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NEWELL RUBBERMAID INC
Form 11-K
June 27, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K

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

(Mark One) :

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED, EFFECTIVE OCTOBER 7, 1996].

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED].

For the transition period from _____ to _____.

COMMISSION FILE NUMBER: 1-4188

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

NEWELL RUBBERMAID 401(K) SAVINGS PLAN

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

NEWELL RUBBERMAID INC.
29 EAST STEPHENSON STREET
NEWELL CENTER
FREEPORT, ILLINOIS 61032

REQUIRED INFORMATION

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

1. Report of Independent Auditors
2. Statements of Assets Available for Benefits
3. Statement of Changes in Assets Available for Benefits
4. Notes to Financial Statements
5. Supplemental Schedule

Exhibits. The following exhibits are filed as a part of this annual report:

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Exhibit 23.1 Consent of Ernst & Young LLP

Exhibit 99.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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

NEWELL RUBBERMAID 401(k) SAVINGS PLAN

Date: June 27, 2003

/s/ Tom Nohl

Tom Nohl, Member,
Plan Administrative Committee

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Financial Statements and Supplemental Schedule

Newell Rubbermaid 401(k) Savings Plan

December 31, 2002 and 2001 and
year ended December 31, 2002
with Report of Independent Auditors

Newell Rubbermaid 401(k) Savings Plan

Financial Statements and Supplemental Schedule

December 31, 2002 and 2001 and year ended December 31, 2002

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Report of Independent Auditors

To the Plan Administrator of the Newell Rubbermaid 401(k) Savings Plan:

We have audited the accompanying statements of assets available for benefits of the Newell Rubbermaid 401(k) Savings Plan as of December 31, 2002 and 2001, and the related statement of changes in assets available for benefits for the year

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ended December 31, 2002. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets available for benefits of the Plan as of December 31, 2002 and 2001, and the changes in its assets available for benefits for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2002, is presented for the purpose of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Chicago, Illinois
June 18, 2003

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Newell Rubbermaid 401(k) Savings Plan

Statements of Assets Available for Benefits

| | DECEMBER 31 | |
|--|---------------|---------------|
| | 2002 | 2001 |
| | ----- | ----- |
| ASSETS | | |
| Investments | \$450,240,147 | \$435,940,421 |
| Interest in Newell Rubbermaid Master Trust | 177,396,232 | 166,563,764 |
| Employer contribution receivable | 9,026,937 | 7,775,822 |
| | ----- | ----- |
| Assets available for benefits | \$636,663,316 | \$610,280,007 |
| | ===== | ===== |

See accompanying notes.

Newell Rubbermaid 401(k) Savings Plan
Statement of Changes in Assets Available for Benefits
Year ended December 31, 2002

| | |
|--|---------------|
| ADDITIONS | |
| Investment income: | |
| Interest and dividends | \$ 8,471,492 |
| Net investment income from Newell Rubbermaid Master Trust | 8,758,801 |
| | ----- |
| | 17,230,293 |
| Contributions: | |
| Participant | 42,908,718 |
| Employer | 28,605,233 |
| Rollover | 3,341,245 |
| | ----- |
| | 74,855,196 |
| Transfer of assets from American Tool Companies, Inc. Salary Deferral and Profit Sharing Plan | 59,889,523 |
| Transfer of assets from other plans | 81,838 |
| | ----- |
| Total additions | 152,056,850 |
| DEDUCTIONS | |
| Net realized and unrealized depreciation in fair value of investments | 58,687,316 |
| Benefits paid to participants | 66,822,555 |
| Administrative expenses | 163,670 |
| | ----- |
| Total deductions | 125,673,541 |
| | ----- |
| Net increase | 26,383,309 |
| Assets available for benefits - Beginning of year | 610,280,007 |
| | ----- |
| Assets available for benefits - End of year | \$636,663,316 |
| | ===== |

See accompanying notes.

Newell Rubbermaid 401(k) Savings Plan
Notes to Financial Statements
Year ended December 31, 2002

1. DESCRIPTION OF THE PLAN

The following description of the Newell Rubbermaid 401(k) Savings Plan (the Plan) provides only general information. Participants should refer to the

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Summary Plan Description for a more complete description of the Plan's provisions.

GENERAL

Certain employees of Newell Operating Company and subsidiaries (the Company) are eligible to participate in the Plan. Full-time employees, as defined, are eligible to participate in the Plan upon date of hire. Other employees are eligible to participate after completing one year of service, as defined. The Plan is administered by the Administrative Committee, which is appointed by the Board of Directors of the Company. UMB Bank, N.A. (UMB) is the trustee of the Plan. UMB has appointed American Century Services Corporation as the recordkeeper of the Plan and agent for UMB. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Effective January 1, 2002, the portion of the Plan held in the Company Stock Fund is designated as an employee stock ownership plan (ESOP).

Effective December 31, 2002, the American Tool Companies, Inc. Salary Deferral and Profit Sharing Plan merged with the Plan.

CONTRIBUTIONS

Participants may elect to contribute up to 50% (15% prior to January 1, 2002) of pretax earnings, as defined by the Plan. Effective January 1, 2002, a participant who is a resident of Puerto Rico shall be limited to 10% of pretax earnings. The Company contributes a matching contribution for participants in an amount equal to 100% of the first 3% of compensation plus 50% of the next 2% of compensation contributed by the participant. Certain employees at the Graco's Children's Products Inc. Century Division receive a match equal to 50% of the first 6% of compensation contributed by the participant. Certain participants in the Plan are eligible for an annual retirement contribution. Generally, participants must be employed on the last day of the Plan year to receive an allocation of the retirement contribution. In 2002, the Company made a retirement contribution to the Plan equal to 6% of eligible participants' eligible compensation.

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Newell Rubbermaid 401(k) Savings Plan

Notes to Financial Statements (continued)

1. DESCRIPTION OF THE PLAN (CONTINUED)

PARTICIPANT ACCOUNTS

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

VESTING

Participants are immediately vested in their contributions, plus actual earnings thereon. Prior to October 1, 2000, vesting in Company matching contributions occurred ratably over a five-year period. On October 1, 2000, all existing

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participants became fully vested in Company matching contributions. Employees enrolling in the Plan subsequent to October 1, 2000, are immediately vested in Company matching contributions. Retirement contributions vest over a graded seven-year period. Forfeitures are used to pay Plan expenses and reduce Company matching or retirement contributions. Forfeitures available for future use were \$1,119,844 and \$2,198,845 at December 31, 2002 and 2001, respectively.

PARTICIPANT LOANS

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan terms range from one to five years (up to ten years for the purchase of a principal residence). The loans are secured by the balance in the participant's account and bear interest at a rate based on prevailing market conditions. Interest rates on loans outstanding at December 31, 2002, ranged from 4.25% to 11.6%. Principal and interest is paid ratably through monthly payroll deductions.

PAYMENT OF BENEFITS

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

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Newell Rubbermaid 401(k) Savings Plan

Notes to Financial Statements (continued)

1. DESCRIPTION OF THE PLAN (CONTINUED)

INVESTMENT OPTIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

INVESTMENT VALUATION AND INCOME RECOGNITION

Except for investment contracts, which are stated at contract value, the Plan's investments are stated at fair value, which equals the quoted market price on the last business day of the Plan year. Participant loans are valued at their outstanding balances, which approximates fair value.

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

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PAYMENT OF BENEFITS

Benefits are recorded when paid.

ADMINISTRATIVE EXPENSES

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

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Newell Rubbermaid 401(k) Savings Plan

Notes to Financial Statements (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States require management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

3. INVESTMENTS

During 2002, the Plan's investment (including investments purchased, sold as well as held during the year) (depreciated) appreciated in fair value as determined by quoted market prices as follows:

| | NET REALIZED AND UNREALIZED APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS ----- |
|--------------|---|
| Common stock | \$ 10,309,996 |
| Mutual funds | (68,977,312) |
| | ----- |
| | \$ (58,687,316) |
| | ===== |

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

| | 2002 ----- | 2001 ----- |
|--|---------------|---------------|
| Newell Rubbermaid Inc. common stock | \$108,620,133 | \$102,929,569 |
| Janus Fund | 55,528,966 | 78,490,468 |
| American Century Equity Index Fund | 39,682,261 | 56,136,110 |
| Franklin Templeton Small Cap Growth Fund | 36,607,115 | 49,983,932 |
| J.P. Morgan Institutional Diversified Fund | 34,489,549 | 41,749,182 |

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| | | |
|---|------------|------------|
| American Century Income and Growth Fund | * | 31,038,953 |
| PIMCO Total Return Fund | 34,902,138 | * |

*Below 5% threshold

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Newell Rubbermaid 401(k) Savings Plan

Notes to Financial Statements (continued)

4. MASTER TRUST FINANCIAL INFORMATION

Certain of the Plan's investments are held in the Newell Rubbermaid Master Trust (Master Trust) along with the investments of another Company-sponsored plan, the Rubbermaid Retirement Plan for Collectively-Bargained Associates. Fidelity Management Trust Company serves as the trustee for the assets of the Master Trust.

Each participating plan has an undivided interest in the net assets of the Master Trust. At December 31, 2002 and 2001, the Plan's interest in the net assets of the Master Trust was 68.2% and 63.5%, respectively. Investment income and expenses are allocated among participating plans based upon the value of the participant accounts attributed to each plan.

The Master Trust investments at December 31 are as follows:

| | 2002 ----- | 2001 ----- |
|-------------------------------------|---------------|---------------|
| Investments at fair value: | | |
| Newell Rubbermaid Inc. common stock | \$ 1,279,380 | \$ 919,239 |
| Mutual funds | 32,284,548 | 50,895,181 |
| Loans to participants | 1,507,868 | 1,065,192 |
| Short-term investment fund | 84,720 | 58,398 |
| | ----- | ----- |
| | 35,156,516 | 52,938,010 |
| Investments at contract value: | | |
| Stable Value Fund | 224,911,951 | 209,519,597 |
| | ----- | ----- |
| | \$260,068,467 | \$262,457,607 |
| | ===== | ===== |

Investment income for the Master Trust for the year ended December 31, 2002, is as follows:

| | |
|--|---------------|
| Interest and dividends | \$ 11,645,415 |
| Net realized and unrealized appreciation (depreciation) in the fair value of investments determined by quote market price: | |
| Newell Rubbermaid, Inc. common stock | 171,902 |
| Mutual funds | (10,704,363) |
| | ----- |
| | \$ 1,112,303 |
| | ===== |

Newell Rubbermaid 401(k) Savings Plan

Notes to Financial Statements (continued)

5. STABLE VALUE FUND

The Master Trust holds an investment in a Stable Value Fund, which invests primarily in guaranteed investment contracts and synthetic guaranteed investment contracts. The fund also includes a short-term interest fund in the amount of \$10,622,209 and \$6,990,464 at December 31, 2002 and 2001, respectively. The fund is included in the financial statements at contract value as reported by the respective insurance companies.

The blended crediting interest rate for the fund was 4.97% and 5.75% as of December 31, 2002 and 2001, respectively. The fund's blended rate of return for the 2002 year was 5.31%.

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

The contract values and fair values of investment contracts included in the Stable Value Fund as of December 31, 2002 and 2001 are as follows:

| | CONTRACT VALUE | | FAIR VA |
|---|----------------|---------------|---------------|
| | 2002 | 2001 | 2002 |
| Guaranteed Investment Contracts | \$ 65,335,005 | \$ 57,375,436 | \$ 65,335,005 |
| Synthetic Guaranteed Investment Contracts | 148,954,737 | 145,153,697 | 139,486,885 |
| | ----- | ----- | ----- |
| | \$214,289,742 | \$202,529,133 | \$204,821,890 |
| | ===== | ===== | ===== |

Included in the fair value of synthetic guaranteed investment contracts as of December 31, 2002 and 2001, are wrapper contracts with a total estimated fair value of \$13,823,109 and \$17,759,647, respectively. The wrappers guarantee the contract value of the synthetic guaranteed investment contracts for participant-initiated withdrawal events.

Newell Rubbermaid 401(k) Savings Plan

Notes to Financial Statements (continued)

6. RELATED PARTY TRANSACTIONS

All expenses related to the trustee and recordkeeping in connection with the operation of the Plan are paid by the Plan. All other costs are paid out of Plan

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assets, except to the extent the Administrative Committee elects to have such expenses paid directly by the Company.

7. PLAN TERMINATION

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

8. INCOME TAX STATUS

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

9. SUBSEQUENT EVENT

The 2003 annual retirement contribution will be 3% of eligible participants' eligible compensation. For plan years beginning after and including January 1, 2004, no retirement contributions will be made to the Plan.

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SUPPLEMENTAL SCHEDULE

EIN 36-1953139
PLAN No. 012

Newell Rubbermaid 401(k) Savings Plan

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2002

IDENTITY OF ISSUE

PIMCO Total Return Fund
J.P. Morgan Institutional Diversified Fund*
American Century Income and Growth Fund*
American Century Equity Index Fund*
Janus Fund
Franklin Small Cap Growth A Fund
American Century International Growth Fund*
Newell Rubbermaid, Inc. Common Stock*
American Century Self-Directed Brokerage Account*
American Century Equity Income Fund*
Liberty Funds Small Cap
UAM Equity Funds
UMB Bank - Prime Money Market Fund*

CURRENT

\$ 34,
34,
26,
39,
55,
36,
21,
108,
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3,
4,

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Principal Life Insurance Company Guaranteed Interest Account, interest rates 6.22% to 6.26%, maturing December 31, 2002
 Principal Life Insurance Company Guaranteed Interest Account, interest rates 5.13% to 5.29%, maturing December 31, 2002
 Principal Life Insurance Company Guaranteed Interest Account, interest rates 4.39% to 5.07%, maturing December 31, 2003
 Principal Life Insurance Company Guaranteed Interest Account, interest rates 4.87% to 5.76%, maturing December 31, 2003
 Principal Life Insurance Company Mature amount reinvested, matures December 31, 2004
 Principal Life Insurance Company Guaranteed Interest Account, interest rates 6.39% to 6.40%, maturing December 31, 2004
 Principal Life Insurance Company Guaranteed Interest Account, interest rates 4.73% to 4.94%, maturing December 31, 2005
 Principal Life Insurance Company Mature amount reinvested, matures December 31, 2006
 Principal Life Insurance Company Money Market Account
 Principal Life Insurance Company Bond and Mortgage Account

1,
6,
11,

11

Newell Rubbermaid 401(k) Savings Plan

Notes to Financial Statements (continued)

Newell Rubbermaid 401(k) Savings Plan

Schedule H, Line 4i - Schedule of Assets (Held at End of Year) (continued)

| IDENTITY OF ISSUE ----- | CURRENT VALUE ----- |
|--|------------------------|
| Principal Life Insurance Company Stock Index Account | \$ 2,346,745 |
| Principal Life Insurance Company Large Company Blend | 5,978,269 |
| Principal Life Insurance Company Small Company Stock Account | 3,220,086 |
| Principal Life Insurance Company International Stock Account | 1,679,060 |
| Principal Life Insurance Company Stock Separate Account | 2,871,546 |
| Fidelity Growth and Income Fund | 2,020,934 |
| Fidelity Magellan Fund | 6,260,205 |
| Fidelity Puritan Fund | 4,897,551 |
| Fidelity OTC Fund | 1,786,844 |
| Participant Loans (interest rates of 4.25% to 11.6%) | 26,958,047 |
| | ----- |
| | \$450,240,147 |
| | ===== |

*Represents a party in interest to the Plan.

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