Newell Rubbermaid is undergoing a transformation from a portfolio-holding company that grew through acquisitions to a focused group of leadership platforms that generate internal growth driven by strong brands and new product innovation. With a portfolio of high-potential businesses, the company can achieve above average returns and enhance value for our shareholders.

Our vision is to create a global powerhouse in consumer and commercial products through innovation and a portfolio of Power Brands that people rely on where they work, live, play and train.

Sales and Operating Income are reported in millions of dollars.

<table>
<thead>
<tr>
<th>Product Lines</th>
<th>Sales 2004</th>
<th>Operating Income 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Products</td>
<td>$1,686.2</td>
<td>$261.9 15.5%</td>
</tr>
<tr>
<td>2003</td>
<td>$1,681.2</td>
<td>$309.6 18.4%</td>
</tr>
<tr>
<td>2002</td>
<td>$1,684.1</td>
<td>$306.1 18.2%</td>
</tr>
</tbody>
</table>

Newell Rubbermaid is traded on the New York Stock Exchange under the symbol NWL.

Additional copies of this letter to shareholders and proxy statement, Newell Rubbermaid’s Form 10-K filed with the Securities and Exchange Commission, dividend reinvestment plan information, recent and historical financial data and other information about Newell Rubbermaid are available without charge to interested shareholders upon request. All requests and inquiries should be directed to:

Newell Rubbermaid Inc.
Investor Relations
10B Glendale Parkway, Suite 600
Atlanta, GA 30328
800-424-1941
investor.relations@newellco.com
www.newellrubbermaid.com

Annual Meeting of Stockholders
The annual meeting of stockholders will be held May 11, 2005, 10:00 a.m. local time at: Grand Hyatt Hotel
3300 Peachtree Road
Atlanta, GA 30305
404-365-8100

Stockholder Account Maintenance
Communications concerning the transfer of shares, lost certificates, dividends, dividend reinvestment, receipt of multiple dividend checks, duplicate remittances or changes of address should be directed to the Transfer Agent and Registrar:

The Bank of New York
Shareholder Account Maintenance
PO Box 11258
Church Street Station
New York, NY 10286
800-432-0140
www.stockbny.com

Forward-Looking Statements
The statements contained in this letter to shareholders that are not historical in nature are forward-looking statements. Forward-looking statements are not guarantees of future results and actual results could differ materially from those expressed or implied in the forward-looking statements. For a list of major factors that could cause actual results to differ materially from those projected, refer to Appendix A to Newell Rubbermaid’s 2005 annual meeting proxy statement accompanying this letter.

This letter to shareholders should be read in conjunction with Newell Rubbermaid’s 2005 annual meeting proxy statement and the Form 10-K. Copies of the proxy statement and Form 10-K may be obtained online at: www.newellrubbermaid.com

NASDAQ: NASDAQ® is a registered trademark of the National Association for Stock Car Auto Racing, Inc. The NASDAQ® NEXTEL® Cup Series marks are used under license by NASCAR, Inc. and NEXTEL Communications, Inc.

Products on Front Cover: Sharpie® is a nationally-recognized permanent marker and IRWIN® Blue Blade™ utility knife. For additional information on these products please visit: www.sharpix.com and www.irwin.com.

*For a reconciliation of sales and operating income by segment to total sales and operating income for Newell Rubbermaid Inc., refer to Management’s Discussion and Analysis in Appendix A to the proxy statement accompanying this letter.
Developing Tomorrow's Leaders

Newell Rubbermaid’s Phoenix Program is a grassroots marketing initiative that gives recent college graduates an opportunity to work with some of the most powerful brands in consumer and commercial products. High-potential representatives are deployed at strategic retailers to focus on sales and in-store merchandising, while developing experience with our products, retail partners and end-users. Individuals with valuable, practical business insights create a strong bond of talent to support the company’s “promote from within” philosophy. This initiative has been very successful, and since 2001, over 650 graduates of the program have been promoted into a variety of positions throughout our 30 divisions and sales organizations.

Allison Burdge also began her career in the Phoenix Program, where she quickly achieved in-depth knowledge of home center retailers. Her command of the industry and her ability to effectively communicate our diverse portfolio of businesses allowed her to rapidly build credibility with customers and within Newell Rubbermaid. With her proven skill set and demonstrated results, Allison has excelled in her sales career. Currently, she is a Key Account Manager for one of our largest strategic retailers, with sales responsibility for Rubbermaid Commercial Products, Rubbermaid Foodservice and Amerock businesses.

The Phoenix Program is part of Newell Rubbermaid’s long-term success, providing the company with a competitive advantage at the store level while shaping its future leaders. The company will continue to promote ambitious, proven individuals in its ongoing commitment to develop the right organization.

As a Phoenix representative, Chad McDonald developed extensive product knowledge through training and conducting hands-on product demonstrations. This fueled his interest for a career in marketing. His hard work and results in the field were rewarded with a promotion to an associate marketing role in the IRWIN division. Chad’s continued demonstration of leadership and project management, coupled with the company’s commitment to collaborate across divisions, allowed him to further advance to his current position as a Product Manager in the BernzOmatic division.

Chad McDonald also began his career in the Phoenix Program, where he quickly achieved in-depth knowledge of home center retailers. His command of the industry and his ability to effectively communicate our diverse portfolio of businesses allowed him to rapidly build credibility with customers and within Newell Rubbermaid. With his proven skill set and demonstrated results, Chad has excelled in his sales career. Currently, he is a Key Account Manager for one of our largest strategic retailers, with sales responsibility for Newell Rubbermaid’s BernzOmatic businesses.
To Our Shareholders,

Newell Rubbermaid is in the midst of a broad-based transformation from a collection of independent business units into a focused group of leadership platforms that demonstrate excellence in new product development, backed by best-cost manufacturing and aggressive marketing programs.

In 2004, we overcame great challenges to deliver on our transformation plan, and we strengthened our portfolio, divesting $850 million in revenues of low-margin, non-strategic businesses. As a result, we entered 2005 as a stronger company, better positioned to deliver value to our shareholders through increased innovation and investment behind a portfolio of powerful brands in consumer and commercial products.

One of our key learnings in 2003 was that we needed to be more disciplined about divestitures and smaller, but more profitable units. We continue to focus on moving toward higher margins and returns before executing top-line growth initiatives in these businesses.

In 2004 we divested businesses that were not consistent with our strategic priorities. We improved our financial consistency in 2004 and made progress in areas critical to the success of our ongoing transformation. We entered 2005 with a set of priorities and made significant progress to further our transformation.

We improved our financial consistency in 2004 and made progress in areas critical to the success of our ongoing transformation. We entered 2005 as a stronger company, better positioned to deliver value to our shareholders through increased innovation and investment behind a portfolio of powerful brands in consumer and commercial products.

In 2004, we delivered earnings of $1.39 per share¹, excluding one-time charges of $307 million after dividends, exceeding our original expectations. In addition to earnings and cash flow targets, we entered 2004 with a set of priorities and made significant progress to further our transformation.

Our 2004 priorities included:

- Execute Divestiture Program in Complete Restructuring Plan
- Further Implement Newell Operational Excellence
- Continue to Execute our "How We Win" Roadmap

Divestiture Program

One of our key learnings in 2003 was that we needed to work more closely with our divestiture portfolio. In 2004, we created a stronger portfolio with powerful brands, promising innovation potential and significantly higher gross margins, by divesting $850 million in revenues of non-strategic businesses. Proceeds from these divestitures were used to reduce debt to strengthen our balance sheet.

We have also instituted a more disciplined process to evaluate and improve our portfolio. The right portfolio for Newell Rubbermaid consists of businesses that are strong brands and differentiated products with the potential for improved margins. Improved margins will fund demand creation efforts for our products and enable us to reinvest back into product development. Most of our businesses today demonstrate those characteristics; however, that does not mean we are going to invest equally in them. Profitability and potential returns determine how we allocate our resources.

Over 60% of our portfolio consists of businesses whose operating margins and returns on invested capital currently exceed our long-term target of 15%. We classify these as "invest" businesses, and we are investing resources into top-line growth initiatives in this remaining businesses with various stages of profitability, with returns below our long-term targets, but we have many initiatives underway in this portion of our portfolio. In some cases this has meant making radical changes to businesses moving themselves into smaller, but more profitable units. We continue to focus on moving toward higher margins and returns before executing top-line growth initiatives in these businesses.

Restructuring

We embarked on an aggressive three-year restructuring program in May 2001 to reduce costs and improve our manufacturing and supply chain. We have completed this plan and have closed 84 facilities worldwide, reducing headcount by over 12,000. Through 2004, we realized approximately $100 million in annualized savings and expect to realize an additional $25-50 million in 2005. Completing this restructuring plan is a significant milestone for the company, and I extend my congratulations to our employees for their tremendous efforts. This plan proved to be more difficult to execute than we originally thought in 2001, yet the team stayed focused and successfully closed a groundbreaking number of facilities.

The Right Operating Cycle Stayng con- nected with our businesses is critical, and our Operating Cycle helps us to do that. Through a series of monthly, quarterly and annual reviews at the corporate and divisional levels, we are monitoring our progress against core metrics. This allows us to better recognize and capitalize on best practices, and collaborate on opportunities and challenges in our business. It facilitates the timely assessment of our businesses, our management team and our competitive landscape.

The Right Culture Culture is a significant part of our organizational journey, and we have seen it strengthen every year. The Newell Rubbermaid culture fosters and rewards results, customer focus, continuous improvement and breakthrough thinking. In 2004, we made bold steps in 2004 to improve the long-term prospects for Newell Rubbermaid. These shared experiences and values have strengthened our common bonds and further rooted our culture.

Looking Ahead

We will strengthen our portfolio in 2005. In fact, we have made some early progress with our January 2005 announcement, which was part of an agreement we entered into with our European Curver business, a division with $150 million in revenue within our Cleaning & Organization segment. In addition to moving away from less strategic businesses, we look to enhance the growth-oriented segments of our portfolio. We are focused on making Newell Rubbermaid a company we can grow with while also being a world-class consumer and commercial products company.

We have also improved the perspective of our management team with the addition of Steven G. Marton, Group President Office Products, Steffen Palm and his Spots program. We are focused on realizing the tremendous potential of this global business.

As we continue to execute our "How We Win" Roadmap, we are focused on the future of our business and our customers. We have made significant progress in 2004 and we will continue to build on our success in 2005.

Sincerely,

Joseph Galli
Chief Executive Officer

¹Defined in Note 6
²Earnings of $1.39 per share exclude restructuring, impairment and divestiture related charges of $497.2 million, or $1.46 per share. On a GAAP basis, the company reported a loss of $0.07 per share.

Newell Rubbermaid is a world-class consumer and commercial products company.

We improved our financial consistency in 2004 and made progress in areas critical to the success of our ongoing transformation. We entered 2005 as a stronger company, better positioned to deliver value to our shareholders through increased innovation and investment behind a portfolio of powerful brands in consumer and commercial products.
The Right behavior for the long-term success of Newell Rubbermaid.

Long-Term Target: 15% trailing 12-month after-tax operating income, excluding less accounts payable, divided by trailing 12-month sales.

New Product Development. Newell Rubbermaid is committed to developing high-quality, innovative products that command premium pricing. We are implementing a consistent product development process across our organization that begins with identifying unmet needs and developing solutions to deliver the ideal end-user experience. New product development will be a core competency for Newell Rubbermaid. With the completion of the restructuring plan, we are prioritizing our investment in this critical area. Today, the new product pipelines in our businesses are in different stages of excellence, but examples of our 2004 launches provide evidence of our traction.

Calphalon® One™
Calphalon has been a favorite in gourmet cookware for over 40 years. The Calphalon® One™ series of products is an exceptional line to continue the heritage of this great brand. Infused Aluminum technology, exclusive to Calphalon® One™, is a breakthrough in cookware performance. An advanced-release polymer infused into the metal, creates a surface that delivers the classic results expected from traditional cookware, with the added benefit of controlled food release. This peerless performance is found in the marketplace. The second product line in the series, Calphalon® One™ Nonstick, also features a nonstick cooking surface. It is engineered with a proprietary matrix of four interlocking nonstick layers, resulting in superior nonstick durability.

Newell Operational Excellence
It is critical to have a process for achieving cost savings on an ongoing basis in facilities we continue to operate. Newell Operational Excellence (NWLOPEX) is the process we have developed using best practices in new product introductions and a Six Sigma, Kaizen, Kanban and other lean manufacturing principles. Our rollout of this program in 2002 introduced a new mindset of continuous improvement in manufacturing. In 2004, we further improved our prospects for this program with the in-depth training of more than 5,000 employees in our processes, metrics and targets, and by dedicating additional resources to drive accountability at all levels of the organization. This further implementation of NWLOPEX allowed us to realize $123 million in productivity savings.

“Our How We Win” Roadmap for Success is a powerful formula that has driven considerable change at Newell Rubbermaid. It is a comprehensive approach that not only addresses financial measures and strategic focus, but also encompasses organizational development, our day-to-day operating cycle and our culture. We remain focused on these fundamentals, which will allow us to create a world-class organization that will win in the marketplace.

How We Win
Our “How We Win” Roadmap is a powerful formula that drives our long-term strategy. It is a comprehensive approach that not only addresses financial measures and strategic focus, but also encompasses organizational development, our day-to-day operating cycle and our culture. We remain focused on these fundamentals, which will allow us to create a world-class organization that can win in the marketplace.

Five Key Measures
(reconciliation provided on page 8)
We have defined five key financial metrics to drive the right behavior for the long-term success of Newell Rubbermaid.

<table>
<thead>
<tr>
<th>MEASURE</th>
<th>2003</th>
<th>2002</th>
<th>% CHG</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING INCOME (percent of net sales)</td>
<td>11.6%</td>
<td>11.9%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>WORKING CAPITAL (percent of net sales)</td>
<td>7.1%</td>
<td>7.3%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>FREE CASH FLOW (in millions of dollars)</td>
<td>$274</td>
<td>$262</td>
<td>4.5%</td>
</tr>
<tr>
<td>RETURN ON INVESTED CAPITAL (percent)</td>
<td>10.8%</td>
<td>10.6%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

Five-quarter average of accounts receivable plus inventory, less accounts payable, divided by trailing 12-month sales. Long-Term Target: 20%.

Cash flow provided by operations, less dividends and capital expenditures.

Five-quarter average of accounts receivable plus inventory, less accounts payable, divided by trailing 12-month sales. Long-Term Target: 20%.

Cash flow provided by operations, less dividends and capital expenditures.

Return on Invested Capital showed modest improvement to 9.6%, reflecting progress in reducing our asset base and improving our investment efficiency. Our focus on improving profitability, combined with investment discipline, should allow us to improve this metric to reach our long-term goal of at least 15%.

The Right Strategy
Our strategy is comprised of six core components, including Six Sigma initiatives. Following this approach will allow us to further develop our core competencies and drive improvements in our financial measures. Our strategic initiatives are productivity, streamlining, new product development, marketing, strategic account management and collaboration.

Productivity. Productivity is reducing the cost of products sold through purchasing, manufacturing and distribution and transportation initiatives. Productivity is achieved when we manufacture domestically or overseas, in our own facilities or in an outsourced model. As I mentioned, NWLOPEX is in its early stages. A change of this magnitude

However, as we committed to doing the right thing for the long-term health of the organization, we believe that Newell Rubbermaid can raise its operating income growth in the range of 2%-4% long term. This is achievable through new product development, market share and geographic expansion.

Operating Income (OIB) as a percent of sales was 9.5% for 2004. Compared to the prior year, this reflects relatively that gross margins with an increase in selling, general and administrative expenses, primarily as a result of our long-term target for operating income is 15%. As we continue to invest in growth initiatives, we believe that SG&A will increase and level out around 20%, making gross margin expansion critical to achieving our long-term OIB target. Gross margin performance in 2004 was hampered by record raw material inflation of $116 million. Although we experienced gross margin declines in the first half of 2004, we responded with productivity improvements and pricing initiatives in the second half of the year.

Exit 2004 with positive momentum and gross margin expansion. Raw material price will be more challenging in 2005, however, through a combination of productivity and price increases, we expect to overcome this near-term challenge and demonstrate gross margin improvement for the full year 2005.

Working Capital as a percent of sales improved to 23.3% in 2004. Our team demonstrated excellent results in working capital management over the past four years, driving working capital down from 29% to its current level. Our long-term goal is a 20% level, which we expect to achieve primarily through inventory reductions and accounts payable management. We have shown good progress here and anticipate ongoing improvements.

Free Cash Flow, which we calculate after dividends, improved to $307 million in 2004. This strong performance reflected improved capital expenditure discipline in 2004. We spent $122 million on fixed capital, while historical annual spending ranged from $250-$300 million. With a focus on reducing the operating leverage of our businesses, we are exiting low-margin, capital-intensive product lines through divestiture and discontinuance, and are working to shift some of the fixed capital burden to our supply partners. We have also become more disciplined at deploying our own fixed capital, prioritizing investments into high-margin, high-return businesses. With our emphasis on de-capitalization, a range of $125-$150 million in capital spending is an appropriate level to support strategic initiatives in our current portfolio and to allow us to generate free cash flow in line with earnings growth.

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This is product development at Newell Rubbermaid.

A commitment to innovation bridges the businesses in our diverse market categories. We reinvigorate staple products as well as expand into new markets where innovation and strong brands matter. Through new technologies, breakthrough concepts, improved materials and more robust designs, we are creating a high-impact stream of new products.

**Calphalon® One™**
A revolution in gourmet cookware
Breakthrough technology delivers the cooking performance expected from a traditional metal surface, with the added benefit of controlled food release.

**IRWIN® Blue Blade®**
**LENOX Gold™**
Patented Utility Knives and Blades
The extremely durable titanium nitride coated tip of the LENOX Gold™ utility knife resists wear. Its bi-metal blade also has a titanium nitride edge that keeps it cutting longer.

Bi-metal technology makes the IRWIN® Blue Blade™ flexible and shatterproof.

**Rubbermaid® Paint Buddy™**
It’s Fast! It’s Easy! It’s Done!
Stores paint to quickly and easily touch-up scuffs, nicks and marks on painted surfaces.

**Sharpie® Mini**
Half the size of a regular Sharpie® marker, the Sharpie® Mini features a convenient cap clip that attaches to a key chain, golf bag, backpack and more.

**Kurt Busch**
**NASCAR® NEXTEL® Cup Champion**
Kurt Busch made a permanent mark in NASCAR history, winning his first career NASCAR NEXTEL Cup Series championship in 2004. Throughout racing season, the Sharpie® and IRWIN® brands have garnered significant national exposure through the sponsorship of the #97 team.

**Sharpie® RT**
Television Campaign
Only one free hand? Grab a new Sharpie® RT. This was the message in the fall television campaign supporting the launch of the new Sharpie® RT retractable permanent marker. The ad conveyed product features to a diverse consumer audience and reinforced Sharpie’s Write Out Loud™ theme, encouraging users to be bold and expressive.

**Sharpie® RT**
Print Advertising
“'I CONTROL WHAT STICKS AND WHAT DOESN'T’—proclaims Peter Hoffman, Chef/Owner of the Savoy in New York City, referring to the controlled-release benefit of Calphalon® One™. Endorsements from Peter and other culinary authorities were captured in a series of print advertisements throughout a variety of targeted publications that reinforced the superior performance of this breakthrough technology.

Newell Rubbermaid has a portfolio of some of the most recognized, top-tier brands. Innovative, quality products backed by these brands is a powerful combination that is valuable to the end-user. Communicating that value through a blend of traditional and grassroots marketing has been the key to creating demand for our products and elevating our Power Brands to category leaders.

This is product development at Newell Rubbermaid.

Users INSIST on our brands.
Innovative new products call for high-impact marketing.

Performance
Innovative new products call for high-impact marketing.

Communication
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**Innovative. Patented. High-Margin.**

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The extremely durable titanium nitride coated tip of the LENOX Gold™ utility knife resists wear. Its bi-metal blade also has a titanium nitride edge that keeps it cutting longer.

**Calphalon® One™**

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**Sharpie® Mini**

Half the size of a regular Sharpie® marker, the Sharpie® Mini features a convenient cap clip that attaches to a key chain, golf bag, backpack and more.
Our five key financial metrics include internal sales growth, operating income as a percent of sales, capital intensity, return on invested capital and working capital. Following this approach will allow us to further develop our core competencies and deliver improvements in our financial metrics. Our strategic initiatives are productivity, streamlining, new product development, marketing, strategic account management and collaboration.

**Productivity.** Productivity is reducing the cost of products sold through purchasing, manufacturing and distribution and transportation initiatives. Products achieved whether we manufacture domestically or overseas, in our own facilities or using an outsourced model. As I mentioned, NWL OPEX is in its early stages. A change of this magnitude is time to institutionalize. As our operating rhythm improves, our team will generate additional savings every year. Our 2004 productivity savings is $122 million, or 2.8%, and we remain committed to our internal goal to generate 5% in productivity every year through NWL OPEX, we plan to further reduce scrap, waste, rework and rejects and improve the production flow, generating higher levels of cost reductions in 2005.

**Streamlining.** Streamlining is reducing non-strategic selling, general and administrative expenses. Streamlining savings are reinvested in strategic areas to support growth initiatives. In 2004, we were able to fund additional investment in product development and other business strategies such as Six Sigma, Kaizen, Kanban and other lean manufacturing principles. Ongoing investments in this area in 2004 and 2005 provided a new mindset of continuous improvement in manufacturing.

**New Product Development.** Newell Rubbermaid is committed to developing high-quality, innovative products that command premium pricing. We are implementing a consistent product development process across our organization that begins with identifying unmet needs and developing solutions to deliver the ideal end-user experience. New product development will be a core competency for Newell Rubbermaid. With the completion of the restructuring plan, we are prioritizing our focus in this critical area. Today, the new product pipelines in our businesses are in different stages of excellence, but examples of our 2004 launches provide evidence of our traction.

**Calphalon® One.** Calphalon has been a favorite in gourmet cookware for over 40 years. The Calphalon One® series of products is an exceptional line to continue the heritage of this great brand. Infused Aluminum technology, exclusive to Calphalon One®, is a breakthrough in cookware performance. An advanced-release polymer infused into the metal, creates a surface that delivers the classic results expected from traditional cookware, with the added benefit of controlled food release. This product benefits all consumers in the marketplace.

**The Right Measures.** Our five key financial metrics include internal sales growth, operating income as a percent of sales, capital intensity, return on invested capital and working capital. As a result, we have achieved permanent reductions in our fixed-cost base and are better positioned to support future investments. We recognize our competitive landscape is continuously changing, therefore we must maintain our focus on evaluating our cost base and taking the necessary steps to become the "best cost" company in our industry.

**Newell Operational Excellence**

It is critical to have a process for achieving cost savings on an ongoing basis in facilities we continue to operate. Newell Operational Excellence (NWL OPEX) is the process we have developed using best in new product introductions such as Six Sigma, Kaizen, Kanban and other lean manufacturing principles. Our rollout of this program in 2002 introduced a new mindset of continuous improvement in manufacturing. In 2004, we further improved our process for this program with the in-depth training of more than 5,000 employees in our processes, metrics and targets, and by dedicating additional resources to drive accountability at all levels of the organization. This further implementation of NWL OPEX allowed us to realize $123 million in productivity savings.

**Our "How We Win" Roadmap for Success** is a powerful formula that has driven considerable change at Newell Rubbermaid. It is a comprehensive approach that not only addresses financial measures and strategic focus, but also encompasses organizational development, our day-to-day operating cycle and our culture. We remain focused on these fundamentals, which will allow us to create a world-class organization that will win in the marketplace.

**In 2005,** we will continue to move away from low-margin categories, with investment discipline. In 2004, we spent $122 million on fixed capital, while historical annual spending ranged from $600-$800 million. With a focus on reducing the operating leverage of our businesses, we are exiting low-margin product line through divestiture and discontinuance, and are working to shift some of the fixed capital burden to our supply partners. We expect to become more disciplined at deploying our own fixed capital, prioritizing investments into high-margin, high-return businesses.

Our emphasis on de-corporatization, a range of $125-$150 million in capital spending is an appropriate level to support strategic initiatives in our current portfolio and to allow us to generate free cash flow in line with earnings growth.

Return on Invested Capital* showed modest improvement to 8.9%, reflecting progress in reducing our asset base and asset levels. Our focus on improving profitability, combined with investment discipline, should allow us to improve this metric to reach our long-term goal of at least 15%.

Our "How We Win" Roadmap:

1. **The Right Measures.** Our five key financial metrics include internal sales growth, operating income as a percent of sales, capital intensity, return on invested capital and working capital. As a result, we have achieved permanent reductions in our fixed-cost base and are better positioned to support future investments. We recognize our competitive landscape is continuously changing, therefore we must maintain our focus on evaluating our cost base and taking the necessary steps to become the "best cost" company in our industry.

2. **The Right Strategy.** Our strategy is comprised of six components, gaining market leadership in key categories. Following this approach will allow us to further develop our core competencies and deliver improvements in our financial metrics. Our strategic initiatives are productivity, streamlining, new product development, marketing, strategic account management and collaboration.

3. **The Right Organization.** Our strategy is comprised of six components, gaining market leadership in key categories. Following this approach will allow us to further develop our core competencies and deliver improvements in our financial metrics. Our strategic initiatives are productivity, streamlining, new product development, marketing, strategic account management and collaboration.

4. **The Right Operations Cycle.** We have tremendous strength in our portfolio of Power Brands — we hold the number one or two brand position in virtually all of our businesses. Building equity in our Power Brands is crucial to creating a long-term, defendable market position where users insist on our brands and products. To do this, we have found that sale of traditional television and print advertising, coupled with grassroots marketing focusing on our end users, is appropriate for our product offerings.

5. **The Right Culture.** Our five key financial metrics include internal sales growth, operating income as a percent of sales, capital intensity, return on invested capital and working capital. As a result, we have achieved permanent reductions in our fixed-cost base and are better positioned to support future investments. We recognize our competitive landscape is continuously changing, therefore we must maintain our focus on evaluating our cost base and taking the necessary steps to become the "best cost" company in our industry.

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To Our Shareholders,

Newell Rubbermaid is in the midst of a broad-based transformation from a collection of independent business units into a focused group of leadership platforms that demonstrate excellence in new product development, backed by best-cost manufacturing and aggressive marketing programs.

In 2004, we overcame great challenges to deliver on operating and financial commitments, and we continued to progress in our journey to transform Newell Rubbermaid. Through our productivity program, Newell Operational Excellence, we generated $123 million in cost reductions, offsetting unprecedented levels of raw material inflation. During 2004, we also completed a three-year restructuring plan, closing 84 facilities worldwide, and we strengthened our balance sheet, generating $850 million in revenues of low-margin, non-strategic businesses.

We improved our financial consistency in 2004 and made progress in areas critical to the success of our ongoing transformation. We entered 2005 as a stronger company, better positioned to deliver value to our shareholders through increased innovation and investment behind a portfolio of powerful brands in consumer and commercial products.

In 2004, we delivered earnings of $1.39 per share\(^1\), excluding divestitures and other charges related to realignment of our cost structures, offsetting raw material inflation. Free cash flow\(^2\) was also strong at $307 million after dividends, exceeding our original expectations.

In addition to earnings and cash flow targets, we entered 2004 with a set of priorities and made significant progress to further our transformation.

Our 2004 priorities included:

- Execute Divestiture Program in Complete Restructuring Plan
- Further Implement Newell Operational Excellence
- Continue to Execute our “How We Win” Roadmap

Divestiture Program

One of our key leams in 2003 was that we needed to work on our portfolio. In 2004, we created a stronger portfolio with powerful brands, promising innovation potential and significantly higher gross margins, by divesting $850 million in revenues of non-strategic businesses. Proceeds from these divestitures were used to reduce debt to strengthen our balance sheet.

We have also instituted a more disciplined process to evaluate and improve our portfolio. The right portfolio for Newell Rubbermaid consists of businesses that are strong brands and differentiated products with the potential for increasing margins. Improved margins will fund demand creation efforts for our products and enable us to reinvest back into product development. Most of our businesses today demonstrate these characteristics; however, that does not mean we are going to invest equally in them. Profitability and potential returns determine how we allocate our resources.

Over 60% of our portfolio consists of businesses whose operating margins and returns on invested capital already exceed our long-term target of 15%. We classify these as “invest” businesses, and we are investing resources into top-line growth initiatives and remaining businesses in various stages of profitability, with returns below our long-term targets, but we have many strategic and operational initiatives in this portion of our portfolio. In some cases this has meant making radical changes to business models and businesses into smaller, but more profitable units. We continue to focus on moving toward higher margins and returns before executing top-line growth initiatives in these businesses.

Restructuring

We embarked on an aggressive three-year restructuring program in May 2001 to reduce costs and improve our manufacturing and cost structure. We completed this program and have closed 84 facilities worldwide, reducing headcount by over 12,000. Through 2004, we realized approximately $100 million in annualized savings and expect to realize an additional $25-$50 million in 2005. Completing this restructuring plan is a significant milestone — all of these collaborative efforts allow us to overcome opening doors to retailer relationships, developing best practices — all these efforts have contributed to the double-digit sales growth for the Sharpie® brand.

Strategic Account Management

Strategic Account Management is focusing on strong retailers to create high-growth potential distribution for new and existing product lines. Newell Rubbermaid’s distribution is different compared to most of our peers. With strategic partners in discount stores, warehouse clubs, office supply, home centers, food and drug, specialty channels and commercial channels, we have very diverse distribution, which has been historically a benefit in one particular channel. Newell Rubbermaid is a company that is uniquely positioned to develop our business in both consumer and commercial channels.

Collaboration

Collaboration means leveraging the collective strength of our businesses to generate value for the organization. Throughout Newell Rubbermaid, our teams are focused on executing our strategies in their divisions, and we are pursuing strategic initiatives that create faster, stronger brands, leveraging manufacturing expertise, opening doors to retailers and collaborative best practices — all these collaborative efforts allow us to overcome obstacles, focus our resources and realize opportunities better than any individual or division could accomplish on its own. Collaboration translates into integrated performance and a competitive advantage for the businesses within Newell Rubbermaid.

The Right Organization

Organizational development has been a true highlight for Newell Rubbermaid. We have had a major infusion of talent that better aligns the skill set of the organization with our long-term success factors, adding expertise to support product development, marketing and operational excellence. We have rewarded our high-potential employees through our Employee Ownership Program that targets recent college graduates, and we continue to promote ambitious, proven individuals. We have also established a balance of short-term and long-term reward systems to retain and keep the organization focused on value creation for our shareholders.

In 2004, we further strengthened our management team with the addition of Steven G. Marton, Group President Office Products. Steven brings with him extensive experience and further strengthens our management team and our competitive landscape.

The Right Culture

Culture is a significant part of our organizational journey, and we have seen it strengthen every year. The Newell Rubbermaid culture fosters and rewards results, customer focus, continuous improvement and teamwork. In 2004, we completed a three-year restructuring plan, closing 84 facilities worldwide, and expect to realize an additional $25-$50 million in 2005. The unlimited potential we have at Newell Rubbermaid has allowed us to attract and retain outstanding talent at all levels of the organization.

The Right Operating Cycle

Staying connected with our businesses is critical, and our Operating Cycle helps us to do that. Through a series of monthly, quarterly and annual reviews at the corporate and divisional levels, we are monitoring our progress against core metrics. This allows us to better recognize and cultivate best practices and collaborate on opportunities and challenges in our business. It facilitates the timely assessment of our businesses, our management team and our competitive landscape.

Looking Ahead

We will strengthen our portfolio in 2005. In fact, we have made some early progress with our January 2005 announcement of an agreement with the Intermountain Western Cup Career, a business with $150 million in revenue within our Cleaning and Foodservice division. In addition to moving away from less strategic businesses, we look to enhance the growth-oriented segments of our portfolio.

In 2005, the organization will shift focus and investment to new product development, marketing and brand building in our high-growth businesses. With our team and our portfolio of brands, we are capable of creating a strong pipeline of innovative new products that will generate above average returns.

We will continue to execute our “How We Win” Roadmap. Focusing on our Roadmap in 2004 allowed us to make good progress, but we know that our best performance lies ahead. With confidence in our strategy and our 31,000 employees, we will continue to build a future for a world-class consumer and commercial products company.

Sincerely,

Joseph Galli
Chief Executive Officer

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\(^1\) Earnings of $1.39 per share exclude restructuring, realignment and other charges of $159.2 million, or $1.09 per share. On a GAAP basis, the company reported a loss of $0.87 per share.

\(^2\) Free cash flow of $307 million after dividends, exceeding our original expectations.
Developing Tomorrow's Leaders

Newell Rubbermaid's Phoenix Program is a grassroots marketing initiative that gives recent college graduates an opportunity to work with some of the most powerful brands in consumer and commercial products. High-potential representatives are deployed at strategic retailers to focus on sales and in-store merchandising, while developing experience with our products, retail partners and end-users. Individuals with valuable, practical business insights create a strong bench of talent to support the company’s “promote from within” philosophy. This initiative has been very successful, and since 2001, over 650 graduates of the program have been promoted into a variety of positions throughout our 30 divisions and sales organizations.

As a Phoenix representative, Chad McDonald developed extensive product knowledge through training and conducting hands-on product demonstrations. This fueled his interest for a career in marketing. His hard work and results in the field were rewarded with a promotion to an associate marketing role in the IRWIN division. Chad’s continued demonstration of leadership and project management, coupled with the company’s commitment to collaborate across divisions, allowed him to further advance to his current position as a Product Manager in the BernzOmatic division.

Allison Burdge also began her career in the Phoenix Program, where she quickly achieved in-depth knowledge of home center retailers. Her command of the industry and her ability to effectively communicate our diverse portfolio of businesses allowed her to rapidly build credibility with customers and within Newell Rubbermaid. With her proven skill set and demonstrated results, Allison has excelled in her sales career. Currently, she is a Key Account Manager for one of our largest strategic retailers, with sales responsibility for Rubbermaid Commercial Products, Rubbermaid Foodservice and Amerock businesses.

The Phoenix Program is part of Newell Rubbermaid’s long-term success, providing the company with a competitive advantage at the store level while shaping its future leaders. The company will continue to promote ambitious, proven individuals in its ongoing commitment to develop the right organization.

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Tools & Hardware

Delivering superior performance has enabled these businesses to maintain market-leading status. This group offers an extensive collection of premium-quality products, including hand tools, power tool accessories, propane torches, manual paint applicators and cabinet and window hardware.

Divisions: IRWIN North America Power Tools & Accessories, North America Hand Tools, Latin America, Europe and Asia Pacific; LENOX; BernzOmatic; Shut-Line; Amerock

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales*</th>
<th>Operating Income*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$1,218.7</td>
<td>$181.8 14.9%</td>
</tr>
<tr>
<td>2003</td>
<td>$1,199.7</td>
<td>$179.3 14.9%</td>
</tr>
<tr>
<td>2004</td>
<td>$783.0</td>
<td>$79.2 10.1%</td>
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Home & Family

The most trusted names in kitchenware, infant and juvenile products and hair care are included in this group. This segment’s product offering includes gourmet cookware, bakeware, cutlery, toys, car seats, strollers, highchairs, playards and hair care accessories.

Divisions: Calphalon, Cookware Europe, Little Tikes, Graco, Goody

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales*</th>
<th>Operating Income*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$1,078.6</td>
<td>$92.6 8.6%</td>
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<tr>
<td>2003</td>
<td>$1,103.4</td>
<td>$120.7 10.9%</td>
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<tr>
<td>2004</td>
<td>$1,112.3</td>
<td>$94.0 8.5%</td>
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Home Fashions

This segment furnishes window fashions through its global collection of window blinds, shades and drapery hardware. Capturing emerging home décor trends, this segment offers window solutions in both custom and stock window coverings.

Divisions: LeVolor/Kirsch, Home Décor Europe, Switch UK

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales*</th>
<th>Operating Income*</th>
</tr>
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<tbody>
<tr>
<td>2002</td>
<td>$906.8</td>
<td>$33.0 3.6%</td>
</tr>
<tr>
<td>2003</td>
<td>$901.0</td>
<td>$44.4 4.9%</td>
</tr>
<tr>
<td>2004</td>
<td>$957.5</td>
<td>$44.3 4.6%</td>
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</table>
Newell Rubbermaid is undergoing a transformation from a portfolio-holding company that grew through acquisitions to a focused group of leadership platforms that generate internal growth driven by strong brands and new product innovation. With a portfolio of high-potential businesses, the company can achieve above average returns and enhance value for our shareholders.

Our vision is to create a global powerhouse in consumer and commercial products through innovation and a portfolio of Power Brands that people rely on where they work, live, play and train.

Business Segments

Newell Rubbermaid is undergoing a transformation from a portfolio-holding company that grew through acquisitions to a focused group of leadership platforms that generate internal growth driven by strong brands and new product innovation. With a portfolio of high-potential businesses, the company can achieve above average returns and enhance value for our shareholders.

Our vision is to create a global powerhouse in consumer and commercial products through innovation and a portfolio of Power Brands that people rely on where they work, live, play and train.

Sales & Operating Income

Sales and Operating Income are reported in millions of dollars.

Cleaning & Organization

With the most recognized name in its categories, this segment provides high-quality, innovative solutions for home storage, indoor and outdoor organization, food storage, cleaning and refuse.

Divisions: Rubbermaid Home, Foodservice, Commercial, Europe, Canada, Asia Pacific

Office Products

As a global leader in writing instruments and art supplies, this segment includes markers, high-lighters, pens, pencils, fine writing instruments, professional-grade art supplies, as well as office accessories and organization products, all offered by category-leading brands.

Divisions: Sanford North America, Europe, Latin America, Asia Pacific

Directors

William D. Marohn
Chairman of the Board
Age 64
Director since 1999

Thomas E. Clarke
President, New Business Ventures;
Age 53
Director since 2003

Scott S. Cowen
President, Tutuban University
Age 59
Director since 1999

Michael T. Cowhig
President, Global Technical and Manufacturing, The Stellite Co.
Age 57
Director since 2005

Alton F. Doody
President and Chief Executive Officer, Alton F. Doody Co.
Age 70
Director since 2001

Joseph Galli
Chief Executive Officer
Age 46
Director since 2001

Mark D. Ketchum
Chairman, Global Baby and Family Care, The Procter & Gamble Co.
Age 56
Director since 2005

Elizabeth Cuthbert Millett
Chairman, Private Investor
Age 48
Director since 2005

Cynthia A. Montgomery
Director, Harvard University
Age 57
Director since 2005

Allan P. Newell
Chairman, Private Investor
Age 56
Director since 1982

Gordon R. Sullivan
President, Association of the United States Army
Age 57
Director since 1999

Raymond G. Vauclt
Chairman, General Mills, Inc.
Age 86
Director since 1999

Officers

Joseph Galli
Chief Executive Officer
Age 46
Director since 2001

Hartley D. Blaha
President
Age 45
Corporate Development

Ronald L. Hardnock
Corporate Controller
Age 34
Director since 2001

Tim Jahnke
Home & Family Group
Age 45
Director since 2001

Raymond J. Johnson
President, Global Manufacturing and Supply Chain
Age 48
Director since 2002

Steven G. Martin
President, Office Products Group
Age 55
Director since 2004

Douglas L. Martin
Chairman, Vice President, Treasurer
Age 52
Director since 1987

Dale L. Matschullat
Vice President, General Counsel and Corporate Secretary
Age 56
Director since 1989

James J. Roberts
President and Chief Operating Officer, Rubbermaid/IRWIN Group
Age 46
Director since 2001

J. Patrick Robinson
Vice President, Chief Financial Officer
Age 49
Director since 2001

Jim Sweet
Vice President, Human Resources
Age 52
Director since 2004

*For a reconciliation of sales and operating income by segment to total sales and operating income for Newell Rubbermaid Inc., refer to Management’s Discussion and Analysis in Appendix A to the proxy statement accompanying this letter.