentive for attracting and retaining top managers. It believes that the Agreements are particularly important because the Company does not have employment agreements or long-term arrangements with its executives. The Company also believes that, in the event of an extraordinary corporate transaction, the agreements could prove crucial to the Company s ability to retain top management through the transaction process. Also, the Agreements include covenants that prohibit the executives from competing and from soliciting Company employees for 24 months following a termination of employment.

Severance Plan

The Company has severance plans that provide benefits to non-union employees who are involuntarily terminated without cause due to a layoff, reduction in force, reorganization or similar reason. For named executive officers following a qualifying termination of employment, the plans provide (1) continued salary for a period, in the Company s sole discretion, of 52 to 104 weeks (reduced by 50% once the executive is re-employed), and (2) continued health coverage, with the executive paying active employee rates for the duration of the severance period. Severance benefits are not paid if the executive officer (a) receives severance pursuant to an Employment Security Agreement or another agreement or (b) declines an offer to remain with the Company unless the offer requires him to relocate more than 50 miles, involves more than a 15% reduction in total cash compensation opportunities, or is not for a comparable position. Benefits under the severance plans are contingent on the executive s release of claims against the Company. The Company believes that appropriate severance benefits are essential to attracting and retaining talented executives.

Processes and Procedures for the Consideration and Determination of Executive Officer Compensation

The Organizational Development & Compensation Committee determines and makes recommendations to the Board of Directors concerning the compensation of the Company s executive officers, including the named executive officers, and non-employee directors. The Committee reviews and recommends to the Board of Directors:

base salary amounts for the Chief Executive Officer and his direct reports,

annual incentive programs and payout of such plans for the Chief Executive Officer and key executives,

long-term equity incentive compensation, using individual stock option and restricted stock awards, as well as all policies related to the issuance of options and restricted stock within the Company, including to directors,

annual performance goals for the Company under the Bonus Plan and the LTIP, and amounts of the annual retainers and other fees for the Company s non-employee directors.

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The full Board of Directors reviews and approves all decisions of the Committee relating to compensation of the Company s executive officers and directors. Only independent members of the Board of Directors participate with respect to decisions relating to compensation of the Chief Executive Officer.

The Chief Executive Officer recommends to the Committee, in the case of other executive officers, base salary amounts, stock option and restricted stock awards and annual performance goals for the Company under the Bonus Plan and the LTIP. The Chief Executive Officer acts on advice of the members of his management team in recommending to the Committee, in the case of other executive officers, elements of their executive compensation. In particular, the Chief Executive Officer works with the Vice President-Human Resources regarding recommendations on base salary amounts, stock option and restricted stock awards and with the Chief Financial Officer in connection with recommendations on annual performance goals for the Company under the Bonus Plan and the LTIP.

The Committee has directly engaged Hewitt Associates, LLC as the Committee s outside consultant to assist it in reviewing the effectiveness and competitiveness of the Company s executive compensation and outside director programs and policies, including to:

- make recommendations regarding executive compensation consistent with the Company s business needs, pay philosophy, market trends, and the latest legal and regulatory considerations,
- provide market data as background to annual decisions regarding Chief Executive Officer and senior executive base salary, annual bonus, and long-term incentives, and
- advise the Committee regarding executive compensation best practices.

Hewitt Associates, LLC also provides pension administration, human resources consulting and executive compensation consulting services directly to the Company.

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2006 Summary Compensation Table

This table shows the compensation of the Company s Chief Executive Officer, Chief Financial Officer and each of the other executive officers named in this section for the year ended December 31, 2006.

nd Principal n	Year	Salary ($)	Bonus ($)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)	To ($
. Ketchum, nt and Chief ve Officer(1)	2006	$ 1,177,308		$ 2,333,269	$ 361,071	$ 2,337,662	$ 393,302	$ 975,289	$ 7,5
k Robinson, esident Chief l Officer	2006	$ 515,000		$ 597,375	$ 276,885	$ 633,038	$ 85,607	$ 182,688	$ 2,2
Roberts, resident and perating	2006	$ 725,000		$ 815,546	$ 477,708	$ 790,540	$ 108,777	$ 106,064	$ 3,0
J. Jahnke, resident	2006	$ 465,000		$ 565,866	$ 220,586	$ 588,039	$ 208,136	$ 119,478	$ 2,1
G. Marton, resident	2006	$ 525,000	$ 21,000	$ 599,132	$ 132,838	$ 465,847		$ 96,506	$ 1,8

(1) *Mr. Ketchum.* Appointed President and Chief Executive Officer of the Company effective February 13, 2006. Served as interim President and Chief Executive Officer of the Company from October 16, 2005 to February 13, 2006.

(2) *Stock Awards.* The amounts in this column represent the Company s expense for the year ended December 31, 2006 with respect to all outstanding restricted stock and performance share awards held by each named executive officer, disregarding any adjustments for estimated forfeitures, and thus include amounts attributable to stock awards made in both 2006 and prior years. See Footnote 15 to the Consolidated Financial Statements contained in the Company s Annual Report on Form 10-K for the year ended December 31, 2006 for an explanation of the assumptions made by the Company in the valuation of these awards.

(3) *Option Awards.* The amounts in this column represent the Company s expense for the year ended December 31, 2006 with respect to all outstanding stock options held by each named executive officer, disregarding any adjustments for estimated forfeitures, and thus include amounts attributable to option awards made in both 2006 and prior years. See Footnote 15 to the Consolidated Financial Statements contained in the Company s Annual Report on Form 10-K for the year ended December 31, 2006 for an explanation of the assumptions made by the Company in the valuation of these awards.

(4) *Change in Pension Value and Nonqualified Deferred Compensation Earnings.* The amounts in this column consist of the following:

for each named executive officer other than Mr. Jahnke, the increase from September 30, 2005 to September 30, 2006 (the measurement date used for reporting purposes in the Company s December 31, 2006 Form 10-K) in the present value of accumulated benefits under the SERP and the Pension Plan, in each case determined using assumptions consistent with those used for reporting purposes in the Company s December 31, 2006 Form 10-K; and

for Mr. Jahnke, the sum of such increase in the present value of accumulated benefits under the SERP and the Pension Plan ($206,993) and the above-market earnings on compensation that is deferred pursuant to the Newell Co. Deferred Compensation Plan ($1,143).

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Salary. The Salary column of the Summary Compensation Table shows the salaries paid in 2006 to each of the named executive officers. With respect to the period beginning on February 13, 2006, the Company paid Mr. Ketchum an annualized salary of $1,200,000 for his service as President and Chief Executive Officer in 2006, as was agreed in his February 2006 compensation arrangement. With respect to the period from January 1, 2006 to February 13, 2006, the Company paid Mr. Ketchum an annualized salary of $1,000,000 for his service as interim President and Chief Executive Officer in 2006.

Bonus. The Bonus column of the Summary Compensation Table shows a one-time, lump-sum payment paid to Mr. Marton in lieu of a salary increase.

Stock Awards. The amounts in the Stock Awards column of the Summary Compensation Table consist of the dollar amount of expense recognized in 2006 for financial statement reporting purposes in respect of restricted stock and performance share awards for each named executive officer (disregarding any adjustments for estimated forfeitures). Effective January 1, 2006, the Company adopted the provisions of FAS 123(R) using the modified prospective method. Under this transition method, stock-based compensation expense for 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 No. 123, Accounting for Stock-Based Compensation , and compensation expense for all share-based payment awards granted after January 1, 2006 based on grant-date fair values estimated in accordance with the provisions of FAS 123(R).

The amount of compensation expense computed in accordance with FAS 123(R) for each named executive officer in respect of restricted stock awards, and for Mr. Ketchum in respect of performance share awards, is set forth below. The amount of compensation expense recorded in 2006 in respect of performance share awards for each named executive officer (other than Mr. Ketchum) is equal to the target/maximum value of each award and is also set forth below.

Name	**Restricted Stock($)**	**Performance Shares($)**	**Total Stock Awards($)**
Mark D. Ketchum	$ 1,057,269	$ 1,276,000	$ 2,333,269
J. Patrick Robinson	$ 414,545	$ 182,830	$ 597,375
James J. Roberts	$ 558,161	$ 257,385	$ 815,546
Timothy J. Jahnke	$ 400,770	$ 165,096	$ 565,866
Steven G. Marton	$ 405,294	$ 193,838	$ 599,132

Restricted Stock. The restricted stock awarded to each named executive officer, other than the Chief Executive Officer, in 2006 under the LTIP, based on performance in 2005, represents 87.5% of target and maximum opportunities. The Chief Executive Officer did not receive an award of restricted shares pursuant to the LTIP in 2006. In February 2006, the Company granted Mr. Ketchum 50,000 shares of restricted stock on a one-time basis under the terms of his employment as Chief Executive Officer, which shares vested in February 2007, one year after the date of grant. Shares of restricted stock granted in 2006 and 2007 are subject to a risk of forfeiture and restrictions on transfer which lapse three years (other than in the case of the 2006 award to Mr. Ketchum) after the date of award only if the executive remains employed by the Company. Vesting may be accelerated as a result of death or disability, or certain changes in control of the Company. Holders of restricted stock are entitled to vote their restricted shares and receive dividends at the rate paid to all holders of the Company s common stock.

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In addition, the Company awarded restricted stock to the named executive officers on February 6, 2007 on the basis of the Company s attainment of 2006 performance criteria pursuant to the LTIP, based on the closing market price of the Company s common stock as reported in *The Wall Street Journal* for that date. The table below shows the grant date fair value of these awards, computed in accordance with FAS 123(R), to each of the named executive officers.

Name		**Restricted Stock($)**
Mark D. Ketchum	$	1,951,212
J. Patrick Robinson	$	418,711
James J. Roberts	$	589,451
Timothy J. Jahnke	$	378,046
Steven G. Marton	$	426,850

The grants of restricted stock to each of the named executive officers in 2007 under the LTIP represented 81.3% of target and maximum opportunities and were equal to 81.3%, or 162.6% in the case of the Chief Executive Officer, of salary in 2006. The awards of restricted stock made in 2007 will be reported in next year s Summary Compensation Table along with other 2007 compensation.

Performance Shares. The performance share awards made in 2006 provided the named executive officers (other than Mr. Ketchum) the right to receive unrestricted common stock in 2007 based on the extent to which the Company achieved 2006 performance goals under the Bonus Plan. Because those goals were met above target levels, each of those named executive officers received shares having a market value as of February 13, 2007 (the date on which the shares were issued to the named executive officer) equal to 35.5% of the individual s base salary during 2006, which reflects the reduction in the individual s target cash bonus (as a percentage of salary) from 2005 to 2006.

In connection with Mr. Ketchum s service as interim President and Chief Executive Officer, the Company awarded him a performance share award in 2006. That award entitled him to receive up to 50,000 shares of unrestricted stock of the Company in 2007. The award was based equally on attainment of the performance goals for 2006 under the Bonus Plan, which were met as described above, and on attainment of the individual performance criteria established by the Board of Directors for 2006. The Board determined in 2007 that it was satisfied with Mr. Ketchum s performance on these criteria and did not exercise its discretion to reduce the number of shares of Company stock. As a result, Mr. Ketchum received the full award of 50,000 shares in February 2007.

Option Awards. The amounts in the Option Awards column of the Summary Compensation Table consist of the dollar amount of expense recognized in 2006 for financial statement reporting purposes in respect of stock option awards for each named executive officer, computed in accordance with FAS 123(R) (disregarding any adjustments for estimated forfeitures), and thus include amounts attributable to awards granted in 2006 and awards granted, but not yet vested, prior to 2006. All options granted to the named executive officers in 2006 have an exercise price equal to the closing sale price of the common stock on the date of grant, become exercisable in annual cumulative installments of 20% of the number of options granted over a five-year period, and have a maximum term of ten years. Vesting may be accelerated and earlier exercise permitted as a result of death, disability or retirement, or certain changes in control of the Company. Actual gains, if any, on stock option exercises are dependent on several factors, including the future performance of the common stock, overall market conditions and the continued employment of the named executive officer, and may be more or less than the fair value assigned to stock option awards under FAS 123(R).

Non-Equity Incentive Plan Compensation. The Non-Equity Incentive Plan Compensation column of the Summary Compensation Table shows the cash bonus the Company awarded under the Bonus Plan to each named executive officer for 2006. The Company paid all of these amounts in February 2007.

Each of the named executive officers is eligible to participate in the Bonus Plan. Cash payouts under the Bonus Plan are tied to the Company s performance against objective criteria established by the

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Organizational Development & Compensation Committee. For 2006, the performance goals for cash bonus payments to the named executive officers were based on the Company s Earnings Per Share, Cash Flow, Internal Sales Growth and Total Shareholder Return. In the case of those named executive officers who are Group Presidents, the goals were based 50% on those overall Company performance goals and 50% on their individual Group s Operating Income, Cash Flow and Internal Sales Growth. The bonus amount payable is a percentage of salary based upon a participant s participation category and the level of attainment of the applicable performance goals. Performance below the target levels will result in lower or no bonus payments, and performance above the target levels will result in higher bonus payments. Under the Bonus Plan for 2006, since the applicable performance goal targets were achieved at a 189.1% level, the bonus payout to the Chief Executive Officer equaled $2,337,662, or 198.55% of his salary. For the other named executive officers in 2006, since the applicable performance goal targets were achieved at levels ranging from 131.2% to 194.6% (based on relative differences in attainment of Company and individual Group performance goals), the bonus payouts ranged from 85.3% to 126.5% of salary. For 2006, the Chief Executive Officer could have received a maximum bonus payout of 210% of salary, and each of the other named executive officers in 2006 could have received a maximum bonus payout of 130% of salary. Additional explanation of the non-equity incentive plan compensation for each named executive officer appears above under the caption Compensation Discussion and Analysis Annual Incentive Compensation and below in footnotes 2, 3, 4 and 5 to the Grants of Plan-Based Awards table.

All Other Compensation. The All Other Compensation column of the Summary Compensation Table reflects the following amounts for each named executive officer.

Name	**Aircraft CEO (1)**	**Relocation (2)**	**Other Perquisites and Personal Benefits (3)**	**Tax Reimbursement (4)**	**401(k) Plan (5)**	**SERP Cash Account Credit (6)**	**Insurance Premiums (7)**	**Total**
Mark D. Ketchum	$ 325,865	$ 507,056	$ 17,170	$ 35,289	$ 8,800	$ 75,615	$ 5,494	$ 975,289
J. Patrick Robinson		$ 61,701	$ 37,716	$ 7,165	$ 17,600	$ 54,411	$ 4,094	$ 182,688
James J. Roberts			$ 13,725		$ 14,842	$ 73,742	$ 3,755	$ 106,064
Timothy J. Jahnke			$ 34,952		$ 19,800	$ 61,067	$ 3,659	$ 119,478
Steven G. Marton			$ 22,743		$ 15,040	$ 54,710	$ 4,013	$ 96,506

(1) *Aircraft.* This column shows the estimated incremental cost to the Company in 2006 of providing personal use of Company-owned aircraft to Mr. Ketchum. Of this amount, approximately $256,190 represents the estimated incremental cost to the Company of Mr. Ketchum s use of Company-owned aircraft for commuting purposes in connection with his service as Interim President and Chief Executive Officer and his relocation to Atlanta, Georgia in 2006, which usage the Company did not view as compensatory. The estimated cost of aircraft usage by the named executive officers is determined by multiplying flight hours by an average estimated hourly cost of operating the aircraft. The hourly cost is calculated at the beginning of each year by dividing total budgeted variable expenses, such as fuel, equipment repair, supplies, pilot lodging, meals and transportation, airport

services and aircraft catering, by estimated flight hours for the year.

(2) *Relocation.* For Mr. Ketchum, this amount represents (a) payment of Mr. Ketchum s living expenses in Atlanta, Georgia, for the period during 2006 while he served as interim President and Chief Executive Officer and pending his relocation ($86,740) and (b) the reimbursement of his relocation expenses and payment of an allowance and home sale incentive (which was earned in 2006 but will be paid in 2007) in connection with the relocation of Mr. Ketchum s principal residence to Atlanta, Georgia ($420,316). For Mr. Robinson this amount represents the reimbursement of Mr. Robinson s relocation expenses and payment of an allowance in connection with the pending relocation of Mr. Robinson s principal residence to Atlanta, Georgia.

(3) *Other Perquisites and Personal Benefits.* The amounts in this column consist of (a) the incremental cost to the Company of providing personal use of a leased Company automobile to each named

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executive officer, (b) all amounts paid by the Company to or on behalf Messrs. Ketchum, Robinson, Jahnke and Marton in respect of tax planning and return preparation services, (c) all amounts paid by the Company for physical examinations, which are required pursuant to Company policy, for Messrs. Ketchum, Robinson, Jahnke and Marton, and (d) the estimated incremental cost to the Company of providing personal use of Company-owned aircraft to Messrs. Robinson and Jahnke.

(4) *Tax Reimbursement.* This column shows the amount of reimbursement of taxes associated with certain taxable reimbursements paid to Mr. Ketchum in connection with his relocation in 2006 and to Mr. Robinson in connection with his pending relocation.

(5) *401(k) Savings Plan.* This column shows the amount of all Company matching and retirement contributions made in 2006 under the Company s 401(k) Savings Plan on behalf of each named executive officer.

(6) *SERP Cash Account Credit.* Each of the named executive officers is eligible to participate in the SERP and the SERP Cash Account. This column shows the annual employer credit for 2006 (exclusive of employee deferrals) to each named executive officer s account under the 2002 Deferred Compensation Plan, which is referred to as a SERP Cash Account , as described below under Retirement Plans 2002 Deferred Compensation Plan.

(7) *Insurance Premiums.* This column shows all amounts paid by the Company on behalf of each named executive officer in 2006 for (a) life insurance premiums: Mr. Ketchum, $2,806; Mr. Robinson, $1,406; Mr. Roberts, $1,067; Mr. Jahnke, $978; and Mr. Marton, $1,325; and (b) long-term disability insurance premiums: Mr. Ketchum, $2,688; Mr. Robinson, $2,688; Mr. Roberts, $2,688; Mr. Jahnke, $2,681; and Mr. Marton, $2,688.

Compensation Arrangements with President and Chief Executive Officer. On February 13, 2006, with the approval of the independent members of its Board of Directors, the Company entered into a written compensation arrangement with Mr. Ketchum in connection with his appointment as the Company s President and Chief Executive Officer. The material terms of this arrangement are:

Salary of $1,200,000 per year. See the Salary column of the Summary Compensation Table.

An annual bonus opportunity under the Bonus Plan with a target payout equal to 105% of salary and a maximum payout equal to 210% of salary, based on attainment of the performance criteria and payout levels contained in the Bonus Plan. See the Non-Equity Incentive Compensation column of the Summary Compensation Table and the Estimated Possible Payouts Under Non-Equity Incentive Plan Awards columns under the Grants of Plan-Based Awards table.

A Company-paid automobile lease for a vehicle worth up to $80,000. See the All Other Compensation column of the Summary Compensation Table and the related description under the caption Summary Compensation Table All Other Compensation.

Participation in the LTIP, which will permit Mr. Ketchum to earn an annual award of restricted shares under the 2003 Stock Plan based on attainment of annual performance criteria in respect of the Company s Cash Flow and Total Shareholder Return. The value of Mr. Ketchum s target and maximum award under the LTIP for 2006 was equal to 200% of salary, and restricted shares issued under the LTIP are subject to a three-year cliff vesting period. Mr. Ketchum s first award of restricted shares under the LTIP was granted in 2007, based on attainment of performance criteria for 2006. See the description under the caption Summary Compensation Table Stock Awards Restricted Stock.

Eligibility for an annual stock option award under the 2003 Stock Plan, with a target annual option award for 250,000 shares and a maximum annual option award for 400,000 shares. The options will have an exercise price equal to the closing price of the Company s stock on the date of grant and will vest at a rate of 20% per year over five years. Actual option awards will be determined by the Board of Directors based on individual and Company performance. Mr. Ketchum s first opportunity for an annual stock option award occurred in 2007. See the Option Awards column of the Summary Compensation Table.

Participation in the SERP and SERP Cash Account Benefit. Mr. Ketchum will be entitled to receive three years of credited service under the SERP and SERP Cash Account for each year of his first five years of completed service, and then one year of credited service for each year of completed service thereafter. The additional years of service credited to Mr. Ketchum will be forfeited in the event his employment terminates prior to completing five years of service. See the table and related description below under the captions Retirement Plans Pension Plans and Retirement Plans 2002 Deferred Compensation Plan.

Participation in the 2002 Deferred Compensation Plan and benefit plans provided to Company employees generally, including the Total Retirement Savings Program. Under the Total Retirement Savings Program, Mr. Ketchum will receive an annual Company contribution to his 401(k) Savings Plan account equal to five percent of his eligible earnings.

A one-time grant on February 13, 2006 of a stock option under the 2003 Stock Plan to acquire 200,000 shares of Company stock, with an exercise price equal to the closing price of the Company stock on February 13, 2006 and vesting at a rate of 20% per year over five years. See the Option Awards column of the Summary Compensation Table.

A one-time award on February 13, 2006 of 50,000 restricted shares under the Company s 2003 Stock Plan, with a one-year cliff vesting period, which grant was approved by the Company s stockholders in connection with their approval of the amendment and restatement of 2003 Stock Plan. See the Stock Awards column of the Summary Compensation Table and the related description under the caption Summary Compensation Table Stock Awards.

Participation in the Company s executive relocation program. See the All Other Compensation column of the Summary Compensation Table and the related description under the caption Summary Compensation Table All Other Compensation.

Entitlement to retain the stock option award for up to 75,000 shares made in 2005, which is described below, and continued entitlement to receive a performance share award in 2006 for up to 50,000 shares under the Company s 2003 Stock Plan, in connection with his prior service as the Company s interim President and Chief Executive Officer. See the Stock Awards column of the Summary Compensation Table and the related description under the caption Summary Compensation Table Stock Awards.

Mr. Ketchum had served as the interim President and Chief Executive Officer of the Company from October 16, 2005 until February 13, 2006. On November 5, 2005, with the approval of the independent members of its Board of Directors, the Company entered into a compensation arrangement with Mr. Ketchum in connection with his interim service. The material terms of this arrangement were:

Salary of $1,000,000 per year. See the Salary column of the Summary Compensation Table with respect to the period from January 1, 2006 to February 13, 2006.

A bonus opportunity under the Bonus Plan for 2005 equal to 25% of the bonus that would have been paid to a CEO if employed for all of 2005, and based on attainment of the CEO performance criteria and payout levels contained in the Bonus Plan. This bonus was previously reported in the Summary Compensation Table of the Company s 2006 proxy statement.

A bonus opportunity under the Bonus Plan for 2006, equal to the bonus that would have been paid to him had he remained employed until December 31, 2006 based on attainment of the CEO performance criteria and payout levels in effect for 2006, prorated for the number of days of employment in 2006 as interim President and CEO. See the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

Reimbursement of temporary living expenses while residing in the Atlanta, Georgia area during his employment as interim President and CEO and the use of a Company airplane for commuting purposes. See the All Other Compensation column of the Summary Compensation Table and the related description under Summary Compensation Table All Other Compensation.

Participation in the 2002 Deferred Compensation Plan and benefit plans provided to Company employees generally. See the tables and related descriptions below under the caption   Retirement Plans   2002 Deferred Compensation Plan.

A grant on November 9, 2005 of a stock option under the 2003 Stock Plan to acquire up to 75,000 shares of Company stock, with an exercise price equal to the closing price of the Company stock on November 9, 2005. If his employment with the Company had terminated for any reason (including in connection with the hiring of a new President and CEO) within one year of the grant date, he would have been required to forfeit a portion of the option based on the number of full and partial months in the one-year period during which Mr. Ketchum did not serve as President and CEO. The option is subject to a vesting schedule whereby 20% of the option vests on each anniversary of the grant while he is employed or in continued service on the Board of Directors.

An award of performance shares granted in 2006 under the 2003 Stock Plan, entitling him to receive up to 50,000 shares of unrestricted stock of the Company in 2007. The award was based upon attainment of the CEO performance goals set forth in the Bonus Plan for 2006 and/or upon attainment of the individual performance criteria established by the Board of Directors. See the   Stock Awards   column of the Summary Compensation Table.

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2006 Grants of Plan-Based Awards

This table sets forth information for each named executive officer with respect to (1) estimated possible payouts under non-equity incentive plan awards that could be earned for 2006, (2) estimated possible payouts under equity incentive plan awards that were made in 2006, (3) other stock awards made in 2006, and (4) stock options granted in 2006.

	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(2)			Estimated Possible Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number Of Shares Of Stock Or Units (#)(7)	All Other Option Awards: Number Of Securities Underlying Options (#)(8)	Ex I C A (
Date of Board Action (1)	Threshold ($)(3)	Target ($)(4)	Maximum ($)(5)	Threshold (#)(6)	Target (#)(6)	Maximum (#)(6)			
		$1,236,173	$2,472,346						
					50,000	50,000			
							50,000		
								200,000	