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

FORM 10-K
|X| ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2001
OR
|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
Commission file Number 1-10585

CHURCH & DWIGHT CO., INC.
(Exact name of registrant as specified in its charter)

Incorporated in Delaware I.R.S. Employer Identification No. 13-4996950

469 North Harrison Street, Princeton, New Jersey 08543-5297
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (609) 683-5900

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1 par value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes |X| No |_|

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. |_|

As of March 18, 2002, 37,917,394 shares of Common Stock held by non-affiliates were outstanding with an aggregate market value of approximately $1,138 million. The aggregate market value is based on the closing price of such stock on the New York Stock Exchange on March 18, 2002.

As of March 18, 2002, 39,332,332 shares of Common Stock were outstanding.

Documents Incorporated by Reference:

Part III	Portions of registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on May 9, 2002.

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PART I

ITEM 1. BUSINESS.

The Company was founded in 1846 and is the world's leading producer of sodium bicarbonate, popularly known as baking soda, a versatile chemical which performs a broad range of functions such as cleaning, deodorizing, leavening and buffering. The Company specializes in sodium bicarbonate and sodium bicarbonate-based products, along with other products which use the same raw materials or technology or are sold into the same markets.

The Company sells its products, primarily under the ARM & HAMMER(R) trademark, to consumers through supermarkets, drug stores and mass merchandisers; and to industrial customers and distributors. ARM & HAMMER is the registered trademark for a line of consumer products which includes ARM & HAMMER Baking Soda, ARM & HAMMER DENTAL CARE(R) Dentifrices and ARM & HAMMER DENTAL CARE Gum, ARM & HAMMER Carpet Deodorizer, ARM & HAMMER Deodorizing Air Freshener, ARM & HAMMER Powder and Liquid Laundry Detergent, ARM & HAMMER SUPER SCOOP(R) and ARM & HAMMER SUPER STOP(R) Cat Litter and ARM & HAMMER Deodorant Anti-Perspirant with Baking Soda. The ARM & HAMMER trademark is also used for a line of chemical products, the most important of which are sodium bicarbonate, ammonium bicarbonate, sodium sesquicarbonate, ARM & HAMMER MEGALAC(R) Rumen Bypass Fat and ARMEX(R) Blast Media. The Company also owns BRILLO(R) Soap Pads, ARRID Anti-Perspirant and other consumer products. In 2001, consumer products represented approximately 84% and specialty products 16% of the Company's sales. Approximately 90% of the Company's sales revenues are derived from sales in the United States.

In 2001, the Company acquired two laundry brands, XTRA and Nice'N Fluffy,

as part of the USA Detergents, Inc. acquisition. The acquisition increases Church & Dwight's laundry product sales to approximately $400 million a year, making it the third largest company in the $7 billion retail U.S. laundry detergents business.

On September 28, 2001 the Company completed the acquisition of the consumer products business of Carter-Wallace in a partnership with the private equity group, Kelso & Company, for a total purchase price of $739 million. As part of this transaction, Church & Dwight purchased outright the ARRID Anti-Perspirant business in the USA and Canada and the Lambert Kay Pet Care business for $128.5 million. Armkel, LLC, a 50/50 joint venture with Kelso, purchased the remainder of Carter-Wallace's domestic and international consumer products business, including TROJAN Condoms, NAIR Depilatories and FIRST RESPONSE Home Pregnancy Test Kits, for an additional $610.5 million.

Consumer Products

Principal Products

The Company's founders first marketed baking soda in 1846 for use in home baking. The ARM & HAMMER trademark was adopted in 1867. Today, this product is known for a wide variety of uses in the home, including as a refrigerator and freezer deodorizer, scratchless cleaner and deodorizer for kitchen surfaces and cooking appliances, bath additive, dentifrice, cat litter deodorizer, and swimming pool pH stabilizer. The Company estimates that a majority of U.S. households have a box of baking soda on hand. Although no longer the Company's largest single business, ARM & HAMMER Baking Soda remains the leading brand of baking soda in terms of consumer recognition of the brand name and its reputation for quality and value.

The deodorizing properties of baking soda have since led to the development of several other household products; ARM & HAMMER Carpet Deodorizer and ARM & HAMMER Deodorizing Air Freshener are both available in a variety of fragrances. In 1992, the Company launched ARM & HAMMER Cat Litter Deodorizer, a scented baking soda product targeted to cat-owning households and veterinarians. During the fourth quarter of 1997, the Company introduced nationally ARM & HAMMER SUPER SCOOP(R), The Baking Soda Clumping Litter, which competes in the fast-growing clumping segment of the cat litter market. Following its success, the Company launched ARM & HAMMER SUPER STOP(R) Clay Litter in late 1999. In early 2001, the Company introduced ARM & HAMMER Vacuum Free(TM) Foam Carpet Deodorizer, a companion product to ARM & HAMMER Carpet Deodorizer.

The Company's largest consumer business today, measured by sales volume, is in the laundry detergent market. The ARM & HAMMER brand name has been associated with this market since the last century when ARM & HAMMER Super Washing Soda was first introduced as a heavy-duty laundry and household cleaning product. The Company today makes products for use in various stages of the laundry cycle; powdered and liquid laundry detergents, fabric softener dryer sheets and a laundry detergent booster.

ARM & HAMMER Laundry Detergents, in both powder and liquid forms, have been available nationally since the early 1980's. The Company markets these brands as value products, priced at a 15 to 30 percent discount from products identified by the Company as market leaders. ARM & HAMMER Liquid Laundry Detergent, is also available in regular and perfume and dye-free forms.

In 1992, the Company completed the national expansion of another laundry product, ARM & HAMMER Fabric Softener Sheets. This product stops static cling, and softens and freshens clothes. In 1998, the Company acquired the TOSS `N SOFT(R) brand of dryer sheets and combined both products under the FRESH & SOFT(R) brand name.

ARM & HAMMER Baking Soda has long been used as a dentifrice. Its mild cleansing action cleans and polishes teeth, removes plaque and leaves the mouth feeling fresh and clean. These properties have led to the development of a complete line of sodium bicarbonate-based dentifrice products which are marketed and sold nationally primarily under the ARM & HAMMER DENTAL CARE brand name. In

1998, the Company introduced ARM & HAMMER DENTAL CARE Gum, a baking soda based oral care product that is available in four flavors. In 1999, the Company introduced ARM & HAMMER ADVANCE WHITE, a line of dentifrice for the whitening segment of the toothpaste market and ARM & HAMMER P.M., the first toothpaste specifically formulated for nighttime oral care. In 2000, the Company introduced ARM & HAMMER SENSATION, a toothpaste targeted to 18-34 year olds, ARM & HAMMER DENTAL CARE Kids Gum and in early 2001, ARM & HAMMER ADVANCE WHITE Gum, a companion product to the Advance White toothpaste. In 2001, the Company introduced ARM & HAMMER ADVANCED BREATH CARE, a line of oral deodorization products, including a mint and mouthwash.

The Company markets and sells, ARM & HAMMER Deodorant Anti-Perspirant with Baking Soda, and ARM & HAMMER Deodorant with Baking Soda. These products are available in various scented and unscented stick, aerosol and roll-on forms.

In 1997, the Company acquired a group of five household cleaning brands from The Dial Corporation. The brands acquired were BRILLO(R) Soap Pads and other steel wool products, PARSONS(R) and BO-PEEP(R) Ammonia, CAMEO(R) Metal Polish, RAIN DROPS(R) Water Softener and SNO BOL(R) Cleaners. In 1998, the Company purchased from The Dial Corporation TOSS `N SOFT(R) Dryer Sheets. During 1999, the Company entered the bathroom cleaner category with the acquisition of two major brands, CLEAN SHOWER(R) and SCRUB FREE(R). As part of the Scrub Free transaction, the Company also acquired the DELICARE(R) fine fabric wash brand. The acquisition of these brands broadens the Company's base of household cleaning products, and fits well within the Company's current sales, marketing and distribution activities.

In 2001, the Company acquired two laundry brands, XTRA and Nice'N Fluffy, as part of the USA Detergents, Inc. acquisition. The acquisition increases Church & Dwight's laundry product sales to approximately $400 million a year, making it the third largest company in the $7 billion retail U.S. laundry detergents business.

On September 28, 2001 the Company completed the acquisition of the consumer products business of Carter-Wallace in a partnership with the private equity group, Kelso & Company, for a total purchase price of $739 million. As part of this transaction, Church & Dwight purchased outright the ARRID Anti-Perspirant business in the USA and Canada and the Lambert Kay Pet Care business for $128.5 million. Armkel, LLC, a 50/50 joint venture with Kelso, purchased the remainder of Carter-Wallace's domestic and international consumer products business, including TROJAN Condoms, NAIR Depilatories and FIRST RESPONSE Home Pregnancy Test Kits, for an additional $610.5 million.

Competition

For information regarding competition, see page 8 through 9 of Exhibit 99.

Distribution

The Company's consumer products are primarily marketed throughout the United States and Canada and sold through supermarkets, mass merchandisers and drugstores. The Company employs a sales force based regionally throughout the United States. This sales force utilizes the services of independent food brokers in each market. The Company's products are strategically located in Church & Dwight plant and public warehouses and either picked up by customers or delivered by independent trucking companies.

Specialty Products

Principal Products

The Company's specialty products business primarily consists of the manufacture, marketing and sale of sodium bicarbonate in a range of grades and granulations for use in industrial and agricultural markets. In industrial markets, sodium bicarbonate is used by other manufacturing companies as a leavening agent for commercial baked goods, as an antacid in pharmaceuticals, as a carbon dioxide release agent in fire extinguishers, and as an alkaline agent

in swimming pool chemicals, and as a filtration agent in kidney dialysis. A special grade of sodium bicarbonate, as well as sodium sesquicarbonate, is sold to the animal feed market as a feed additive for use by dairymen as a buffer, or antacid, for dairy cattle.

The Company markets and sells MEGALAC Rumen Bypass Fat, a nutritional supplement made from natural oils, which allows cows to maintain energy levels during the period of high-milk production, resulting in improved milk yields and minimal weight loss. The product and the trademark MEGALAC are licensed under a long-term license agreement from a British company, Volac Ltd.

In January 1999, the Company formed a joint venture with the Safety-Kleen Corporation called the ArmaKleen Company. This joint venture distributes Church & Dwight's proprietary product line of aqueous cleaners along with the Company's Armex Blast Media line which is designed for the removal of a wide variety of surface coatings. In 1999, the Company sold the equipment portion of the Armex blast cleaning business to U.S. Filter Surface Preparation Group, Inc., a U.S. Filter Company.

The Company markets and sells ammonium bicarbonate and other specialty chemicals to food and agricultural markets in Europe through its wholly-owned British subsidiary Brotherton Speciality Products Ltd.

The Company and Occidental Petroleum Corporation are equal partners in a joint venture named Armand Products Company, which produces and markets potassium carbonate and potassium bicarbonate. Potassium chemicals are sold, among others, to the glass industry for use in TV and computer monitor screens.

During 1997, the Company acquired a 40 percent equity interest in QGN/Carbonor, a Brazilian bicarbonate/carbonate-related chemical company. The Company exercised its option to increase its interest to 75 percent during 1999. In 2001, the Company increased its ownership to approximately 85 percent.

Early in 2002, the Company acquired Biovance Technologies, Inc., a small Oskaloosa, Iowa-based producer of BIO-CHLOR and FERMENTEN, a range of specialty feed ingredients for dairy cows, which improve feed efficiency and help increase milk production.

Competition

For information regarding competition, see pages 8 through 9 of Exhibit 99.

Distribution

The Company markets sodium bicarbonate and other chemicals to industrial and agricultural customers throughout the United States and Canada. Distribution is accomplished through regional sales offices and manufacturer's representatives augmented by the sales personnel of independent distributors throughout the country.

Raw Materials and Sources of Supply

The Company manufactures sodium bicarbonate for both of its consumer and industrial businesses at two of its plants located at Green River, Wyoming and Old Fort, Ohio.

The production of sodium bicarbonate requires two basic raw materials, soda ash and carbon dioxide. The primary source of soda ash used by the Company is the mineral, trona, which is found in abundance in southwestern Wyoming, near the Company's Green River plant. The Company had acquired a number of leases allowing it to extract these trona deposits. In January 1999, the Company sold most of these leases to Solvay Minerals, Inc. The Company retains adequate trona reserves to support the requirements of the sodium bicarbonate business and may acquire other leases in the future as the need arises.

The Company is party to a partnership agreement with General Chemical Corporation, which mines and processes certain trona reserves owned by each of the two companies in Wyoming. Through the partnership and related supply and services agreements, the Company obtains a substantial amount of its soda ash requirements, enabling the Company to achieve some of the economies of an integrated business capable of producing sodium bicarbonate and related products from the basic raw material. The Company also has an agreement for the supply of soda ash from another company.

The partnership agreement and other supply agreements between the Company and General Chemical terminate upon two years notice by either company. The Company believes that alternative sources of supply are available.

The Company obtains its supply of the second basic raw material, carbon dioxide, in Green River and Old Fort, under long-term supply contracts. The Company believes that its sources of carbon dioxide, and other raw and packaging materials, are adequate.

At the Company's Green River, Wyoming plant, the Company produces laundry detergent powder employing a process utilizing raw materials readily available from a number of sources. Therefore, the supply of appropriate raw materials to manufacture this product is adequate.

During 1995, a liquid laundry detergent manufacturing line was constructed in the Company's Syracuse, New York Plant. This line was capable of producing virtually all of the Company's liquid laundry detergent requirements. The Company, when necessary, would utilize a contract manufacturer to meet higher demand. As a result of the ARMUS Joint Venture and the subsequent USAD acquisition, all of the Company's liquid laundry detergent production was shifted to former USA Detergents' plants. The Syracuse plant was shut down at the end of the first quarter 2001. These plants have enough capacity to produce all of Church & Dwight's requirements. The BRILLO product line and the Company's Dryer Sheets line are manufactured at the Company's London, Ohio plant. ARM & HAMMER DENTAL CARE Gum, PARSONS(R) Ammonia, CAMEO(R) Metal Polish, RAIN DROPS(R) Water Softener and SNO BOL(R) Cleaners, are contract manufactured for the Company under various agreements. Alternative sources of supply are available in case of disruption or termination of the agreements.

Armkel's raw materials are chemicals, plastics, latex and packaging materials. These materials are generally available from several sources and have no significant supply problems. Armkel generally has two or more suppliers for production materials. Although there are multiple providers of their raw materials, in certain instances Armkel chose to sole source certain raw materials in order to gain favorable pricing.

The main raw material used in the production of potassium carbonate is liquid potassium hydroxide. Armand Products obtains its supply of liquid potassium hydroxide under a long-term supply arrangement.

The ArmaKleen Company's industrial liquid cleaning products are contract manufactured.

Patents and Trademarks

The Company's trademarks, including ARM & HAMMER, are registered with the United States Patent and Trademark Office and also with the trademark offices of many foreign countries. The ARM & HAMMER trademark has been used by the Company since the late 1800's, and is a valuable asset and important to the successful operation of the Company's business.

Customers and Order Backlog

A group of three Consumer Products customers accounted for approximately 20% of consolidated net sales in 2001, including a single customer which accounted for approximately 13%. A group of three customers accounted for approximately 21% of consolidated net sales in 2000 including a single customer which accounted for approximately 13%. This group accounted for 20% in 1999.

The time between receipt of orders and shipment is generally short, and as a result, backlog is not significant.

Research & Development

The Company's Research and Development Department is engaged in work on product development, process technology and basic research. During 2001, $21,803,000 was spent on research activities as compared to $19,363,000 in 2000 and $17,921,000 in 1999.

Environment

The Company's operations are subject to federal, state and local regulations governing air emissions, waste and steam discharges, and solid and hazardous waste management activities. The Company endeavors to take actions necessary to comply with such regulations. These steps include periodic environmental audits of each Company facility. The audits, conducted by an independent engineering concern with expertise in the area of environmental compliance, include site visits at each location, as well as a review of documentary information, to determine compliance with such federal, state and local regulations. The Company believes that its compliance with existing environmental regulations will not have any material adverse effect with regard to the Company's capital expenditures, earnings or competitive position. No material capital expenditures relating to environmental control are presently anticipated.

Employees

At December 31, 2001, the Company had 2,099 employees. The Company is party to a labor contract with the United Industrial Workers of North America at its London, Ohio plant which contract continues until September 28, 2002. The Company believes that its relations with both its union and non-union employees are satisfactory. The Company's Winsted, Connecticut plant has approximately 44 employees, who belong to the Paper, Allied Industrial, Chemical, and Energy Workers International Union. The contract expires in early 2003.

Classes of Similar Products

The Company's operations constitute two operating segments. The table set forth below shows the percentage of the Company's net sales contributed by each group of similar products marketed by the Company during the period from January 1, 1997 through December 31, 2001.

	% of Net Sales				
	2001	2000	1999	1998	1997
Consumer Products	84	80	79	81	79
Specialty Products	16	20	21	19	21

ITEM 2. PROPERTIES

The Company's executive offices and research and development facilities are owned by the Company, subject to a New Jersey Industrial Revenue Bond, and are located on 22 acres of land in Princeton, New Jersey, with approximately 72,000 square feet of office and laboratory space. In addition, the Company leases space in two buildings adjacent to this facility which contain approximately 90,000 square feet of office space. The Company also leases regional sales offices in various locations throughout the United States. The Company is currently constructing an additional 55,000 square feet of administration space to its Princeton facility that will be completed in 2002.

At Syracuse, New York the Company owns a 16 acre site which included a group of connected buildings containing approximately 270,000 square feet of floor space. This plant was used primarily for the manufacture and packaging of liquid laundry detergent. As previously mentioned, the Company closed the plant in early 2001 and shifted liquid laundry detergent production to the former USA Detergents' facilities. The Company is currently demolishing the structures. This will be completed during 2002.

The Company's plant in Green River, Wyoming is located on 112 acres of land owned by the Company. The plant and related facilities contain approximately 273,000 square feet of floor space. The plant was constructed in 1968 and has since been expanded to a current capacity of 200,000 tons of sodium bicarbonate per year. This plant also manufactures powder laundry detergent and cat litter. During 2001, an additional 101,000 square feet of warehouse space was added.

The Company's plant in Old Fort, Ohio is located on 75 acres of land owned by the Company. The plant and related facilities contain approximately 208,000 square feet of floor space. The plant was completed in 1980 and has since been expanded to a capacity of 280,000 tons of sodium bicarbonate per year. During 2001, an additional 90,000 square feet of warehouse space was added.

In 1998, the Company purchased a 250,000 square foot manufacturing facility set on approximately 46 acres in Lakewood, New Jersey. The plant manufactures and packages the ARM & HAMMER Deodorant Anti-Perspirant product line, its dentifrice products which was relocated from the Company's Greenville, South Carolina, facility in 1999, ARM & HAMMER Deodorizing Air Freshener, and packages ARM & HAMMER Dental Care Gum. In 2000, SCRUB FREE and CLEAN SHOWER bathroom cleaner production started. Previously it was contract manufactured.

During 2000, the Company sold a portion of the facility it owns in Greenville, South Carolina. In 2001, the Company completed the sale of the remaining portion of the facility.

During 1997, the Company acquired from The Dial Corporation a manufacturing facility in London, Ohio. This facility contains approximately 141,000 square feet of floor space and is located on 6 acres of land. The facility manufactures and packages BRILLO Soap Pads and ARM & HAMMER FRESH & SOFT Dryer Sheets.

The Company will complete in 2002, a 50,000 square foot manufacturing facility in Madera, California that will produce Megalac Rumen Bypass Fats and related higher-value Megalac products.

As part of the USA Detergents acquisition, the Company acquired three manufacturing facilities. The Harrisonville, Missouri facility produces predominately liquid laundry products. It is approximately 510,000 square feet, which includes a 150,000 square foot warehouse completed in 2001. The facility is situated on approximately 43 acres of land. The Company also manufactures liquid laundry products at a 360,000 square foot leased facility in North Brunswick, New Jersey. The lease expires in 2004, subject to two five-year extensions. The Company also acquired a 105,000 square foot manufacturing facility in Chicago, Illinois that manufactures powder laundry detergent. The facility is situated on a three-acre land parcel who's lease expires in the year 2080.

Adjacent to the Company's North Brunswick facility, the Company leased two warehouses for the distribution of its consumer products. One warehouse is approximately 525,000 square feet, whose lease expires at the end of 2010. The other warehouse is approximately 156,000 square feet, whose lease expires at the end of 2011.

In conjunction with the anti-perspirant and pet care businesses acquired from Carter-Wallace, the Company acquired a 45,000 square foot manufacturing facility in Winsted, Connecticut that manufactures pet care hardware products. The anti-perspirant products were manufactured in Armkel's Cranbury, New Jersey facility. The

production is currently being transferred to the Company's Lakewood, New Jersey facility. This should be complete by the end of the third quarter 2002.

Armkel, LLC, in which the Company has a 50% interest, owns and operates a condom manufacturing facility in Colonial Heights, Virginia. The facility contains approximately 220,000 square feet of space. Armkel also owns a 754,000 square foot facility in Cranbury, New Jersey that manufactures pharmaceuticals, toiletries and pet care products. Armkel has decided to close the facility and transfer production to either Church & Dwight's Lakewood, New Jersey facility or to a series of contract manufacturers. This transfer will be completed in the second quarter of 2002. Armkel then plans to sell the facility. In addition, Armkel leases a 200,000 square food warehouse in Dayton, New Jersey and a 43,000 square foot warehouse in Momence, Illinois. Both facilities will be closed during 2002.

Armkel also owns or leases facilities outside the United States. They are:

Location	Products Manfactured	Area (Sq. Feet)
Owned:		
Manufacturing facilities and offices		
Montreal, Canada	OTC pharmaceuticals and toiletries	157,000
Folkestone, England	Toiletries	76,000
Milan, Italy	OTC pharmaceuticals and toiletries	60,000
Mexico City, Mexico	Pharmaceuticals	94,400
New Plymouth, New Zealand	Condom processing	31,000
Warehouse and Offices		
Toronto, Canada		52,000
Leased:		
Manufacturing facilities and offices		
Barcelona, Spain	Toiletries	58,400
Milan, Italy	Diagnostics and toiletries	49,100
Folkestone, England	Toiletries	21,500

In Ontario, Canada, the Company owns a 26,000 square foot distribution center which is used for the purpose of warehousing and distribution of products sold into Canada. The principal office of the Canadian subsidiary is located in leased offices in Toronto.

Brotherton Speciality Products Ltd. owns and operates a 71,000 square foot manufacturing facility in Wakefield, England on about 7 acres of land.

The Armand Products partnership, in which the Company has a 50% interest, owns and operates a potassium carbonate manufacturing plant located in Muscle Shoals, Alabama. This facility contains approximately 53,000 square feet of space and has a capacity of 103,000 tons of potassium carbonate per year.

The Company believes that its manufacturing, distribution and office facilities are adequate for the conduct of its business at the present time.

Church & Dwight Co., Inc.'s 85% owned subsidiary, QGN, has its administrative headquarters in Rio de Janeiro, Brazil in leased office space. QGN owns and operates manufacturing facilities in Camaoari, Feira de Santana, and Itapura in the state of Bahia and Diadema in the state of Sao Paulo.

ITEM 3. LEGAL PROCEEDINGS.

Litigation

a. On January 17, 2002, a petition for appraisal, Cede & Co., Inc. and GAMCO Investors, Inc. v. MedPointe Healthcare, Inc., Civil Action No. 19354, was filed in the Court of Chancery of the State of Delaware demanding a determination of the fair value of shares of MedPointe. The action was brought by purported former shareholders of Carter-Wallace in connection with the merger on September 28, 2001 of MCC Acquisition Sub Corporation with and into Carter-Wallace. The merged entity subsequently changed its name to MedPointe. The petitioners, who are purported holders of record of approximately 3.1 million shares of

MedPointe, have petitioned for an appraisal of the fair value of their shares in accordance with Section 262 of the Delaware General Corporation Law.

MedPointe and certain former Carter-Wallace shareholders are party to an indemnification agreement pursuant to which such shareholders will be required to indemnify MedPointe from a portion of the damages, if any, suffered by MedPointe in relation to the exercise of appraisal rights by other former Carter-Wallace shareholders in the merger. Pursuant to the agreement, the shareholders have agreed to indemnify MedPointe for 40% of any Appraisal Damages (defined as the recovery greater than the per share merger price times the number of shares in the appraisal class) suffered by MedPointe in relation to the merger; provided that if the total amount of Appraisal Damages exceeds $33,333,333.33, then the indemnifying stockholders will indemnify MedPointe for 100% of any damages suffered in excess of that amount. Armkel, in turn, is party to an agreement with MedPointe pursuant to which it has agreed to indemnify MedPointe and certain related parties against 60% of any Appraisal Damages for which MedPointe remains liable. The maximum liability to Armkel pursuant to the indemnification agreements and prior to any indemnification from the Company, as described in the following, is $12 million. The Company is party to an agreement with Armkel pursuant to which it has agreed to indemnify Armkel for 17.38% of any Appraisal Damages, up to a maximum of $2.1 million, for which Armkel becomes liable.

The Company believes that the consideration offered was fair to the former Carter-Wallace shareholders, and it cannot predict with certainty the outcome of this litigation.

b. The Company, in the ordinary course of its business, is the subject of, or party to, various pending or threatened legal actions. The Company believes that any ultimate liability arising from these actions will not have a material adverse effect on its financial position or results of operation.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of the Company's security holders during the last quarter of the year ended December 31, 2001.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's common stock is traded on the New York Stock Exchange (symbol: "CHD") This information appears under "Common Stock Price range and dividends," on page 9 of Exhibit 99 hereto, and on page 9 of Appendix B of the Proxy Statement, incorporated herein by reference. During 2001, there were no sales of unregistered securities.

ITEM 6. SELECTED FINANCIAL DATA.

This information appears under "Eleven-Year Financial Summary," on page 33 of Exhibit 99 hereto, and on page 33 of Appendix B of the Proxy Statement, incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS. ("MD&A")

This information appears under "MD&A," on pages 1 through 9 of Exhibit 99 hereto, and on pages 1 through 9 of Appendix B of the Proxy Statement, incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

This information appears under "Market Risk" in the "Management's Discussion and Analysis," on pages 5 through 6 of Exhibit 99 hereto, and on pages 5 through 6 of Appendix B of the Proxy Statement, incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

These statements and data appear on pages 10 through 31 of Exhibit 99 hereto, and on pages 10 through 31 of Appendix B of the Proxy Statement, incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information required by this item is incorporated by reference to the Company's definitive proxy statement pursuant to Regulation 14A which will be filed with the Commission not later than 120 days after the close of the fiscal year ended December 31, 2001.

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this item is incorporated by reference to the Company's definitive proxy statement pursuant to Regulation 14A which will be filed with the Commission not later than 120 days after the close of the fiscal year ended December 31, 2001.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information required by this item is incorporated by reference to the Company's definitive proxy statement pursuant to Regulation 14A which will be filed with the Commission not later than 120 days after the close of the fiscal year ended December 31, 2001.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information required by this item is incorporated by reference to the Company's definitive proxy statement pursuant to Regulation 14A which will be filed with the Commission not later than 120 days after the close of the fiscal year ended December 31, 2001.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements

Consolidated Financial Statements and Independent Auditors' Report included in Exhibit 99 hereto, and in Appendix B of the Proxy Statement, incorporated herein by reference:

Consolidated Statements of Income for each of the three years in the period ended December 31, 2001

Consolidated Balance Sheets as of December 31, 2001 and 2000
Consolidated Statements of Cash Flow for each of the three years in the period ended December 31, 2001

Consolidated Statements of Stockholders' Equity for each of the three years in the period ended December 31, 2001

Notes to Financial Statements

Independent Auditors' Report

(a) 2. Financial Statement Schedule

Included in Part IV of this report:

Independent Auditors' Report on Schedule

For each of the three years in the period ended December 31, 2001:

Schedule II - Valuation and Qualifying Accounts

Other schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the financial statements or notes thereto.

(a) 3. Exhibits

(3) (a) Restated Certificate of Incorporation including amendments has previously been filed with the Securities and Exchange Commission on the Company's Form 10-K for the year ended December 31, 1989, (Commission file no. 1-10585) which is incorporated by reference.

(b) By-Laws have previously been filed with the Securities and Exchange Commission on the Company's Form 10-K for the year ended December 31, 1985, (Commission file no. 1-10585) which is incorporated herein by reference.

(4) (a) * Credit Agreement, dated as of September 28, 2001, by and between Church & Dwight Co., Inc., the several banks and other financial institutions or entities from time to time parties to the Agreement as Lenders, PNC Bank, National Association, Fleet National Bank, The Bank of Nova Scotia, National City Bank and The Chase Manhattan Bank, as administrative agent.

(b) Credit Agreement, dated as of May 23, 2001, by and between Church & Dwight Co., Inc., the several banks and other financial institutions or entities from time to time parties to the Agreement as Lenders, Fleet National Bank, National City Bank, First Union National Bank, PNC Bank, and The Chase Manhattan Bank, as administrative agent previously filed with the Securities and Exchange Commission on the Company's Form 8-K filed on June 5, 2001 (Commission file no. 1-10585) and incorporated by reference.

(c) The Company is party to a Loan Agreement dated May 31, 1991 with the New Jersey Economic Development Authority. The principal amount of the loan thereunder is less than ten percent of the Company's consolidated assets. The Company will furnish a copy of said agreement to the Commission upon request.

(10) (a) Amended and Restated Limited Liability Company Agreement of Armkel LLC, dated as of August 27, 2001, by and between Church & Dwight Co., Inc. and Kelso Protection Venture, LLC, a Delaware limited liability company ("LLC Agreement") and Amendment Number 1 to the LLC Agreement, dated as of September 24, 2001 previously filed with the Securities and Exchange Commission on the Company's Form 8-K filed on October 12, 2001 (Commission file no. 1-10585) and are incorporated by reference.

(b) * Amendment Number 2 to the LLC Agreement, dated as of September 24, 2001.

(c) Amended and Restated Product Line Purchase Agreement, dated as of July 30, 2001 and effective as of May 7, 2001 by and between Church & Dwight Co., Inc. and Armkel LLC ("PLPA") and Amendment Number 1 to the PLPA, dated as of September 28, 2001

previously filed with the Securities and Exchange Commission on the Company's Form 8-K filed on October 12, 2001 (Commission file no. 1-10585) and are incorporated by reference.

(d) * Asset Purchase Agreement, dated May 7, 2001, by and between Armkel LLC and Carter-Wallace, Inc. for the purchase of certain consumer brands.

(e) Supply Agreement between Church & Dwight Co., Inc. and ALCAD Partnership for supply of soda ash. This document is not attached hereto but has been separately submitted to the Securities and Exchange Commission which has approved the Company's application under rule 24b-2 for privileged and confidential treatment thereof.

(f) Limited Liability Company Operation Agreement of Armus, LLC, dated as of June 14, 2000, between Church & Dwight Co., Inc. and USA Detergents, Inc. This document has been previously filed with the Securities and Exchange Commission on the Company's Quarterly Report on Form 10-Q, filed on August 14, 2000 and was approved under rule 24b-2 for privileged and confidential treatment thereof.

(g) Stock Purchase Agreement dated as of June 14, 2000, among USA Detergents, Inc., Church & Dwight Co., Inc. and Frederick R. Adler. This document has been previously filed with the Securities and Exchange Commission on the Company's Quarterly Report on Form 10-Q, filed on August 14, 2000 and was approved under rule 24b-2 for privileged and confidential treatment thereof.

Compensation Plans and Arrangements

(h) * Employment Agreement, dated February 2, 2001, by and between Church & Dwight Co., Inc. and Jon L. Finley for the position of President and COO.

(i) * Supplemental Employment Agreement, dated October 5, 2001, by and between Church & Dwight Co., Inc. and Jon L. Finley.

(j) * Employment Agreement, dated January 3, 2002, by and between Church & Dwight Co., Inc. and Joseph A. Sipia, Jr.

(k) * Employment Agreement, dated February 26, 2002, by and between Church & Dwight Co., Inc. and Bradley A. Casper.

(l) The Company's 1983 Stock Option Plan, which was approved by stockholders at the Annual Meeting of Stockholders on May 5, 1983, and was included in the Company's definitive Proxy Statement dated April 4, 1983, (Commission file no. 1-10585) which is incorporated herein by reference.

(m) Restricted Stock Plan for Directors which was approved by stockholders at the Annual Meeting of Stockholders on May 7, 1987, and was included in the Company's definitive Proxy Statement dated April 6, 1987, (Commission file no. 1-10585) which is incorporated herein by reference.

(n) Church & Dwight Co., Inc. Executive Deferred Compensation Plan, effective as of June 1, 1997, (Commission file no. 1-10585) which is incorporated herein by reference.

(o) Deferred Compensation Plan for Directors has previously been filed with the Securities and Exchange Commission on the Company's Form 10-K for the year ended December 31, 1987, (Commission file no. 1-10585) which is incorporated herein by

reference.

(p) Employment Service Agreement with Senior Management of Church & Dwight Co., Inc. has previously been filed with the Securities and Exchange Commission on the Company's Form 10-K for the year ended December 31, 1990, (Commission file no. 1-10585) which is incorporated herein by reference.

(q) The Stock Option Plan for Directors which was approved by stockholders in May 1991, authorized the granting of options to non-employee directors. The full text of the Church & Dwight Co., Inc. Stock Option Plan for Directors was contained in the definitive Proxy Statement filed with the Commission on April 2, 1991, (Commission file no. 1-10585) which is incorporated herein by reference.

(r) A description of the Company's Incentive Compensation Plan has previously been filed with the Securities and Exchange Commission on the Company's Form 10-K for the year ended December 31, 1992, (Commission file no. 1-10585) which is incorporated herein by reference.

(s) Church & Dwight Co., Inc. Executive Stock Purchase Plan has previously been filed with the Securities and Exchange Commission on the Company's Form 10-K for the year ended December 31, 1993, (Commission file no. 1-10585) which is incorporated herein by reference.

(t) The 1994 Incentive Stock Option Plan has previously been filed with the Securities and Exchange Commission on the Company's Form 10-K for the year ended December 31, 1994, (Commission file no. 1-10585) which is incorporated herein by reference.

(u) The Compensation Plan for Directors, which was approved by stockholders at the Annual Meeting of Stockholders on May 9, 1996, and was included in the Company's definitive Proxy Statement filed with the Commission on April 1, 1996, (Commission file no. 1-10585) which is incorporated herein by reference.

*(11) Computation of earnings per share.

*(21) List of the Company's subsidiaries.

*(23) Consent of Independent Auditor.

*(99) Financial Statements.

(b) Reports on Form 8-K

The Company filed an 8-K on October 12, 2001 to announce the Company's investment in Armkel, LLC and the acquisition of the Antiperspirant and Pet Care businesses acquired from Carter-Wallace.

The Company filed an 8-K/A on November 9, 2001 to provide pro-forma financial statements that were not provided with the 8-K filed on October 12, 2001.

Copies of exhibits will be made available upon request and for a reasonable charge.

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*filed herewith

INDEPENDENT AUDITORS' REPORT

To The Board of Directors and Stockholders of
Church & Dwight Co., Inc.
Princeton, New Jersey

We have audited the consolidated financial statements of Church & Dwight Co., Inc. and subsidiaries as of December 31, 2001 and 2000, and for each of the three years in the period ended December 31, 2001, and have issued our report thereon dated March 11, 2002; such consolidated financial statements and report are included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedule of Church & Dwight Co., Inc. and subsidiaries, listed in Item 14. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

Deloitte & Touche LLP
Parsippany, New Jersey
March 11, 2002

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

	2001	2000	1999
Allowance for Doubtful Accounts:			
Balance at beginning of year	$2,052	$1,552	$1,579
Additions:			
Charged to expenses and costs	1,950	700	200
Acquisition of subsidiary/product lines	788	--	122
	2,738	700	322
Deductions:			
Amounts written off	1,105	190	348
Foreign currency translation adjustments	19	10	1
	1,124	200	349
Balance at end of year	$3,666	$2,052	$1,552

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
EXHIBIT 11 - Computation of Earnings Per Share
(In thousands except per share amounts)

	2001	2000	1999
BASIC:			
Net Income	$46,984	$33,559	$45,357
Weighted average shares outstanding	38,879	38,321	38,792

Basic earnings per share	$1.21	$0.88	$1.17
DILUTED:			
Net Income	$46,984	$33,559	$45,357
Weighted average shares outstanding	38,879	38,321	38,792
Incremental shares under stock option plans	1,940	1,612	2,251
Adjusted weighted average shares outstanding	40,819	39,933	41,043
Diluted earnings per share	$1.15	$0.84	$1.11

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
EXHIBIT 21
LIST OF THE COMPANY'S SUBSIDIARIES

1) Church & Dwight Ltd./Ltee
Incorporated in Canada

2) C & D Chemical Products, Inc.
Incorporated in the State of Delaware,
D/B/A Armand Products Company, a Partnership

3) Brotherton Speciality Products Ltd.
Incorporated in the United Kingdom

4) Quimica Geral do Nordeste S.A. (QGN)
Incorporated in Brazil (85% Interest)

5) Biovance Technologies, Inc.
Incorporated in the state of Delaware

The Company's remaining subsidiaries, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of December 31, 2001.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 33-60149, 33-60147, 33-24553, 33-6150 and 33-44881 on Form S-8 of our reports dated March 11, 2002 included in the Annual Report on Form 10-K of Church & Dwight Co., Inc. for the year ended December 31, 2001.

Deloitte & Touche LLP
Parsippany, New Jersey
March 11, 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 18, 2002.

CHURCH & DWIGHT CO., INC.

By: /s/ Robert A. Davies, III

Robert A. Davies, III
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Robert A. Davies, III Robert A. Davies, III	Chairman and Chief Executive Officer	March 18, 2002
/s/ Zvi Eiref Zvi Eiref	Vice President Finance and Chief Financial Officer (Principal Financial Officer)	March 18, 2002
/s/ Gary P. Halker Gary P. Halker	Vice President, Controller and Chief Information Officer (Principal Accounting Officer)	March 18, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ William R. Becklean William R. Becklean	Director	March 18, 2002
/s/ Robert H. Beeby Robert H. Beeby	Director	March 18, 2002
/s/ Robert A. Davies, III Robert A. Davies, III	Chairman	March 18, 2002
/s/ Rosina B. Dixon, M.D. Rosina B. Dixon, M.D.	Director	March 18, 2002
/s/ J. Richard Leaman, Jr. J. Richard Leaman, Jr.	Director	March 18, 2002
/s/ Robert D. LeBlanc Robert D. LeBlanc	Director	March 18, 2002
/s/ John D. Leggett, III, Ph.D John D. Leggett, III, Ph.D.	Director	March 18, 2002
/s/ John F. Maypole John F. Maypole	Director	March 18, 2002
/s/ Robert A. McCabe Robert A. McCabe	Director	March 18, 2002
/s/ Dwight C. Minton	Chairman Emeritus	March 18, 2002

Dwight C. Minton		
/s/ Burton B. Staniar	Director	March 18, 2002

Burton B. Staniar		
/s/ John O. Whitney	Director	March 18, 2002

John O. Whitney		

Exhibit 4(a)

EXECUTION COPY

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$510,000,000

CREDIT AGREEMENT

among

CHURCH & DWIGHT CO., INC.,
as Borrower,

The Several Lenders from Time to Time Parties Hereto,

PNC BANK, NATIONAL ASSOCIATION, FLEET NATIONAL BANK, THE BANK OF NOVA SCOTIA, and NATIONAL CITY BANK

each as a Syndication Agent,

and

THE CHASE MANHATTAN BANK,
as Administrative Agent

Dated as of September 28, 2001

==========

J.P. MORGAN Securities Inc.,
as Sole Advisor, Lead Arranger and Bookrunner

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SCHEDULES:

EXHIBITS:

CREDIT AGREEMENT (this "Agreement"), dated as of September 28, 2001, among CHURCH & DWIGHT CO., INC., a Delaware corporation (the "Borrower"), the several banks and other financial institutions or entities from time to time parties to this Agreement (the "Lenders"), PNC BANK, NATIONAL ASSOCIATION, FLEET

NATIONAL BANK, THE BANK OF NOVA SCOTIA, and NATIONAL CITY BANK, each as a syndication agent (in such capacity, a "Syndication Agent"; and, collectively, the "Syndication Agents"), and THE CHASE MANHATTAN BANK, as administrative agent.

The parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the terms listed in this Section 1.1 shall have the respective meanings set forth in this Section 1.1.

"ABR": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof: "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by The Chase Manhattan Bank as its prime rate in effect at its principal office in New York City (the Prime Rate not being intended to be the lowest rate of interest charged by The Chase Manhattan Bank in connection with extensions of credit to debtors); "Base CD Rate" shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) a fraction, the numerator of which is one and the denominator of which is one minus the CD Reserve Percentage and (b) the CD Assessment Rate; and "Three-Month Secondary CD Rate" shall mean, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 A.M., New York City time, on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by The Chase Manhattan Bank from three New York City negotiable certificate of deposit dealers of recognized standing selected by it. Any change in the ABR due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

"ABR Loans": Loans the rate of interest applicable to which is based upon the ABR.

"Accounts": as defined in the Uniform Commercial Code as in effect in the State of New York; and, with respect to the Borrower and its Subsidiaries, all such Accounts of such Persons, whether now existing or existing in the future, including, without limitation, (i) all

accounts receivable of such Person (whether or not specifically listed on schedules furnished to the Administrative Agent) including, without limitation, all accounts created by or arising from all of such Person's software licensing arrangements or sales of goods or rendition of services made under any of its trade names, or through any of its divisions, (ii) all unpaid rights of such Person (including rescission, replevin, reclamation and stopping in transit) relating to the foregoing or arising therefrom, (iii) all rights to any goods represented by any of the foregoing, including returned or repossessed goods, (iv) all reserves and credit balances held by such Person with respect to any such accounts receivable or any obligors thereon, (v) all letters of credit, guarantees or collateral for any of the foregoing and (vi) all insurance policies or rights relating to any of the foregoing.

"Additional Term Commitment": as defined in Section 2.23(a).

"Additional Term Loans": as defined in Section 2.23(a).

"Adjustment Date": as defined in the definition of "Pricing Grid" in this Section 1.1.

"Administrative Agent": The Chase Manhattan Bank, together with its affiliates, as the arranger of the Commitments and as the administrative agent for the Lenders under this Agreement and the other Loan Documents, together with any of its successors.

"Affiliate": as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"Agents": the collective reference to the Syndication Agents and the Administrative Agent.

"Aggregate Exposure": with respect to any Lender at any time, an amount equal to (a) until the Closing Date, the aggregate amount of such Lender's Commitments at such time and (b) thereafter, the sum of (i) the aggregate then unpaid principal amount of such Lender's Term Loans and (ii) the amount of such Lender's Revolving Commitment then in effect or, if the Revolving Commitments have been terminated, the amount of such Lender's Revolving Extensions of Credit then outstanding.

"Aggregate Exposure Percentage": with respect to any Lender at any time, the ratio (expressed as a percentage) of such Lender's Aggregate Exposure at such time to the Aggregate Exposure of all Lenders at such time.

"Agreement": as defined in the preamble hereto.

"Applicable Margin": (a) with respect to Tranche B Term Loans which are Eurodollar Loans, 2.50%, (b) with respect to Tranche B Term Loans which are ABR Loans, 1.50% and (c) for each other Type of Loan for any day, the rate per annum set forth under the

relevant column heading in the Pricing Grid; provided, with respect to this clause (c), until the first Adjustment Date after the Closing Date, Level II (as set forth in the Pricing Grid) will apply, and, thereafter until the first Adjustment Date occurring six months after the Closing Date, only Level I or Level II (as set forth in the Pricing Grid) will apply.

"Application": an application, in such form as the applicable Issuing Lender may specify from time to time, requesting such Issuing Lender to open a Letter of Credit.

"Armkel Credit Agreement": the credit agreement, dated as of the date hereof, among the Armkel Joint Venture, as the borrower, Armkel Holding (Netherlands) B.V. and the Armkel (Canada), Corp., and The Chase Manhattan Bank, as the administrative agent.

"Armkel Joint Venture": Armkel L.L.C., a Delaware limited liability company, which was formed pursuant to the Armkel Joint Venture Agreement.

"Armkel Joint Venture Acquisition": any acquisition by the Armkel Joint Venture of the Target on terms and conditions substantially in accordance with the Transaction Documents or otherwise reasonably satisfactory to the

Administrative Agent.

"Armkel Joint Venture Agreement": the joint venture agreement, dated as of September 28, 2001, between the Borrower and Kelso, including all exhibits, schedules, and annexes thereto.

"Arranger": J.P. Morgan Securities Inc., in its capacity as sole advisor, lead arranger and bookrunner.

"Arrid": the personal underarm deodorant business of the Target.

"Arrid Acquisition": the direct acquisition by the Borrower of 100% of the assets of the United States and Canadian Arrid products division and the Lady's Choice brand of the Target on terms and conditions substantially in accordance with the Transaction Documents or otherwise reasonably satisfactory to the Administrative Agent.

"Asset Sale": any Disposition of property or series of related Dispositions of property (excluding (i) any such Disposition, or series of related Dispositions, permitted by clause (a), (b), (c), (d) or (f) of Section 7.5 and (ii) any such Disposition, or series of related Dispositions, permitted by clause (e) of Section 7.5 that, with respect to this clause (ii), yields gross proceeds to any Group Member of less than $1,000,000) that yields gross proceeds to any Group Member (valued at the initial principal amount thereof in the case of non-cash proceeds consisting of notes or other debt securities and valued at fair market value in the case of other non-cash proceeds) in excess of, when added to the aggregate amount of gross proceeds received by any Group Member from all other Dispositions made after the Closing Date and prior to such Disposition, $5,000,000.

"Assignee": as defined in Section 10.6(c).

"Assignment and Acceptance": an Assignment and Acceptance, substantially in the form of Exhibit E

"Assignor": as defined in Section 10.6(c).

"Available Revolving Commitment": as to any Revolving Lender at any time, an amount equal to the excess, if any, of (a) such Lender's Revolving Commitment then in effect over (b) such Lender's Revolving Extensions of Credit then outstanding; provided, that in calculating any Lender's Revolving Extensions of Credit for the purpose of determining such Lender's Available Revolving Commitment pursuant to Section 2.8(a), the aggregate principal amount of Swingline Loans then outstanding shall be deemed to be zero.

"Benefitted Lender": as defined in Section 10.7(a).

"Biovance": Biovance Technologies, Inc., a Delaware corporation.

"Board": the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrower": as defined in the preamble hereto.

"Borrowing Date": any Business Day specified by the Borrower as a date on which the Borrower requests the relevant Lenders to make Loans hereunder.

"Business": as defined in Section 4.17(b).

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close, provided, that with respect to notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, such day is

also a day for trading by and between banks in Dollar deposits in the interbank eurodollar market.

"Capital Expenditures": for any period, with respect to any Person, the aggregate of all expenditures by such Person and its Subsidiaries for the acquisition or leasing (pursuant to a capital lease) of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period) that should be capitalized under GAAP on a consolidated balance sheet of such Person and its Subsidiaries.

"Capital Lease Obligations": as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"Carter-Wallace": Carter-Wallace, Inc., a Delaware corporation.

"Cash Equivalents": (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing not more than one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of six months or less from the date of acquisition issued by any Lender or by any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than $500,000,000; (c) commercial paper of an issuer rated at least A-1 by Standard & Poor's Ratings Services ("S&P") or P-1 by Moody's Investors Service, Inc. ("Moody's"), or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing not more than six months from the date of acquisition; (d) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A by Moody's; (f) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (b) of this definition; or (g) shares of money market mutual or similar funds which invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition.

"CD Assessment Rate": for any day as applied to any ABR Loan, the annual assessment rate in effect on such day that is payable by a member of the Bank Insurance Fund maintained by the Federal Deposit Insurance Corporation (the "FDIC") classified as well-capitalized and within supervisory subgroup "B" (or a comparable successor assessment risk classification) within the meaning of 12 C.F.R. ss. 327.4 (or any successor provision) to the FDIC (or any successor) for the FDIC's (or such successor's) insuring time deposits at offices of such institution in the United States.

"CD Reserve Percentage": for any day as applied to any ABR Loan, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board, for determining the maximum reserve requirement for a Depositary Institution (as defined in Regulation D of the Board as in effect from time to time) in respect of new non-personal time deposits in Dollars having a maturity of 30 days or more.

"Closing Date": the date on which the conditions precedent set forth in Section 5.1 shall have been satisfied, which date is September 28, 2001.

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Collateral": all property of the Loan Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by any Security Document.

"Commitment": as to any Lender, the sum of the Tranche A Term Commitment, the Tranche B Term Commitment and the Revolving Commitment of such Lender. The original amount of the total Commitments is $510,000,000.

"Commitment Fee Rate": 1/2 of 1% per annum for the first six months after the Closing Date; provided, that on and after the first Adjustment Date occurring six months after the Closing Date, the Commitment Fee Rate will be determined pursuant to the Pricing Grid.

"Commitment Increase Date": as defined in Section 2.23(a).

"Commitment Increase Letter": as defined in Section 2.23(c).

"Commitment Letter": the commitment letter, dated as of May 8, 2001, among The Chase Manhattan Bank, J.P. Morgan Securities Inc., and the Borrower.

"Commitment Period": the period from and including the Closing Date to the Revolving Termination Date.

"Commonly Controlled Entity": an entity, whether or not incorporated, that is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group that includes the Borrower and that is treated as a single employer under Section 414 of the Code.

"Compliance Certificate": a certificate duly executed by a Responsible Officer substantially in the form of Exhibit B.

"Conduit Lender": any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Section 2.18, 2.19, 2.20 or 10.5 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender or (b) be deemed to have any Commitment.

"Confidential Information Memorandum": the Confidential Information Memorandum dated July 2001 and furnished to certain Lenders.

"Consolidated Current Assets": at any date, all amounts (other than cash and Cash Equivalents) that would, in conformity with GAAP, be set forth opposite the caption "total current assets" (or any like caption) on a consolidated balance sheet of the Borrower and its Subsidiaries at such date.

"Consolidated Current Liabilities": at any date, all amounts that would, in conformity with GAAP, be set forth opposite the caption "total current liabilities" (or any like caption) on a consolidated balance sheet of the Borrower and its Subsidiaries at such date, but excluding (a) the current portion of any Funded Debt of the Borrower and its Subsidiaries and (b) without duplication of clause (a) above, all Indebtedness consisting of Revolving Loans or Swingline Loans to the extent otherwise included therein.

"Consolidated EBITDA": (a) for any period with respect to the Borrower and its Subsidiaries (other than Arrid for the periods ended March 31, 2001, June 30, 2001 and September 30, 2001), Consolidated Net Income for such period plus, without duplication and to the extent reflected as a charge in the statement of such Consolidated Net Income for such period, the sum of (i) income tax expense, (ii) interest expense, amortization or writeoff of debt discount and debt issuance costs and commissions, discounts and other fees and charges associated with Indebtedness (including the Loans), (iii) depreciation and amortization expense, (iv) amortization of intangibles (including, but not limited to, goodwill) and organization costs, (v) any extraordinary, unusual or non-recurring non-cash expenses or losses (including, whether or not otherwise includable as a separate item in the statement of such Consolidated Net Income for such period, non-cash losses on sales of assets outside of the ordinary course of business), (vi) any other non-cash charges, (vii) non-recurring cash expenses not in excess of an aggregate amount of $10,500,000 related to the creation of the Armkel Joint Venture and the Armkel Joint Venture Acquisition, the Arrid Acquisition, the Lambert Kay Acquisition and the USAD Acquisition, (viii) any amounts not in excess of $500,000 paid to Finova Capital Corporation in the second quarter of the Borrower's fiscal year 2001, (ix) any amounts representing the write-up in the value of the Arrid inventory as of the Closing Date based upon the appraisal thereof conducted by Deloitte & Touche LLP, (x) minority interests to the extent received in cash and (xi) any prepayment charge not in excess of $600,000 incurred in connection with the sale or other disposition of the Solvay Note in the quarter of such sale or other disposition and minus, to the extent included in the statement of such Consolidated Net Income for such period, the sum of (i) interest income, (ii) any extraordinary, unusual or non-recurring income or gains (including, whether or not otherwise includable as a separate item in the statement of such Consolidated Net Income for such period, gains on the sales of assets outside of the ordinary course of business), (iii) any other non-cash income, all as determined on a consolidated basis, (iv) minority interests to the extent paid by the Borrower in cash to minority holders and (v) cash payments with respect to prior period non-cash charges otherwise excluded from Consolidated Net Income. For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each, a "Reference Period") pursuant to any determination of the Consolidated Leverage Ratio, (A) if at any time during such Reference Period the Borrower or any Subsidiary shall have made any Material Disposition, the Consolidated EBITDA for such Reference Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such Material Disposition for such Reference Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Reference Period and (B) if during such Reference Period the Borrower or any Subsidiary shall

have made a Material Acquisition, Consolidated EBITDA for such Reference Period shall be calculated after giving pro forma effect thereto as if such Material Acquisition occurred on the first day of such Reference Period. As used in this definition, "Material Acquisition" means any acquisition of property or series of related acquisitions of property that (I) constitutes assets comprising all

or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a Person and (II) involves the payment of consideration by the Borrower and its Subsidiaries in excess of $5,000,000; and "Material Disposition" means any Disposition of property or series of related Dispositions of property that yields gross proceeds to the Borrower or any of its Subsidiaries in excess of $5,000,000; and

(b) for each of Arrid and Lambert Kay for each of the periods ended March 31, 2001, June 30, 2001 and September 30, 2001, contributed profit as set forth on the financial statement of Carter-Wallace for such period plus, without duplication and to the extent reflected as a charge in the books of Carter-Wallace for such period, depreciation.

"Consolidated Interest Coverage Ratio": for any period, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Interest Expense for such period.

"Consolidated Interest Expense": for any period, total cash interest expense (including that attributable to Capital Lease Obligations) of the Borrower and its Subsidiaries for such period with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Hedge Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP).

"Consolidated Leverage Ratio": as at the last day of any period, the ratio of (a) Consolidated Total Debt on such day to (b) Consolidated EBITDA for such period.

"Consolidated Net Income": for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or loss) of any Person accrued prior to the date it becomes a Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries, (b) the income (or loss) of any Person (other than a Subsidiary of the Borrower) in which the Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions and (c) the undistributed earnings of any Subsidiary of the Borrower to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any Contractual Obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary.

"Consolidated Total Debt": at any date, the aggregate principal amount of all Indebtedness of the Borrower and its Subsidiaries at such date, determined on a consolidated basis in accordance with GAAP.

"Consolidated Working Capital": at any date, the excess of Consolidated Current Assets on such date over Consolidated Current Liabilities on such date.

"Continuing Directors": the directors of the Borrower on the Closing Date and each other director, if, in each case, such other director's nomination for election to the board of directors of the Borrower is recommended by at least a majority of the then Continuing Directors.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Default": any of the events specified in Section 8, whether or not

any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Disposition": with respect to any property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof (other than any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition of the Solvay Note). The terms "Dispose" and "Disposed of" shall have correlative meanings.

"Dollars" and "$": dollars in lawful currency of the United States.

"Domestic Subsidiary": any Subsidiary of the Borrower organized under the laws of any jurisdiction within the United States.

"Environmental Laws": any and all foreign, federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time hereafter be in effect.

"Equity Investment": the making of an equity investment in the Armkel Joint Venture pursuant to the terms of the Armkel Joint Venture Agreement.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including basic, supplemental, marginal and emergency reserves) under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board) maintained by a member bank of the Federal Reserve System.

"Eurodollar Base Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Page 3750 of the Telerate screen as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on Page 3750 of the Telerate screen (or otherwise on such screen), the "Eurodollar

Base Rate" shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered Dollar deposits at or about 11:00 A.M., New York City time, two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where its eurodollar and foreign currency and exchange operations are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein.

"Eurodollar Loans": Loans the rate of interest applicable to which is based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

Eurodollar Base Rate

1.00 - Eurocurrency Reserve Requirements

"Eurodollar Tranche": the collective reference to Eurodollar Loans under a particular Facility the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

"Excess Cash Flow": for any fiscal year of the Borrower, the excess, if any, of (a) the sum, without duplication, of (i) Consolidated Net Income for such fiscal year, (ii) the amount of all non-cash charges (including depreciation and amortization) deducted in arriving at such Consolidated Net Income, (iii) decreases in Consolidated Working Capital for such fiscal year, and (iv) the aggregate net amount of non-cash loss on the Disposition of property by the Borrower and its Subsidiaries during such fiscal year (other than sales of inventory in the ordinary course of business), to the extent deducted in arriving at such Consolidated Net Income over (b) the sum, without duplication, of (i) the amount of all non-cash credits included in arriving at such Consolidated Net Income, (ii) the aggregate amount actually paid by the Borrower and its Subsidiaries in cash during such fiscal year on account of Capital Expenditures (excluding the principal amount of Indebtedness incurred in connection with such expenditures and any such expenditures financed with the proceeds of any Reinvestment Deferred Amount), (iii) the aggregate amount of all prepayments of Revolving Loans and Swingline Loans during such fiscal year to the extent accompanying permanent optional reductions of the Revolving Commitments and all optional prepayments of the Term Loans during such fiscal year, (iv) the aggregate amount of all regularly scheduled principal payments of Funded Debt (including the Term Loans) of the Borrower and its Subsidiaries made during such fiscal year (other than in respect of any revolving credit facility to the extent there is not an equivalent permanent reduction in commitments thereunder), (v) increases in Consolidated Working Capital for such fiscal year, and (vi) the aggregate net amount of non-cash gain on the Disposition of property by the Borrower and its Subsidiaries during such fiscal year (other than sales of inventory in the ordinary course of business), to the extent included in arriving at such Consolidated Net Income.

"Excess Cash Flow Application Date": as defined in Section 2.11(d).

"Excluded Foreign Subsidiary": any Foreign Subsidiary in respect of which either (a) the pledge of all of the Capital Stock of such Subsidiary as Collateral or (b) the guaranteeing by such Subsidiary of the Obligations, would, in the good faith judgment of the Borrower, result in adverse tax consequences to the Borrower.

"Existing Facility": the Credit Agreement, dated as of May 23, 2001, among the Borrower, the several lenders from time to time parties thereto, Fleet National Bank, National City Bank, First Union National Bank and PNC Bank, National Association, each as a syndication agent, and The Chase Manhattan Bank, as administrative agent.

"Existing Facility Letters of Credit": as defined in Section 3.9.

"Event of Default": any of the events specified in Section 8, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Facility": each of (a) the Tranche A Term Commitments and the Tranche A Term Loans made thereunder (the "Tranche A Term Facility"), (b) the Tranche B Term Commitments and the Tranche B Term Loans made thereunder (the "Tranche B Term Facility"), and (c) the Revolving Commitments and the extensions of credit made thereunder (the "Revolving Facility").

"Federal Funds Effective Rate": for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day of such transactions received by The Chase Manhattan Bank from three federal funds brokers of recognized standing selected by it.

"Financing Lease": any lease of property, real or personal, the obligations of the lessee in respect of which are required in accordance with GAAP to be capitalized on a balance sheet of the lessee.

"Foreign Subsidiary": any Subsidiary of the Borrower that is not a Domestic Subsidiary.

"Funded Debt": as to any Person, all Indebtedness of such Person that matures more than one year from the date of its creation or matures not more than one year from such date but is renewable or extendible, at the option of such Person, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date, including all current maturities and current sinking fund payments in respect of such Indebtedness whether or not required to be paid within one year from the date of its creation and, in the case of the Borrower, Indebtedness in respect of the Loans, minus unrestricted cash in an amount not less than $5,000,000 and not to exceed $20,000,000 of Church & Dwight Company, a Wyoming corporation and a Wholly Owned Subsidiary of the Borrower.

"Funding Office": the office of the Administrative Agent specified in Section 10.2 or such other office as may be specified from time to time by the Administrative Agent as its funding office by written notice to the Borrower and the Lenders.

"GAAP": generally accepted accounting principles in the United States as in effect from time to time, except that for purposes of Section 7.1, GAAP shall be determined on the basis of such principles in effect on the date hereof and consistent with those used in the preparation of the most recent audited financial statements referred to in Section 4.1(b). In the event that any "Accounting Change" (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrower and the Administrative Agent agree to enter into negotiations in order to amend such provisions of this Agreement so as to equitably reflect such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrower, the Administrative Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "Accounting Changes" refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

"Governmental Authority": any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization (including the National Association of Insurance Commissioners).

"Group Members": the collective reference to the Borrower and its Subsidiaries.

"Guarantee and Collateral Agreement": the guarantee and collateral agreement substantially in the form of Exhibit A hereto, dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time) by each Subsidiary Guarantor in favor of the Administrative Agent for the benefit of the Lenders.

"Guarantee Obligation": as to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of

the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Hedge Agreements": all interest rate swaps, caps or collar agreements or similar arrangements dealing with interest rates or currency exchange rates or the exchange of nominal interest obligations, either generally or under specific contingencies.

"Increasing Lender": as defined in Section 2.23(c).

"Indebtedness": of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety bonds or similar arrangements, (g) the liquidation value of all preferred Capital Stock of such Person redeemable at the option of the holder thereof, (h) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above (other than any non-recourse Guarantee Obligations incurred in relation to the pledge by the Borrower of the Capital Stock of the Armkel Joint Venture to the lenders under the Armkel Credit Agreement), (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such

obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation, (j) for the purposes of Sections 7.2 and 8(e) only, all obligations of such Person in respect of Hedge Agreements, (k) all obligations not otherwise included as "indebtedness" on such Person's balance sheet in the nature of synthetic leases and (l) to the extent not otherwise included, indebtedness or similar obligations pursuant to any receivables or other securitization. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

"Insolvency": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Intellectual Property": the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including, without limitation, copyrights, copyright licenses, software, databases, patents, patent licenses, trademarks, trademark licenses, trademark applications, service marks, service mark licenses, service mark applications, trade names, brand names, domain names, mask works, mask work licenses, technology, and related improvements, know-how and processes, trade secrets, all registrations and applications related to any of the above, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Interest Payment Date": (a) as to any ABR Loan, the last day of each March, June, September and December to occur while such Loan is outstanding and the final maturity date of such Loan, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period, (d) as to any Loan (other than any Revolving Loan that is an ABR Loan and any Swingline Loan), the date of any repayment or prepayment made in respect thereof and (e) as to any Loan, the Revolving Termination Date or such earlier date on which the Commitments hereunder are terminated and the Loans become due and payable pursuant to Section 8 hereof.

"Interest Period": as to any Eurodollar Loan, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and (b) thereafter, each period commencing on the last day of the then current Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) the Borrower may not select an Interest Period under a

particular Facility that would extend beyond the Revolving Termination Date or beyond the date final payment is due on the Tranche A Term Loans or the Tranche B Term Loans, as the case may be;

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; and

(iv) the Borrower shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan.

"Investments": as defined in Section 7.8.

"Issuers": as defined in the Guarantee and Collateral Agreement.

"Issuing Lender": The Chase Manhattan Bank and any other Lender designated as an Issuing Lender in an Issuing Lender Agreement executed by such Lender, the Borrower and the Administrative Agent, in its capacity as issuer of any Letter of Credit.

"Issuing Lender Agreement": an agreement, substantially in the form of Exhibit H, executed by a Lender, the Borrower, and the Administrative Agent pursuant to which such Lender agrees to become an Issuing Lender hereunder.

"Kelso": Kelso & Company, L.P., a Delaware limited partnership, and its Affiliates.

"Lambert Kay": the Lambert Kay products division of the Target.

"Lambert Kay Acquisition": the direct acquisition by the Borrower of 100% of the stock or assets of Lambert Kay on terms and conditions substantially in accordance with the Transaction Documents or otherwise reasonably satisfactory to the Administrative Agent.

"L/C Commitment": $20,000,000.

"L/C Fee Payment Date": the last day of each March, June, September and December and the last day of the Commitment Period.

"L/C Obligations": at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit that have not then been reimbursed pursuant to Section 3.5.

"L/C Participants": the collective reference to all the Revolving Lenders other than any Issuing Lenders.

"Lender Affiliate": (a) any Affiliate of any Lender, (b) any Person that is administered or managed by any Lender and that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and (c) with respect to any Lender which is a fund that invests in commercial loans and similar extensions of credit, any other fund that invests in commercial loans and

similar extensions of credit and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such Lender or investment advisor.

"Lenders": as defined in the preamble hereto; provided, that unless

the context otherwise requires, each reference herein to the Lenders shall be deemed to include any Conduit Lender.

"Letters of Credit": as defined in Section 3.1(a).

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

"Loan": any loan made by any Lender pursuant to this Agreement.

"Loan Documents": this Agreement, the Security Documents and the Notes.

"Loan Parties": each Group Member that is a party to a Loan Document.

"Mandatory Prepayment Date": as defined in Section 2.11(f).

"Mandatory Prepayment Option Notice": as defined in Section 2.11(f).

"Majority Facility Lenders": with respect to any Facility, the holders of more than 50% of the aggregate unpaid principal amount of the Term Loans or the Total Revolving Extensions of Credit, as the case may be, outstanding under such Facility (or, in the case of the Revolving Facility, prior to any termination of the Revolving Commitments, the holders of more than 50% of the Total Revolving Commitments).

"Material Adverse Effect": a material adverse effect on (a) any of the Transactions (other than the Lambert Kay Acquisition), (b) the business, property, operations, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole or (c) the validity or enforceability of this Agreement or any of the other Loan Documents or the rights or remedies of the Administrative Agent or the Lenders hereunder or thereunder.

"Material Environmental Amount": an amount payable by the Borrower and/or its Subsidiaries in excess of $20,000,000 in the aggregate for remedial costs, compliance costs, compensatory damages, punitive damages, fines, penalties or any combination thereof.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

"Mortgaged Properties": the real properties listed on Schedule 1.1B, as to which the Administrative Agent for the benefit of the Lenders shall be granted a Lien pursuant to the Mortgages.

"Mortgages": each of the mortgages and deeds of trust made by any Loan Party in favor of, or for the benefit of, the Administrative Agent for the benefit of the Lenders, substantially in the form of Exhibit D (with such changes thereto as shall be advisable under the law of the jurisdiction in which such mortgage or deed of trust is to be recorded).

"Multiemployer Plan": a Plan that is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Cash Proceeds": (a) in connection with any Asset Sale or any Recovery Event, the proceeds thereof in the form of cash and Cash Equivalents

(including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received) of such Asset Sale or Recovery Event, net of attorneys' fees, accountants' fees, investment banking fees, amounts required to be applied to the repayment of Indebtedness secured by a Lien expressly permitted hereunder on any asset that is the subject of such Asset Sale or Recovery Event (other than any Lien pursuant to a Security Document) and other customary fees and expenses actually incurred in connection therewith and net of taxes paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements) and (b) in connection with any issuance or sale of Capital Stock or any incurrence of Indebtedness, the cash proceeds received from such issuance or incurrence, net of attorneys' fees, investment banking fees, accountants' fees, underwriting discounts and commissions and other customary fees and expenses actually incurred in connection therewith.

"New Lender": as defined in Section 2.23(b).

"New Lender Supplement": as defined in Section 2.23(b).

"Non-Excluded Taxes": as defined in Section 2.19(a).

"Non-U.S. Lender": as defined in Section 2.19(d).

"Notes": the collective reference to any promissory note evidencing Loans.

"Obligations": the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and Reimbursement Obligations and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans, the Reimbursement Obligations and all other obligations and liabilities of the Borrower to the Administrative Agent or to any Lender (or, in the case of Specified Hedge Agreements, any Person which at the time of execution of the relevant Specified Hedge Agreement is a Lender or Lender Affiliate), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, the Letters of Credit, any Specified Hedge Agreement or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of

counsel to the Administrative Agent or to any Lender that are required to be paid by the Borrower pursuant hereto) or otherwise.

"Optional Prepayment Date": as defined in Section 2.10(b).

"Optional Prepayment Option Notice": as defined in Section 2.10(b).

"Other Taxes": any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Participant": as defined in Section 10.6(b).

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association,

joint venture, Governmental Authority or other entity of whatever nature.

"Plan": at a particular time, any employee benefit plan that is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pricing Grid": the table set forth below.

Consolidated Leverage Ratio	Applicable Margin for Eurodollar Tranche A Term Loans and Eurodollar Revolving Credit Loans	Applicable Margin for Tranche A ABR Term Loans and ABR Revolving Credit Loans	Commitment Fee Rate
Level I Greater than or equal to 3.25 to 1.00	2.250%	1.250%	0.500%
Level II Less than 3.25 to 1.00 and greater than or equal to 2.50 to 1.00	2.000%	1.000%	0.500%
Level III Less than 2.50 to 1.00 and greater than or equal to 2.00 to 1.00	1.750%	0.750%	0.375%
Level IV Less than 2.00 to 1.00	1.500%	0.500%	0.375%

For the purposes of the Pricing Grid, changes in the Applicable Margin resulting from changes in the Consolidated Leverage Ratio shall become effective on the date (the "Adjustment Date") that

is three Business Days after the date on which financial statements are delivered to the Lenders pursuant to Section 6.1 and shall remain in effect until the next change to be effected pursuant to this paragraph. If any financial statements referred to above are not delivered within the time periods specified in Section 6.1, then, from the date that is three Business Days after the date when such financial statements are due until the date that is three Business Days after the date on which such financial statements are delivered, the highest rate set forth in each column of the Pricing Grid shall apply. In addition, at all times while an Event of Default shall have occurred and be continuing, the highest rate set forth in each column of the Pricing Grid shall apply. Each determination of the Consolidated Leverage Ratio pursuant to the Pricing Grid shall be made in a manner consistent with the determination thereof pursuant to Section 7.1.

"Pro Forma Balance Sheet": as defined in Section 4.1(a).

"Projections": as defined in Section 4.1(d).

"Properties": as defined in Section 4.17(a).

"Receivables": all Accounts and accounts receivable of the Borrower or any of its Subsidiaries (including any thereof constituting or evidenced by chattel paper, instruments or general intangibles), and all proceeds thereof and rights (contractual and other) and collateral related thereto.

"Receivables Subsidiary": any special purpose, bankruptcy-remote Subsidiary that acquires, on a revolving basis, Receivables generated by the Borrower or any of its Subsidiaries and that engages in no operations or activities other than those related to receivables securitizations.

"Recovery Event": any settlement of or payment in respect of any

property or casualty insurance claim or any condemnation proceeding relating to any asset of any Group Member.

"Refinancing": the refinancing of outstanding Indebtedness of the Borrower under the Existing Facility with the proceeds of the Loans.

"Refunded Swingline Loans": as defined in Section 2.7.

"Refunding Date": as defined in Section 2.7.

"Register": as defined in Section 10.6(d).

"Regulation T": Regulation T of the Board as in effect from time to time.

"Regulation U": Regulation U of the Board as in effect from time to time.

"Regulation X": Regulation X of the Board as in effect from time to time.

"Reimbursement Obligation": the obligation of the Borrower to reimburse the Issuing Lenders pursuant to Section 3.5 for amounts drawn under Letters of Credit.

"Reinvestment Deferred Amount": with respect to any Reinvestment Event, the aggregate Net Cash Proceeds received by any Group Member in connection therewith that are not applied to prepay the Term Loans or reduce the Revolving Commitments pursuant to Section 2.11(c) as a result of the delivery of a Reinvestment Notice.

"Reinvestment Event": any Asset Sale or Recovery Event in respect of which the Borrower has delivered a Reinvestment Notice.

"Reinvestment Notice": a written notice executed by a Responsible Officer stating that no Event of Default has occurred and is continuing and that the Borrower (directly or indirectly through a Subsidiary) intends and expects to use all or a specified portion of the Net Cash Proceeds of an Asset Sale or Recovery Event to acquire or repair assets useful in its business.

"Reinvestment Prepayment Amount": with respect to any Reinvestment Event, the Reinvestment Deferred Amount relating thereto less any amount expended prior to the relevant Reinvestment Prepayment Date to acquire or repair assets useful in the Borrower's business.

"Reinvestment Prepayment Date": with respect to any Reinvestment Event, the earlier of (a) the date occurring six months after such Reinvestment Event and (b) the date on which the Borrower shall have determined not to, or shall have otherwise ceased to, acquire or repair assets useful in the Borrower's business with all or any portion of the relevant Reinvestment Deferred Amount.

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Event": any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty day notice period is waived under subsections .27, .28, .29, .30, .31, .32, .34 or .35 of PBGC Reg.ss. 4043.

"Required Lenders": at any time, the holders of more than 50% of (a) until the Closing Date, the Commitments then in effect and (b) thereafter, the sum of (i) the aggregate unpaid principal amount of the Term Loans then

outstanding and (ii) the Total Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Total Revolving Extensions of Credit then outstanding.

"Requirement of Law": as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation (including, without limitation, Regulation T, U or X) or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": the chief executive officer, president or chief financial officer of the Borrower, but in any event, with respect to financial matters, the chief financial officer of the Borrower.

"Restricted Payments": as defined in Section 7.6.

"Revolving Commitment": as to any Lender, the obligation of such Lender, if any, to make Revolving Loans and participate in Swingline Loans and Letters of Credit in an aggregate principal and/or face amount not to exceed the amount set forth under the heading "Revolving Commitment" opposite such Lender's name on Schedule 1.1A or in the Assignment and Acceptance pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The original amount of the Total Revolving Commitments is $100,000,000.

"Revolving Commitment Period": the period from and including the Closing Date to the Revolving Termination Date.

"Revolving Extensions of Credit": as to any Revolving Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Loans held by such Lender then outstanding, (b) such Lender's Revolving Percentage of the L/C Obligations then outstanding and (c) such Lender's Revolving Percentage of the aggregate principal amount of Swingline Loans then outstanding.

"Revolving Lender": each Lender that has a Revolving Commitment or that holds Revolving Loans.

"Revolving Loans": as defined in Section 2.4(a).

"Revolving Percentage": as to any Revolving Lender at any time, the percentage which such Lender's Revolving Commitment then constitutes of the Total Revolving Commitments or, at any time after the Revolving Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender's Revolving Loans then outstanding constitutes of the aggregate principal amount of the Revolving Loans then outstanding, provided, that, in the event that the Revolving Loans are paid in full prior to the reduction to zero of the Total Revolving Extensions of Credit, the Revolving Percentages shall be determined in a manner designed to ensure that the other outstanding Revolving Extensions of Credit shall be held by the Revolving Lenders on a comparable basis.

"Revolving Termination Date": September 28, 2006.

"SEC": the Securities and Exchange Commission, any successor thereto and any analogous Governmental Authority.

"Security Documents": the collective reference to the Guarantee and Collateral Agreement, the Mortgages and all other security documents hereafter delivered to the Administrative Agent granting a Lien on any property of any Person to secure the obligations and liabilities of any Loan Party under any Loan Document.

"Single Employer Plan": any Plan that is covered by Title IV of ERISA, but that is not a Multiemployer Plan.

"Solvay Note": $22,500,000 note, due January 5, 2011, issued by Solvay Minerals, Inc., a Delaware corporation, and guaranteed by the Borrower

"Solvent": when used with respect to any Person, means that, as of any date of determination, (a) the amount of the "present fair saleable value" of the assets of such Person will, as of such date, exceed the amount of all "liabilities of such Person, contingent or otherwise", as of such date, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (b) the present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liability of such Person on its debts as such debts become absolute and matured, (c) such Person will not have, as of such date, an unreasonably small amount of capital with which to conduct its business, and (d) such Person will be able to pay its debts as they mature. For purposes of this definition, (i) "debt" means liability on a "claim", and (ii) "claim" means any (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (y) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured.

"Specified Hedge Agreement": any Hedge Agreement (a) entered into by the Borrower and any Person which at the time of execution of the relevant Specified Hedge Agreement is a Lender or Lender Affiliate and (b) that has been designated by the relevant Lender and the Borrower, by written notice to the Administrative Agent, as a Specified Hedge Agreement. The designation of any Hedge Agreement as a Specified Hedge Agreement shall not create in favor of such Lender or Lender Affiliate any rights in connection with the management or release of any Collateral or of the obligations of any Loan Party under the Guarantee and Collateral Agreement.

"Subsidiary": as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower. Notwithstanding the foregoing, the Armkel Joint Venture shall not be a Subsidiary for purposes of this Agreement.

"Subsidiary Guarantor": each Subsidiary of the Borrower other than (i) any Excluded Foreign Subsidiary and (ii) any Receivables Subsidiary.

"Swingline Commitment": the obligation of the Swingline Lender to make Swingline Loans pursuant to Section 2.6 in an aggregate principal amount at any one time outstanding not to exceed $10,000,000.

"Swingline Lender": The Chase Manhattan Bank, in its capacity as the lender of Swingline Loans.

"Swingline Loans": as defined in Section 2.6.

"Swingline Participation Amount": as defined in Section 2.7(c).

"Syndication Agents": as defined in the preamble hereto.

"Target": the consumer products business of Carter-Wallace.

"Term Lenders": the collective reference to the Tranche A Term Lenders and the Tranche B Term Lenders.

"Term Loans": the collective reference to the Tranche A Term Loans and the Tranche B Term Loans.

"Total Revolving Commitments": at any time, the aggregate amount of the Revolving Commitments then in effect.

"Total Revolving Extensions of Credit": at any time, the aggregate amount of the Revolving Extensions of Credit of the Revolving Lenders outstanding at such time.

"Trademarks": as defined in the Guarantee and Collateral Agreement.

"Tranche A Term Commitment": as to any Lender, the obligation of such Lender, if any, to make a Tranche A Term Loan to the Borrower in a principal amount not to exceed the amount set forth under the heading "Tranche A Term Commitment" opposite such Lender's name on Schedule 1.1A. The original aggregate amount of the Tranche A Term Commitments is $125,000,000.

"Tranche A Term Lender": each Lender that has a Tranche A Term Commitment or that holds a Tranche A Term Loan.

"Tranche A Term Loan": as defined in Section 2.1.

"Tranche A Term Percentage": as to any Tranche A Term Lender at any time, the percentage which such Lender's Tranche A Term Commitment then constitutes of the aggregate Tranche A Term Commitments (or, at any time after the Closing Date, the percentage which the aggregate principal amount of such Lender's Tranche A Term Loans then outstanding constitutes of the aggregate principal amount of the Tranche A Term Loans then outstanding).

"Tranche B Mandatory Prepayment Amount": as defined in Section 2.11(f).

"Tranche B Optional Prepayment Amount": as defined in Section 2.10(b).

"Tranche B Term Commitment": as to any Lender, the obligation of such Lender, if any, to make a Tranche B Term Loan to the Borrower in a principal amount not to exceed the amount set forth under the heading "Tranche B Term Commitment" opposite such Lender's

name on Schedule 1.1A. The original aggregate amount of the Tranche B Term Commitments is $285,000,000.

"Tranche B Term Lender": each Lender that has a Tranche B Term Commitment or that holds a Tranche B Term Loan.

"Tranche B Term Loan": as defined in Section 2.1.

"Tranche B Term Percentage": as to any Tranche B Term Lender at any time, the percentage which such Lender's Tranche B Term Commitment then constitutes of the aggregate Tranche B Term Commitments (or, at any time after the Closing Date, the percentage which the aggregate principal amount of such

Lender's Tranche B Term Loans then outstanding constitutes of the aggregate principal amount of the Tranche B Term Loans then outstanding).

"Transaction Documents": (i) the Armkel Joint Venture Agreement, (ii) the Master Services Agreement, dated September 28, 2001, between the Borrower and the Armkel Joint Venture, (iii) the Asset Purchase Agreement, dated as of May 7, 2001, between the Armkel Joint Venture and Carter-Wallace, (iv) the Product Line Purchase Agreement, dated as of May 7, 2001, between the Armkel Joint Venture and the Borrower and, in all cases, all schedules, exhibits and annexes thereto.

"Transactions": the collective reference to (a) the Equity Investment, (b) the Armkel Joint Venture Acquisition, (c) the Arrid Acquisition, and (d) the Lambert Kay Acquisition.

"Transferee": any Assignee or Participant.

"Type": as to any Loan, its nature as an ABR Loan or a Eurodollar Loan.

"United States": the United States of America.

"USAD Acquisition": the acquisition by the Borrower of 100% of the stock of USA Detergents Inc., a Delaware corporation ("USAD"), pursuant to the tender offer by US Acquisition Corp., a Delaware corporation ("USAC"), whereby the Borrower acquired in excess of 51% of the stock of USAD, and the subsequent merger of USAC into USAD, with USAD being the surviving corporation.

"Wholly Owned Subsidiary": as to any Person, any other Person all of the Capital Stock of which (other than directors' qualifying shares required by law) is owned by such Person directly and/or through other Wholly Owned Subsidiaries.

"Wholly Owned Subsidiary Guarantor": any Subsidiary Guarantor that is a Wholly Owned Subsidiary of the Borrower.

1.2 Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto, (i) accounting terms relating to any Group Member not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP, (ii) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (iii) the word "incur" shall be construed to mean incur, create, issue, assume, or become liable in respect of (and the words "incurred" and "incurrence" shall have correlative meanings), (iv) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Capital Stock, securities, revenues, accounts, leasehold interests and contract rights, and (v) references to agreements or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements or Contractual Obligations as amended, supplemented, restated or otherwise modified from time to time.

(c) The words "hereof", "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2. AMOUNT AND TERMS OF COMMITMENTS

2.1 Term Commitments(a). Subject to the terms and conditions hereof, (a) each Tranche A Term Lender severally agrees to make a term loan (a "Tranche A Term Loan") to the Borrower on the Closing Date in an amount not to exceed the amount of the Tranche A Term Commitment of such Lender and (b) each Tranche B Term Lender severally agrees to make a term loan (a "Tranche B Term Loan") to the Borrower on the Closing Date in an amount not to exceed the amount of the Tranche B Term Commitment of such Lender. The Term Loans may from time to time be Eurodollar Loans or ABR Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.2 and 2.12.

2.2 Procedure for Term Loan Borrowing. The Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 A.M., New York City time, one Business Day prior to the anticipated Closing Date) requesting that the Term Lenders make the Term Loans on the Closing Date and specifying the amount to be borrowed. The Term Loans made on the Closing Date shall initially be ABR Loans, unless otherwise agreed by the Administrative Agent. Upon receipt of such notice the Administrative Agent shall promptly notify each Term Lender thereof. Not later than 12:00 Noon, New York City time, on the Closing Date each Term Lender shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the Term Loan or Term Loans to be made by such Lender. The Administrative Agent shall credit the account of the Borrower on the books of such office of the Administrative Agent with the aggregate of the amounts made available to the Administrative Agent by the Term Lenders in immediately available funds.

2.3 Repayment of Term Loans(a). (a) The Tranche A Term Loan of each Tranche A Term Lender shall mature in 20 consecutive quarterly installments, each of which shall be in an amount equal to such Lender's Tranche A Term Percentage multiplied by the amount set forth below opposite such installment (unless such amount has been reduced by one or more prepayments pursuant to Section 2.10 or 2.11, in which case it will be appropriately adjusted):

Installment	Principal Amount
September 30, 2002	$ 3,125,000
December 31, 2002	$ 3,125,000
March 31, 2003	$ 3,125,000
June 30, 2003	$ 3,125,000
September 30, 2003	$ 3,125,000
December 31, 2003	$ 3,125,000
March 31, 2004	$ 6,250,000
June 30, 2004	$ 6,250,000
September 30, 2004	$ 6,250,000
December 31, 2004	$ 6,250,000
March 31, 2005	$ 9,375,000
June 30, 2005	$ 9,375,000
September 30, 2005	$ 9,375,000
December 31, 2005	$ 9,375,000
March 31, 2006	$12,500,000
June 30, 2006	$12,500,000

September 30, 2006	$18,750,000

(b) The Tranche B Term Loan of each Tranche B Term Lender shall mature in 24 consecutive quarterly installments, each of which shall be in an amount equal to such Lender's Tranche B Term Percentage multiplied by the amount set forth below opposite such installment (unless such amount has been reduced by one or more prepayments pursuant to Section 2.10 or 2.11 or increased pursuant to Section 2.23, in which case it will be appropriately adjusted):

Installment	Principal Amount
September 30, 2002	$ 712,500
December 31, 2002	$ 712,500
March 31, 2003	$ 712,500
June 30, 2003	$ 712,500
September 30, 2003	$ 712,500
December 31, 2003	$ 712,500
March 31, 2004	$ 712,500

June 30, 2004	$ 712,500
September 30, 2004	$ 712,500
December 31, 2004	$ 712,500
March 31, 2005	$ 712,500
June 30, 2005	$ 712,500
September 30, 2005	$ 712,500
December 31, 2005	$ 712,500
March 31, 2006	$ 712,500
June 30, 2006	$ 712,500
September 30, 2006	$ 712,500
December 31, 2006	$ 28,500,000
March 31, 2007	$ 57,000,000
June 30, 2007	$ 57,000,000
September 30, 2007	$130,387,500

2.4 Commitments. (a) Subject to the terms and conditions hereof, each Revolving Lender severally agrees to make revolving credit loans ("Revolving Loans") to the Borrower from time to time during the Revolving Commitment Period in an aggregate principal amount at any one time outstanding which, when added to such Lender's Revolving Percentage of the sum of (i) the L/C Obligations then outstanding and (ii) the aggregate principal amount of the Swingline Loans then outstanding, does not exceed the amount of such Lender's Revolving Commitment. During the Revolving Commitment Period the Borrower may use the Revolving Commitments by borrowing, prepaying the Revolving Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. The Revolving Loans may from time to time be Eurodollar Loans or ABR Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.5 and 2.12. The Borrower may not borrow, and the Revolving Lenders shall be under no obligations to make available, Revolving Loans in an amount in excess of $15,000,000 on the Closing Date.

(b) The Borrower shall repay all outstanding Revolving Loans on the Revolving Termination Date.

2.5 Procedure for Revolving Loan Borrowing. The Borrower may borrow under the Revolving Commitments during the Revolving Commitment Period on any Business Day, provided that the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 12:00 Noon, New York City time, (a) three Business Days prior to the requested Borrowing Date, in the case of Eurodollar Loans, or (b) one Business Day prior to the requested Borrowing Date, in the case of ABR Loans), specifying (i) the amount and Type of Revolving Loans to be borrowed, (ii) the requested Borrowing Date and (iii) in the case of Eurodollar Loans, the respective amounts of each such Type of Loan and the respective lengths of the initial Interest Period therefor. Any Revolving Loans made on the Closing Date shall initially be ABR Loans. Each borrowing under the

Revolving Commitments shall be in an amount equal to (x) in the case of ABR Loans, $1,000,000 or a whole multiple thereof (or, if the then aggregate Available Revolving Commitments are less than $1,000,000, such lesser amount) and (y) in the case of Eurodollar Loans, $5,000,000 or a whole multiple of $1,000,000 in excess thereof; provided, that the Swingline Lender may request, on behalf of the Borrower, borrowings under the Revolving Commitments that are ABR Loans in other amounts pursuant to Section 2.7. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Revolving Lender thereof. Each Revolving Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the Funding Office prior to 12:00 Noon, New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Revolving Lenders and in like funds as received by the Administrative Agent.

2.6 Swingline Commitment. (a) Subject to the terms and conditions hereof, the Swingline Lender agrees to make a portion of the credit otherwise available to the Borrower under the Revolving Commitments from time to time available during the Revolving Commitment Period by making swing line loans ("Swingline Loans") to the Borrower; provided that (i) the aggregate principal amount of Swingline Loans outstanding at any time shall not exceed the Swingline Commitment then in effect (notwithstanding that the Swingline Loans outstanding at any time, when aggregated with the Swingline Lender's other outstanding Revolving Loans, may exceed the Swingline Commitment then in effect) and (ii) the Borrower shall not request, and the Swingline Lender shall not make, any Swingline Loan if, after giving effect to the making of such Swingline Loan, the aggregate amount of the Available Revolving Commitments would be less than zero. During the Revolving Commitment Period, the Borrower may use the Swingline Commitment by borrowing, repaying and reborrowing, all in accordance with the terms and conditions hereof. Swingline Loans shall be ABR Loans only.

(b) The Borrower shall repay all outstanding Swingline Loans on the Revolving Termination Date.

2.7 Procedure for Swingline Borrowing; Refunding of Swingline Loans. (a) Whenever the Borrower desires that the Swingline Lender make Swingline Loans it shall give the Swingline Lender irrevocable telephonic notice confirmed promptly in writing (which telephonic notice must be received by the Swingline Lender not later than 1:00 P.M., New York City time, on the proposed Borrowing Date), specifying (i) the amount to be borrowed and (ii) the requested Borrowing Date (which shall be a Business Day during the Revolving Commitment Period). Each borrowing under the Swingline Commitment shall be in an amount equal to $500,000 or a whole multiple of $100,000 in excess thereof. Not later than 3:00 P.M., New York City time, on the Borrowing Date specified in a notice in respect of Swingline Loans, the Swingline Lender shall make available to the

Administrative Agent at the Funding Office an amount in immediately available funds equal to the amount of the Swingline Loan to be made by the Swingline Lender. The Administrative Agent shall make the proceeds of such Swingline Loan available to the Borrower on such Borrowing Date by depositing such proceeds in the

account of the Borrower with the Administrative Agent on such Borrowing Date in immediately available funds.

(b) The Swingline Lender, at any time and from time to time in its sole and absolute discretion may, on behalf of the Borrower (which hereby irrevocably directs the Swingline Lender to act on its behalf), on one Business Day's notice given by the Swingline Lender no later than 12:00 Noon, New York City time, request each Revolving Lender to make, and each Revolving Lender hereby agrees to make, a Revolving Loan, in an amount equal to such Revolving Lender's Revolving Percentage of the aggregate amount of the Swingline Loans (the "Refunded Swingline Loans") outstanding on the date of such notice, to repay the Swingline Lender. Each Revolving Lender shall make the amount of such Revolving Loan available to the Administrative Agent at the Funding Office in immediately available funds, not later than 10:00 A.M., New York City time, one Business Day after the date of such notice. The proceeds of such Revolving Loans shall be immediately made available by the Administrative Agent to the Swingline Lender for application by the Swingline Lender to the repayment of the Refunded Swingline Loans. The Borrower irrevocably authorizes the Swingline Lender to charge the Borrower's accounts with the Administrative Agent (up to the amount available in each such account) in order to immediately pay the amount of such Refunded Swingline Loans to the extent amounts received from the Revolving Lenders are not sufficient to repay in full such Refunded Swingline Loans.

(c) If prior to the time a Revolving Loan would have otherwise been made pursuant to Section 2.7(b), one of the events described in Section 8(f) shall have occurred and be continuing with respect to the Borrower or if for any other reason, as determined by the Swingline Lender in its sole discretion, Revolving Loans may not be made as contemplated by Section 2.7(b), each Revolving Lender shall, on the date such Revolving Loan was to have been made pursuant to the notice referred to in Section 2.7(b) (the "Refunding Date"), purchase for cash an undivided participating interest in the then outstanding Swingline Loans by paying to the Swingline Lender an amount (the "Swingline Participation Amount") equal to (i) such Revolving Lender's Revolving Percentage times (ii) the sum of the aggregate principal amount of Swingline Loans then outstanding that were to have been repaid with such Revolving Loans.

(d) Whenever, at any time after the Swingline Lender has received from any Revolving Lender such Lender's Swingline Participation Amount, the Swingline Lender receives any payment on account of the Swingline Loans, the Swingline Lender will distribute to such Lender its Swingline Participation Amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded and, in the case of principal and interest payments, to reflect such Lender's pro rata portion of such payment if such payment is not sufficient to pay the principal of and interest on all Swingline Loans then due); provided, however, that in the event that such payment received by the Swingline Lender is required to be returned, such Revolving Lender will return to the Swingline Lender any portion thereof previously distributed to it by the Swingline Lender.

(e) Each Revolving Lender's obligation to make the Loans referred to in Section 2.7(b) and to purchase participating interests pursuant to Section 2.7(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff,

counterclaim, recoupment, defense or other right that such Revolving Lender or the Borrower may have against the Swingline Lender, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 5; (iii) any adverse change in the condition (financial or otherwise) of the Borrower; (iv) any breach of this Agreement or any other Loan Document by the Borrower, any other Loan Party or any other Revolving Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

2.8 Commitment Fees, etc. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender a commitment fee for the period from and including the date hereof to the last day of the Revolving Commitment Period, computed at the Commitment Fee Rate on the average daily amount of the Available Revolving Commitment of such Lender during the period for which payment is made, payable quarterly in arrears on the last day of each March, June, September and December and on the Revolving Termination Date, commencing on the first of such dates to occur after the date hereof.

(b) The Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates previously agreed to in writing by the Borrower and the Administrative Agent.

2.9 Termination or Reduction of Revolving Commitments. The Borrower shall have the right, upon not less than three Business Days' notice to the Administrative Agent, to terminate the Revolving Commitments or, from time to time, to reduce the amount of the Revolving Commitments; provided that no such termination or reduction of Revolving Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Loans and Swingline Loans made on the effective date thereof, the Total Revolving Extensions of Credit would exceed the Total Revolving Commitments. Any such reduction shall be in an amount equal to $1,000,000, or a whole multiple thereof, and shall reduce permanently the Revolving Commitments then in effect.

2.10 Optional Prepayments(a). (a) The Borrower may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty, upon irrevocable notice delivered to the Administrative Agent at least three Business Days prior thereto in the case of Eurodollar Loans and at least one Business Day prior thereto in the case of ABR Loans, which notice shall specify the date and amount of prepayment and whether the prepayment is of Eurodollar Loans or ABR Loans; provided, that if a Eurodollar Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the Borrower shall also pay any amounts owing pursuant to Section 2.20. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (except in the case of Revolving Loans that are ABR Loans and Swingline Loans) accrued interest to such date on the amount prepaid. The Borrower may apply prepayments to the Revolving Loans or the Term Loans, as the Borrower determines. Partial prepayments of Term Loans and Revolving Loans shall be in an aggregate principal amount of $1,000,000 or a whole multiple thereof. Partial prepayments of Swingline Loans shall be in an aggregate principal amount of $100,000 or a whole multiple thereof.

(b) Notwithstanding anything to the contrary in Sections 2.10(a) and 2.17, with respect to the amount of any optional prepayment described in Section 2.10(a) that is allocated to Tranche B Term Loans (such amounts, the "Tranche B Optional Prepayment Amount"), at any time when Tranche A Term Loans remain outstanding, the Borrower will, in lieu of applying such amount to the prepayment of Tranche B Term Loans as provided in paragraph (a) above, on the date specified in Section 2.10(a) for such prepayment, give the Administrative Agent telephonic notice (promptly confirmed in writing) requesting that the Administrative Agent prepare and provide to each Tranche B Term Lender a notice (each, an "Optional Prepayment Option Notice") as described below. As promptly

as practicable after receiving such notice from the Borrower, the Administrative Agent will send to each Tranche B Term Lender an Optional Prepayment Option Notice, which shall be in the form of Exhibit I-1, and shall include an offer by the Borrower to prepay on the date (each an "Optional Prepayment Date") that is 10 Business Days after the date of the Optional Prepayment Option Notice, the relevant Tranche B Term Loans of such Lender by an amount equal to the portion of the Tranche B Optional Prepayment Amount indicated in such Lender's Optional Prepayment Option Notice as being applicable to such Lender's Tranche B Term Loans. On the Optional Prepayment Date, (i) the Borrower shall pay to the relevant Tranche B Term Lenders the aggregate amount necessary to prepay that portion of the outstanding relevant Tranche B Term Loans in respect of which such Lenders have accepted or are deemed to have accepted prepayment pursuant to the Optional Prepayment Notice and (ii) the Borrower shall pay to the Tranche A Term Lenders an amount equal to the portion of the Tranche B Optional Prepayment Amount not accepted by the relevant Lenders, and such amount shall be applied to the prepayment of the Tranche A Term Loans.

2.11 Mandatory Prepayments and Commitment Reductions. (a) If any Capital Stock shall be issued by any Group Member, an amount equal to 50% of the Net Cash Proceeds thereof shall be applied on the date of such issuance toward the prepayment of the Term Loans as set forth in Section 2.11(e).

(b) If any Indebtedness shall be incurred by any Group Member (including Indebtedness incurred in accordance with Section 7.2(h) and Section 7.2(i)(A) (to the extent contemplated therein), but excluding any other Indebtedness incurred in accordance with Section 7.2), an amount equal to 100% of the Net Cash Proceeds thereof shall be applied on the date of such incurrence toward the prepayment of the Term Loans as set forth in Section 2.11(e).

(c) If on any date any Group Member shall receive Net Cash Proceeds from any Asset Sale or Recovery Event then, unless a Reinvestment Notice shall be delivered in respect thereof, such Net Cash Proceeds shall be applied on such date toward the prepayment of the Term Loans and the reduction of the Revolving Commitments as set forth in Section 2.11(e); provided, that, notwithstanding the foregoing, on each Reinvestment Prepayment Date, an amount equal to the Reinvestment Prepayment Amount with respect to the relevant Reinvestment Event shall be applied toward the prepayment of the Term Loans and the reduction of the Revolving Commitments as set forth in Section 2.11(e).

(d) If, for any fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2002, there shall be Excess Cash Flow, the Borrower shall, on the relevant Excess Cash Flow Application Date, apply 50% of such Excess Cash Flow toward the prepayment of the Term Loans as set forth in Section 2.11(e). Each such prepayment shall be

made on a date (an "Excess Cash Flow Application Date") no later than five days after the earlier of (i) the date on which the financial statements of the Borrower referred to in Section 6.1(a), for the fiscal year with respect to which such prepayment is made, are required to be delivered to the Administrative Agent and the Lenders and (ii) the date such financial statements are actually delivered to the Administrative Agent and the Lenders.

(e) Amounts to be applied in connection with prepayments and Commitment reductions made pursuant to this Section 2.11 shall be applied, first, to the prepayment of the Term Loans and, second, in the case of any Net Cash Proceeds from any Asset Sale or Recovery Event or incurrence of Indebtedness, to permanently reduce the Revolving Commitments. Any such reduction of the Revolving Commitments shall be accompanied by prepayment of the Revolving Loans and/or Swingline Loans to the extent, if any, that the Total Revolving Extensions of Credit exceed the amount of the Total Revolving Commitments as so reduced, provided that if the aggregate principal amount of Revolving Loans and Swingline Loans then outstanding is less than the amount of such excess (because L/C Obligations constitute a portion thereof), the Borrower shall, to the extent of the balance of such excess, replace outstanding Letters

of Credit and/or deposit an amount in cash in a cash collateral account established with the Administrative Agent for the benefit of the Lenders on terms and conditions satisfactory to the Administrative Agent. The application of any prepayment pursuant to Section 2.11 shall be made, first, to ABR Loans and, second, to Eurodollar Loans. Each prepayment of the Loans under Section 2.11 (except in the case of Revolving Loans that are ABR Loans and Swingline Loans) shall be accompanied by accrued interest to the date of such prepayment on the amount prepaid.

(f) Notwithstanding anything to the contrary in Sections 2.11(e) and 2.17, with respect to the amount of any mandatory prepayment described in Section 2.11 that is allocated to Tranche B Term Loans (such amounts, the "Tranche B Mandatory Prepayment Amount"), at any time when Tranche A Term Loans remain outstanding, the Borrower will, in lieu of applying such amount to the prepayment of Tranche B Term Loans as provided in paragraph (e) above, on the date specified in Section 2.11 for such prepayment, give the Administrative Agent telephonic notice (promptly confirmed in writing) requesting that the Administrative Agent prepare and provide to each Tranche B Term Lender a notice (each, a "Mandatory Prepayment Option Notice") as described below. As promptly as practicable after receiving such notice from the Borrower, the Administrative Agent will send to each Tranche B Term Lender a Mandatory Prepayment Option Notice, which shall be in the form of Exhibit I-2, and shall include an offer by the Borrower to prepay on the date (each a "Mandatory Prepayment Date") that is 10 Business Days after the date of the Mandatory Prepayment Option Notice, the relevant Tranche B Term Loans of such Lender by an amount equal to the portion of the Tranche B Mandatory Prepayment Amount indicated in such Lender's Mandatory Prepayment Option Notice as being applicable to such Lender's Tranche B Term Loans. On the Mandatory Prepayment Date, (i) the Borrower shall pay to the relevant Tranche B Term Lenders the aggregate amount necessary to prepay that portion of the outstanding relevant Tranche B Term Loans in respect of which such Lenders have accepted prepayment or are deemed to have accepted prepayment pursuant to the Mandatory Prepayment Notice, and (ii) the Borrower shall pay to the Tranche A Term Lenders an amount equal to the portion of the Tranche B Mandatory Prepayment Amount not accepted by the relevant Lenders, and such amount shall be applied to the prepayment of the Tranche A Term Loans.

2.12 Conversion and Continuation Options. (a) The Borrower may elect from time to time to convert Eurodollar Loans to ABR Loans by giving the Administrative Agent at least two Business Days' prior irrevocable notice of such election, provided that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert ABR Loans to Eurodollar Loans by giving the Administrative Agent at least three Business Days' prior irrevocable notice of such election (which notice shall specify the length of the initial Interest Period therefor), provided that no ABR Loan under a particular Facility may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing and the Administrative Agent has or the Majority Facility Lenders in respect of such Facility have determined in its or their sole discretion not to permit such conversions. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

(b) Any Eurodollar Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving irrevocable notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan under a particular Facility may be continued as such when any Event of Default has occurred and is continuing and the Administrative Agent has or the Majority Facility Lenders in respect of such Facility have determined in its or their sole discretion not to permit such continuations, and provided, further, that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of

any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

2.13 Limitations on Eurodollar Tranches. Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions and continuations of Eurodollar Loans and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that, (a) after giving effect thereto, the aggregate principal amount of the Eurodollar Loans comprising each Eurodollar Tranche shall be equal to $5,000,000 or a whole multiple of $1,000,000 in excess thereof and (b) no more than ten Eurodollar Tranches shall be outstanding at any one time.

2.14 Interest Rates and Payment Dates. (a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each ABR Loan shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin.

(c) (i) If all or a portion of the principal amount of any Loan or Reimbursement Obligation shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to (x) in the case of the Loans, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2% or (y) in the case of Reimbursement Obligations, the rate applicable to ABR Loans under the Revolving Facility plus 2%, and (ii) if all or a portion of any

interest payable on any Loan or Reimbursement Obligation or any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to ABR Loans under the relevant Facility plus 2% (or, in the case of any such other amounts that do not relate to a particular Facility, the rate then applicable to ABR Loans under the Revolving Facility plus 2%), in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (c) of this Section shall be payable from time to time on demand.

2.15 Computation of Interest and Fees. (a) Interest and fees payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to ABR Loans the rate of interest on which is calculated on the basis of the Prime Rate, the interest thereon shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the ABR or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.14(a).

2.16 Inability to Determine Interest Rate. If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Majority Facility Lenders in respect of the relevant Facility that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the relevant Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar

Loans under the relevant Facility requested to be made on the first day of such Interest Period shall be made as ABR Loans, (y) any Loans under the relevant Facility that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be continued as ABR Loans and (z) any outstanding Eurodollar Loans under the relevant Facility shall be converted, on the last day of the then-current Interest Period, to ABR Loans. Until such notice has been withdrawn by the Administrative Agent, which the Administrative Agent agrees to do upon the cessation of the events giving rise to such notice, no further Eurodollar Loans under the relevant Facility shall be made or continued as such, nor shall the Borrower have the right to convert Loans under the relevant Facility to Eurodollar Loans.

2.17 Pro Rata Treatment and Payments. (a) Each borrowing by the Borrower from the Lenders hereunder, each payment by the Borrower on account of any commitment fee and any reduction of the Commitments of the Lenders shall be made pro rata according to the respective Tranche A Term Percentages, Tranche B Term Percentages or Revolving Percentages, as the case may be, of the relevant Lenders.

(b) Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Term Loans shall be made pro rata according to the respective outstanding principal amounts of the Term Loans then held by the Term Lenders (except as otherwise provided in Section 2.11(f)). The amount of each principal prepayment of the Term Loans shall be applied to reduce the then remaining installments of the Tranche A Term Loans and Tranche B Term Loans, as the case may be, pro rata based upon the then remaining principal amounts thereof. Amounts prepaid on account of the Term Loans may not be reborrowed.

(c) Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Revolving Loans shall be made pro rata according to the respective outstanding principal amounts of the Revolving Loans then held by the Revolving Lenders.

(d) All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Funding Office, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and

payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension.

(e) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may

assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to the daily average Federal Funds Effective Rate for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days after such Borrowing Date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to ABR Loans under the relevant Facility, on demand, from the Borrower.

(f) Unless the Administrative Agent shall have been notified in writing by the Borrower prior to the date of any payment due to be made by the Borrower hereunder that the Borrower will not make such payment to the Administrative Agent, the Administrative Agent may assume that the Borrower is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by the Borrower within three Business Days after such due date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against the Borrower.

2.18 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any Application or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 2.19 and changes in the rate of tax on the overall net income of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of the Eurodollar Rate; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount that such Lender reasonably deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or issuing or participating in Letters of Credit, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder or under or in respect of any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation for such reduction; provided that the Borrower shall not be required to compensate a Lender pursuant to this paragraph for any amounts incurred more than three months prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor; and provided further that, if the circumstances giving rise to such claim have a retroactive effect, then such three-month period shall be extended to include the period of such retroactive effect.

(c) A certificate as to any additional amounts payable pursuant to this Section submitted by any Lender to the Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. The obligations of the Borrower pursuant to this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.19 Taxes. (a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes")

or Other Taxes are required to be withheld from any amounts payable to the

Administrative Agent or any Lender hereunder, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, provided, however, that the Borrower shall not be required to increase any such amounts payable to any Lender with respect to any Non-Excluded Taxes (i) that are attributable to such Lender's failure to deliver the documentation required by paragraph (d) or (e) of this Section or (ii) that are United States withholding taxes imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement, except to the extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such Non-Excluded Taxes pursuant to this paragraph.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of the relevant Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure.

(d) Each Lender (or Transferee) that is not a "U.S. Person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN or Form W-8ECI, or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit G and a Form W-8BEN, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Borrower under this Agreement and the other Loan Documents. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(e) A Lender that is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's judgment such completion, execution or submission would not materially

prejudice the legal position of such Lender.

(f) The agreements in this Section 2.19 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.20 Indemnity. The Borrower agrees to indemnify each Lender for, and to hold each Lender harmless from, any loss or expense that such Lender may sustain or incur as a consequence of (a) a default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) a default by the Borrower in making any prepayment of or conversion from Eurodollar Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of Eurodollar Loans on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower by any Lender shall be conclusive in the absence of manifest error.

2.21 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.18 or 2.19(a) with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event with the object of avoiding the consequences of such event; provided, that such designation is made on terms that, in the sole judgment of such Lender, cause such Lender and its lending office(s) to suffer no economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of the Borrower or the rights of any Lender pursuant to Section 2.18 or 2.19(a).

2.22 Replacement of Lenders. The Borrower shall be permitted to replace any Lender that (a) requests reimbursement for amounts owing pursuant to Section 2.18 or 2.19(a) or (b) defaults in its obligation to make Loans hereunder, with a replacement financial institution; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) no Event

of Default shall have occurred and be continuing at the time of such replacement, (iii) prior to any such replacement, such Lender shall have taken no action under Section 2.21 so as to eliminate the continued need for payment of amounts owing pursuant to Section 2.18 or 2.19(a), (iv) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender on or prior to the date of replacement, (v) the Borrower shall be liable to such replaced Lender under Section 2.20 if any Eurodollar Loan owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (vi) the replacement financial institution, if not already a Lender, shall be reasonably satisfactory to the Administrative Agent, (vii) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 10.6 (provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein), (viii) until such time as such replacement shall be consummated, the Borrower shall pay all additional amounts (if any) required pursuant to Section 2.18 or 2.19(a), as the case may be, and (ix) any such replacement shall

not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

2.23 Increase of Tranche B Facility (a). (a) The Borrower shall have the right at any time to increase the Tranche B Term Commitments by an amount not to exceed $75,000,000 (such amount the "Additional Term Commitments", such Loans made pursuant to the Additional Term Commitment, the "Additional Term Loans", and the date such increase is to become effective, the "Commitment Increase Date") (i) by requesting that one or more banks or other financial institutions not a party to this Agreement become a Lender hereunder or (ii) by requesting that any Lender already party to this Agreement increase the amount of such Lender's Tranche B Term Commitment; provided, that the addition of any bank or financial institution pursuant to clause (i) above shall be subject to the consent of the Administrative Agent (which consent shall not be unreasonably withheld); provided further, the Tranche B Term Commitment of any bank or other financial institution pursuant to clause (i) above, shall be in an aggregate principal amount at least equal to $1,000,000; provided further, the amount of the increase of any Lender's Tranche B Term Commitment pursuant to clause (ii) above when added to the amount of such Lender's Tranche B Term Commitment before the increase, shall be in an aggregate principal amount at least equal to $1,000,000.

(b) Not less than five Business Days prior to the Commitment Increase Date, any additional bank, financial institution or other entity which elects to become a party to this Agreement and make a Tranche B Term Commitment pursuant to clause (a)(i) of this Section 2.23 shall execute a New Lender Supplement (each, a "New Lender Supplement") with the Borrower and the Administrative Agent, substantially in the form of Exhibit J, whereupon such bank, financial institution or other entity (herein called a "New Lender") shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement, and Schedule 1.1A shall be deemed to be amended to add the name and portion of the Additional Term Commitment allocable to such New Lender as a Tranche B Term Commitment.

(c) Any increase in the Tranche B Term Commitment of any Lender (each such Lender, an "Increasing Lender") pursuant to clause (a)(ii) of this Section 2.23 shall be effective only upon the execution and delivery by such Lender to the Borrower and the Administrative Agent of a commitment increase letter in substantially the form of Exhibit K hereto (a

"Commitment Increase Letter"), which Commitment Increase Letter shall be delivered to the Administrative Agent not less than five Business Days prior to the Commitment Increase Date and shall specify the portion of the Additional Term Commitment allocable to such Increasing Lender as a Tranche B Term Commitment.

(d) Any increase in the aggregate Tranche B Term Commitments pursuant to this Section 2.23 shall not be effective unless:

(i) no Default or Event of Default shall have occurred and be continuing on the Commitment Increase Date;

(ii) each of the representations and warranties made by the Borrower in or pursuant to the Loan Documents shall be true and correct in all material respects on the Commitment Increase Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date;

(iii) the Administrative Agent shall have received each of (A) a certificate of the corporate secretary or assistant secretary of the Borrower as to the taking of any corporate action necessary in connection

with such increase and (B) an opinion or opinions of general counsel to the Borrower as to its corporate power and authority to borrow hereunder after giving effect to such increase and such other matters relating thereto as the Administrative Agent and its counsel may reasonably request.

Each notice requesting an increase in the Tranche B Term Commitments pursuant to this Section 2.23 shall constitute a certification to the effect set forth in clauses (i) and (ii) of this Section 2.23(d).

(e) No Lender shall at any time be required to agree to a request of the Borrower to increase its Tranche B Term Commitment or obligations hereunder.

(f) The Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 A.M., New York City time, one Business Day prior to the anticipated Commitment Increase Date) requesting that the New Lenders and the Increasing Lenders make Additional Term Loans in an amount not to exceed the Additional Term Commitment on the Commitment Increase Date and specifying the amount to be borrowed. The Additional Term Loans made on the Commitment Increase Date shall initially be ABR Loans. Upon receipt of such notice the Administrative Agent shall promptly notify each New Lender and each Increasing Lender thereof. Not later than 12:00 Noon, New York City time, on the Commitment Increase Date each New Lender and each Increasing Lender shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the Additional Term Loans to be made by such Lender. The Administrative Agent shall credit the account of the Borrower on the books of such office of the Administrative Agent with the aggregate of the amounts made available to the Administrative Agent by each New Lender and each Increasing Lender in immediately available funds.

Additional Term Loans shall be Tranche B Term Loans for all purposes (excepting Section 2.1) of this Agreement.

SECTION 3. LETTERS OF CREDIT

3.1 L/C Commitment. (a) Subject to the terms and conditions hereof, each Issuing Lender, in reliance on the agreements of the other Revolving Lenders set forth in Section 3.4(a), agrees to issue letters of credit ("Letters of Credit") for the account of the Borrower on any Business Day during the Revolving Commitment Period in such form as may be approved from time to time by such Issuing Lender; provided that such Issuing Lender shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, (i) the L/C Obligations would exceed the L/C Commitment or (ii) the aggregate amount of the Available Revolving Commitments would be less than zero. Each Letter of Credit shall (i) be denominated in Dollars, (ii) have a face amount of at least $250,000 (unless otherwise agreed by such Issuing Lender) and (iii) expire no later than the earlier of (x) the first anniversary of its date of issuance and (y) the date that is five Business Days prior to the Revolving Termination Date, provided that any Letter of Credit with a one-year term may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) above).

(b) No Issuing Lender shall at any time be obligated to issue any Letter of Credit if such issuance would conflict with, or cause such Issuing Lender or any L/C Participant to exceed any limits imposed by, any applicable Requirement of Law.

3.2 Procedure for Issuance of Letter of Credit. The Borrower may from time to time request that an Issuing Lender issue a Letter of Credit by delivering to the applicable Issuing Lender at its address for notices specified herein an Application therefor, completed to the satisfaction of such Issuing Lender, and such other certificates, documents and other papers and information as such Issuing Lender may request. Upon receipt of any Application, an Issuing Lender will process such Application and the certificates, documents and other

papers and information delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall such Issuing Lender be required to issue any Letter of Credit earlier than three Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed to by such Issuing Lender and the Borrower. The applicable Issuing Lender shall furnish a copy of such Letter of Credit to the Borrower promptly following the issuance thereof. The applicable Issuing Lender shall promptly furnish to the Administrative Agent, which shall in turn promptly furnish to the Lenders, notice of the issuance of each Letter of Credit (including the amount thereof).

3.3 Fees and Other Charges. (a) The Borrower will pay a fee on all outstanding Letters of Credit at a per annum rate equal to the Applicable Margin then in effect with respect to Eurodollar Loans under the Revolving Facility, shared ratably among the Revolving Lenders and payable quarterly in arrears on each L/C Fee Payment Date after the issuance date. In addition, the Borrower shall pay to each Issuing Lender for its own account a fronting fee of 0.25% per annum on the undrawn and unexpired amount of each Letter of Credit issued by it, payable quarterly in arrears on each L/C Fee Payment Date after the issuance date.

(b) In addition to the foregoing fees, the Borrower shall pay or reimburse the Issuing Lenders for such normal and customary costs and expenses as are incurred or charged by such Issuing Lender in issuing, negotiating, effecting payment under, amending or otherwise administering any Letter of Credit.

3.4 L/C Participations. (a) Each Issuing Lender irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce each Issuing Lender to issue Letters of Credit, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from each Issuing Lender, on the terms and conditions set forth below, for such L/C Participant's own account and risk an undivided interest equal to such L/C Participant's Revolving Percentage in each Issuing Lender's obligations and rights under and in respect of each Letter of Credit and the amount of each draft paid by such Issuing Lender thereunder. Each L/C Participant unconditionally and irrevocably agrees with each Issuing Lender that, if a draft is paid under any Letter of Credit for which such Issuing Lender is not reimbursed in full by the Borrower in accordance with the terms of this Agreement, such L/C Participant shall pay to the applicable Issuing Lender upon demand at such Issuing Lender's address for notices specified herein an amount equal to such L/C Participant's Revolving Percentage of the amount of such draft, or any part thereof, that is not so reimbursed.

(b) If any amount required to be paid by any L/C Participant to any Issuing Lender pursuant to Section 3.4(a) in respect of any unreimbursed portion of any payment made by the relevant Issuing Lender under any Letter of Credit is not paid to such Issuing Lender within three Business Days after the date such payment is due, such L/C Participant shall pay to such Issuing Lender on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal Funds Effective Rate during the period from and including the date such payment is required to the date on which such payment is immediately available to the relevant Issuing Lender, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. If any such amount required to be paid by any L/C Participant pursuant to Section 3.4(a) is not made available to the relevant Issuing Lender by such L/C Participant within three Business Days after the date such payment is due, such Issuing Lender shall be entitled to recover from such L/C Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable to ABR Loans under the Revolving Facility. A certificate of the relevant Issuing Lender submitted to any L/C Participant with respect to any amounts owing under this Section shall be conclusive in the

absence of manifest error.

(c) Whenever, at any time after an Issuing Lender has made payment under any Letter of Credit and has received from any L/C Participant its pro rata share of such payment in accordance with Section 3.4(a), such Issuing Lender receives any payment related to such Letter of Credit (whether directly from the Borrower or otherwise, including proceeds of collateral applied thereto by such Issuing Lender), or any payment of interest on account thereof, such Issuing Lender will distribute to such L/C Participant its pro rata share thereof; provided, however, that in the event that any such payment received by such Issuing Lender shall be required to be returned by such Issuing Lender, such L/C Participant shall return to such Issuing Lender the portion thereof previously distributed by such Issuing Lender to it.

3.5 Reimbursement Obligation of the Borrower. The Borrower agrees to reimburse each Issuing Lender on the same Business Day (if the Borrower is notified by 1:00 p.m. (New York time) and no later than the next Business Day if the Borrower is notified after 1:00 p.m. (New York time)) on which such Issuing Lender notifies the Borrower of the date and amount of a draft presented under any Letter of Credit and paid by such Issuing Lender for the amount of (a) such draft so paid and (b) any taxes, fees, charges or other costs or expenses incurred by such Issuing Lender in connection with such payment. Each such payment shall be made to the relevant Issuing Lender at its address for notices referred to herein in Dollars and in immediately available funds. Interest shall be payable on any such amounts from the date on which the relevant draft is paid until payment in full at the rate set forth in (i) until the Business Day next succeeding the date of the relevant notice, Section 2.14(b) and (ii) thereafter, Section 2.14(c).

3.6 Obligations Absolute. The Borrower's obligations under this Section 3 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that the Borrower may have or have had against any Issuing Lender, any beneficiary of a Letter of Credit or any other Person. The Borrower also agrees with each Issuing Lender that no Issuing Lender shall be responsible for, and the Borrower's Reimbursement Obligations under Section 3.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee. No Issuing Lender shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Issuing Lender. The Borrower agrees that any action taken or omitted by any Issuing Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct and in accordance with the standards of care specified in the Uniform Commercial Code of the State of New York, shall be binding on the Borrower and shall not result in any liability of any Issuing Lender to the Borrower.

3.7 Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the relevant Issuing Lender shall promptly notify the Borrower of the date and amount thereof. The responsibility of the relevant Issuing Lender to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are substantially in conformity with such Letter of Credit.

3.8 Applications. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Section 3, the provisions of this Section 3 shall apply.

3.9 Transitional Provisions. On the Closing Date, (i) the Borrower shall provide Schedule 3.9, which schedule shall list those certain letters of credit issued by a Lender and outstanding as of the Closing Date (the "Existing Facility Letters of Credit"), (ii) such Existing Facility Letters of Credit shall be deemed to be Letters of Credit issued pursuant to and in compliance with this Section 3, (iii) the face amount of such Existing Facility Letters of Credit shall be included in the calculation of the available L/C Commitment and the Revolving Extensions of Credit, (iv) the provisions of this Section 3 shall apply thereto, and the Borrower and the Revolving Lenders hereunder hereby expressly assume all obligations, and the Revolving Lenders shall have all rights, with respect to such Letters of Credit which the Borrower and the Revolving Lenders would have had if the Existing Facility Letters of Credit originally had been issued hereunder and (v) all liabilities of the Borrower with respect to such Existing Facility Letters of Credit shall constitute Obligations.

3.10 Certain Reporting Requirements. Each Issuing Lender will report in writing to the Administrative Agent (i) on the first Business Day of each week, the aggregate stated amount of Letters of Credit issued by it and outstanding as of the last Business Day of the preceding week and (ii) on or prior to each Business Day on which an Issuing Lender expects to issue or amend any Letter of Credit, the date of such issuance or amendment and the aggregate stated amount of Letters of Credit to be issued by it and outstanding after giving effect to such issuance or amendment (and such Issuing Lender shall advise the Administrative Agent on such Business Day whether such issuance or amendment occurred and whether the amount thereof changed).

SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and issue or participate in the Letters of Credit, the Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

4.1 Financial Condition. (a) The unaudited pro forma consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at June 30, 2001 (including the notes thereto) (the "Pro Forma Balance Sheet"), copies of which have heretofore been furnished to each Lender, has been prepared giving effect (as if such events had occurred on such date) to (i) the consummation of the Transactions and the Refinancing, (ii) the Loans to be made on the Closing Date and the use of proceeds thereof and (iii) the payment of fees and expenses in connection with the foregoing. The Pro Forma Balance Sheet has been prepared based on the best information available to the Borrower as of the date of delivery thereof, and presents fairly on a pro forma basis the estimated financial position of Borrower and its consolidated Subsidiaries as at June 30, 2001, assuming that the events specified in the preceding sentence had actually occurred at such date.

(b) The audited consolidated balance sheets of the Borrower and its consolidated Subsidiaries as at December 31, 1998, December 31, 1999 and December 31, 2000, and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates, in each case reported on by Deloitte & Touche LLP, and accompanied by an unqualified report from Deloitte & Touche LLP, present fairly the consolidated financial condition of the Borrower and its consolidated Subsidiaries as at such date and the consolidated results of its

operations and its consolidated cash flows for the respective fiscal years then ended. The unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at March 31, 2001 and the related unaudited consolidated statements of income and cash flows for the three-month period ended on such date, present fairly the consolidated financial condition of the Borrower and its consolidated Subsidiaries as at such date and the consolidated results of its operations and its consolidated cash flows for the three-month period then ended (subject to normal year-end audit adjustments and the omission of footnotes). All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein). Except as set forth on Schedule 4.1, no Group Member has any material Guarantee Obligations, contingent liabilities and liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the most recent financial statements referred to in this paragraph. During the period from December 31, 2000 to and including the date hereof there has been no Disposition by any Group Member of any material part of their respective businesses or properties.

(c) The audited income statements of the Target, Arrid and Lambert Kay as at March 31, 1999 and the audited consolidated balance sheets of the Target, Arrid and Lambert Kay as at March 31, 2000 and March 31, 2001, and the related consolidated statements of income and of cash flows for the fiscal years ended 2000 and 2001, in each case reported on by KPMG LLP (and, in the case of the balance sheets as at March 31, 2000 and March 31, 2001, accompanied by an unqualified report from KPMG LLP) present fairly the consolidated financial condition of the Target, Arrid and Lambert Kay as at such date and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein). To the Borrower's knowledge, each of the Target, Arrid and Lambert Kay has no material Guarantee Obligations, contingent liabilities and liabilities for taxes, or any long-term leases (excepting certain operating leases entered into in the ordinary course of business) or unusual forward or long-term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the most recent financial statements referred to in this paragraph or otherwise disclosed in the Transaction Documents. During the period from March 31, 2001 to and including the date hereof there has been no Disposition by any of the Target, Arrid or Lambert Kay, as the case may be, of any material part of its businesses or properties.

(d) The detailed consolidated budget for each fiscal year through 2007 (including a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of each fiscal year through 2007, the related consolidated statements of projected cash flow, projected changes in financial position and projected income and a description of the underlying assumptions applicable thereto), and significant revisions, if any, of such budget and projections with respect to such fiscal year of the Borrower through the 2007 fiscal year (collectively, the "Projections"), are based on reasonable estimates, information and assumptions and, to the knowledge of the Borrower, are not incorrect or misleading in any material respect.

4.2 No Change. Since March 31, 2001, there has been no development or event that has had or would reasonably be expected to have a Material Adverse Effect.

4.3 Existence; Compliance with Law. Each Group Member (a) is duly organized, validly existing and in good standing under the laws of the

jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.4 Power; Authorization; Enforceable Obligations. Each Loan Party has the power and authority, and the legal right, to make, deliver and perform the Loan Documents and the Transaction Documents to which it is a party and, in the case of the Borrower, to obtain extensions of credit hereunder and to grant the security interests on the terms and conditions contained in this Agreement and the Guarantee and Collateral Agreement. Each Loan Party has taken all necessary organizational action to authorize the execution, delivery and performance of the Loan Documents and the Transaction Documents to which it is a party and, in the case of the Borrower, to authorize the extensions of credit on the terms and conditions of this Agreement, and to authorize the granting of the security interests on the terms and conditions contained in this Agreement and the Guarantee and Collateral Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the Transactions and the extensions of credit hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement, any of the Loan Documents or the Transaction Documents, except (i) consents, authorizations, filings and notices described in Schedule 4.4, which consents, authorizations, filings and notices have been obtained or made and are in full force and effect and (ii) the filings referred to in Section 4.19. Each Loan Document and each Transaction Document has been duly executed and delivered on behalf of each Loan Party party thereto. This Agreement constitutes, and each other Loan Document and each Transaction Document upon execution will constitute, a legal, valid and binding obligation of each Loan Party party thereto, enforceable against each such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.5 No Legal Bar; No Burdensome Restrictions. The execution, delivery and performance of this Agreement, the other Loan Documents and the Transaction Documents, the issuance of Letters of Credit, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or any material Contractual Obligation of any Group Member and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such material Contractual Obligation (other than the Liens created by the Security Documents). No Requirement of Law or Contractual Obligation applicable to the Borrower or any of its Subsidiaries would reasonably be expected to have a Material Adverse Effect.

4.6 Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against any Group Member or against any of their respective properties or revenues (a) with respect to any of the Loan Documents, any of the Transaction Documents or any of the transactions contemplated hereby or thereby, or (b) that would reasonably be expected to have a Material Adverse Effect.

4.7 No Default. No Group Member is in default under or with respect to any of its Contractual Obligations in any respect that would reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

4.8 Ownership of Property; Liens. Each Group Member has title in fee simple to, or a valid leasehold interest in, all its real property, and good title to, or a valid leasehold interest in, or a valid license of, all its other property (including Intellectual Property), and none of the property held in fee simple or to which any Borrower has good title is subject to any Lien except as permitted by Section 7.3.

4.9 Intellectual Property. Each Group Member owns, or is licensed or otherwise has sufficient legal rights to use, all Intellectual Property necessary for the conduct of its business as currently conducted free of all encumbrances. All of each Group Member's Trademarks and all other material Intellectual Property are valid and enforceable, not abandoned and unexpired. No material claim has been threatened in writing or has been asserted and is pending, and no judgment regarding the same has been rendered by a court of competent jurisdiction, by any Person challenging or questioning the use of any material Intellectual Property or the validity or effectiveness of any material Intellectual Property, nor does the Borrower know of any valid basis for any such claim. No Group Member which is a party to a material Intellectual Property license or other material agreement concerning Intellectual Property, is or is alleged in writing to be, in breach or default thereunder. Each Group Member represents that the transactions contemplated by this Agreement shall not impair the Intellectual Property rights of any Group Member. Each Group Member takes reasonable steps to protect and maintain all Trademarks and all other material Intellectual Property, including executing all appropriate confidentiality agreements and filing for all appropriate patents and registrations. The use of Intellectual Property by each Group Member does not impair or infringe on the rights of any Person in any material respect.

4.10 Taxes. Each Group Member has filed or caused to be filed all federal, state and other material tax returns that are required to be filed and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the relevant Group Member); no tax Lien has been filed, and, to the knowledge of the Borrower, no claim is being asserted, with respect to any such tax, fee or other charge.

4.11 Federal Regulations. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used for "buying" or "carrying" any "margin stock"

within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect in a manner that violates the provisions of the Regulations of the Board. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

4.12 Labor Matters. Except as, in the aggregate, would not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against any Group Member pending or, to the knowledge of the Borrower, threatened; (b) hours worked by and payment made to employees of each Group Member have not been in violation of the Fair Labor Standards Act or any other applicable Requirement of Law dealing with such matters; and (c) all payments due from any Group Member on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant Group Member.

4.13 ERISA. Neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this

representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code. No termination of a Single Employer Plan has occurred, and no Lien in favor of the PBGC or a Plan has arisen, during such five-year period. The present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits by a material amount. Neither the Borrower nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan that has resulted or would reasonably be expected to result in a material liability under ERISA, and neither the Borrower nor any Commonly Controlled Entity would become subject to any material liability under ERISA if the Borrower or any such Commonly Controlled Entity were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made. No such Multiemployer Plan is in Reorganization or Insolvent.

4.14 Investment Company Act; Other Regulations. No Loan Party is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. No Loan Party is subject to regulation under any Requirement of Law (other than Regulation X) that limits its ability to incur Indebtedness.

4.15 Subsidiaries. Except as disclosed to the Administrative Agent by the Borrower in writing from time to time after the Closing Date, (a) Schedule 4.15 sets forth the name and jurisdiction of incorporation of each Subsidiary and, as to each such Subsidiary, the percentage of each class of Capital Stock owned by any Loan Party and (b) there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to any Capital Stock of the Borrower or any Subsidiary, except as created by the Loan Documents.

4.16 Use of Proceeds. The proceeds of the Term Loans shall be used to finance the Transactions and the Refinancing and to pay related fees and expenses. The proceeds of the Revolving Loans and the Swingline Loans, and the Letters of Credit, shall be used for general corporate purposes, including acquisitions and working capital needs of the Borrower and its Subsidiaries in the ordinary course of business.

4.17 Environmental Matters. Except as, in the aggregate, would not reasonably be expected to result in the payment of a Material Environmental Amount:

(a) the facilities and properties owned, leased or operated by any Group Member (the "Properties") do not contain, and have not previously contained, any Materials of Environmental Concern in amounts or concentrations or under circumstances that constitute or constituted a violation of, or would be reasonably likely to give rise to liability under, any Environmental Law;

(b) no Group Member has received or is aware of any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Properties or the business operated by any Group Member (the "Business"), nor does the Borrower have knowledge or reason to believe that any such notice will be received or is being threatened;

(c) Materials of Environmental Concern have not been transported or disposed of from the Properties (to the knowledge of any Group Member with respect to any third party actions) in violation of, or in a manner or to a location that would give rise to liability under, any Environmental Law,

nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any of the Properties (to the knowledge of any Group Member with respect to any third party actions) in violation of, or in a manner that would be reasonably likely to give rise to liability under, any applicable Environmental Law;

(d) no judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Borrower, threatened, under any Environmental Law to which any Group Member is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business;

(e) there has been no release or, to the knowledge of any Group Member, threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of any Group Member in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that would be reasonably likely to give rise to liability under Environmental Laws;

(f) the Properties and all operations (to the knowledge of any Group Member with respect to any third party operations) at the Properties are in compliance in all material respects, and have in the last five years been in compliance in all material

respects, with all applicable Environmental Laws, and there is no material contamination at, under or about the Properties or material violation of any Environmental Law with respect to the Properties or the Business; and

(g) no Group Member has assumed any liability of any other Person under Environmental Laws.

4.18 Accuracy of Information, etc. No statement or information contained in this Agreement, any other Loan Document, any Transaction Document, the Confidential Information Memorandum or any other document, certificate or written statement furnished by or on behalf of any Loan Party to the Administrative Agent or the Lenders, or any of them, for use in connection with the transactions contemplated by this Agreement, the other Loan Documents or the Transaction Documents, contained as of the date such written statement, information, document or certificate was so furnished (or, in the case of the Confidential Information Memorandum, as of the date of this Agreement), any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained herein or therein not misleading. The projections, including the Projections, and pro forma financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount. As of the date hereof, the representations and warranties of the Borrower and, to the Borrower's knowledge, the representations and warranties of the other parties contained in each Transaction Document are true and correct in all material respects. There is no fact known to any Loan Party that would reasonably be expected to have a Material Adverse Effect that has not been expressly disclosed herein, in the other Loan Documents, in the Transaction Documents, in the Confidential Information Memorandum or in any other documents, certificates and statements furnished to the Administrative Agent and the Lenders for use in connection with the transactions contemplated hereby, by the other Loan Documents and by the Transaction Documents.

4.19 Security Documents. (a) The Guarantee and Collateral Agreement is effective to create in favor of the Administrative Agent, for the benefit of

the Lenders, a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. In the case of the Pledged Stock described in the Guarantee and Collateral Agreement, when stock certificates representing such Pledged Stock are delivered to the Administrative Agent, and in the case of the other Collateral described in the Guarantee and Collateral Agreement, when financing statements and other filings specified (including United States Patent and Trademark Office filings and United States Copyright Office filings) on Schedule 4.19(a) in appropriate form are filed in the offices specified on Schedule 4.19(a), the Guarantee and Collateral Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and the proceeds thereof, as security for the Obligations (as defined in the Guarantee and Collateral Agreement), in each case prior and superior in right to Liens held by any other Person (except, in the case of Collateral other than Pledged Stock, Liens permitted by Section 7.3).

(b) Each of the Mortgages is effective to create in favor of the Administrative Agent, for the benefit of the Lenders, a legal, valid and enforceable Lien on the Mortgaged Properties described therein and proceeds thereof, and when the Mortgages are filed in the offices specified on Schedule 4.19(b), each such Mortgage shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in the Mortgaged Properties and the proceeds thereof, as security for the Obligations (as defined in the relevant Mortgage), in each case prior and superior in right to the Lien of any other Person. Schedule 1.1B lists each parcel of real property in the United States owned in fee simple by the Borrower or any of its Subsidiaries as of the Closing Date.

4.20 Solvency. Each Loan Party is, and after giving effect to the Transactions and the incurrence of all Indebtedness and obligations being incurred in connection herewith and therewith will be and such Loan Party is reasonably expected to continue to be, Solvent.

4.21 Regulation H. No Mortgage encumbers improved real property that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968.

4.22 Certain Documents. The Borrower has delivered to the Administrative Agent a complete and correct copy of each Transaction Document, including any amendments, supplements or modifications with respect to any of the foregoing.

SECTION 5. CONDITIONS PRECEDENT

5.1 Conditions to Initial Extension of Credit. The agreement of each Lender to make the initial extension of credit requested to be made by it is subject to the satisfaction, prior to or concurrently with the making of such extension of credit on the Closing Date, of the following conditions precedent:

(a) Credit Agreement; Guarantee and Collateral Agreement. The Administrative Agent shall have received (i) this Agreement executed and delivered by the Administrative Agent, the Borrower and each Person listed on Schedule 1.1, (ii) the Guarantee and Collateral Agreement, executed and delivered by the Borrower and each Subsidiary Guarantor and (iii) an Acknowledgement and Consent in the form attached to the Guarantee and Collateral Agreement, executed and delivered by each Issuer (as defined therein), if any, that is not a Loan Party.

(b) Transactions, etc. The following transactions or events shall have been consummated or occurred, in each case on terms and conditions reasonably satisfactory to the Lenders:

(i) Each of the Transactions shall have been consummated on terms and conditions substantially in accordance with the Transaction Documents or otherwise reasonably satisfactory to the Administrative Agent and the operative documents with respect thereto shall not have been amended, restated, supplemented or otherwise modified in any material respect; and

(ii) The Administrative Agent shall have received a certificate of the Chief Financial Officer of the Borrower certifying: (A) that the cost of (I) the Equity Investment shall not have exceeded $111,750,000, (II) the Arrid Acquisition shall not have exceeded $121,000,000, (III) the Lambert Kay Acquisition shall not have exceeded $7,500,000, (IV) the Refinancing shall not have exceeded $155,000,000, (V) Indebtedness incurred in respect of the deferred purchase price in connection with the acquisition of Biovance shall not have exceeded $12,000,000, (VI) the refinancing of other Indebtedness shall not have exceeded $16,000,000 and (VII) the fees and expenses to be incurred by the Borrower in connection with the Transactions and the financing thereof shall not exceed $12,000,000; and (B) that the Borrower and its Subsidiaries, after giving effect to the Transactions and the financings contemplated hereby, shall be Solvent.

(c) Termination of Existing Facility. The Administrative Agent shall have received satisfactory evidence that the Existing Facility shall have been terminated and all amounts thereunder shall have been paid in full.

(d) Approvals. All governmental and third party approvals (including approvals under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and other consents) necessary or, in the discretion of the Administrative Agent, advisable in connection with the Transactions, the continuing operations of the Group Members and the transactions contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose adverse conditions on the Transactions or the financing contemplated hereby.

(e) Lien Searches. The Administrative Agent shall have received the results of a recent lien search in each of the jurisdictions where assets of the Borrower, Arrid and Lambert Kay are located, and such search shall reveal no liens on any of the assets of the Loan Parties except for liens permitted by Section 7.3 or discharged on or prior to the Closing Date pursuant to documentation satisfactory to the Administrative Agent.

(f) Environmental Audit. The Administrative Agent shall have received a satisfactory environmental audit with respect to real properties of the Armkel Joint Venture located in Winsted, Connecticut and Cranberry, New Jersey by a firm reasonably satisfactory to the Administrative Agent.

(g) Fees. The Lenders and the Administrative Agent shall have received all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel), on or before the Closing Date. All such amounts will be paid with proceeds of Loans made on the Closing Date and will be reflected in the funding instructions given by the Borrower to the Administrative Agent on or before the Closing Date.

(h) Closing Certificate. The Administrative Agent shall have received a certificate of each Loan Party, dated the Closing Date, substantially in the form of Exhibit C, with appropriate insertions and attachments.

(i) Legal Opinions. The Administrative Agent shall have received the following executed legal opinions:

(i) the legal opinion of Gibson, Dunn & Crutcher LLP, counsel to the Borrower and its Subsidiaries, substantially in the form of Exhibit E-1;

(ii) the legal opinion of general counsel of the Borrower and its Subsidiaries, substantially in the form of Exhibit E-2; and

(iii) to the extent consented to by the relevant counsel, each legal opinion, if any, delivered in connection with the Transactions (excepting the Equity Investment), accompanied by a reliance letter in favor of the Lenders.

Each such legal opinion shall cover such other matters incident to the transactions contemplated by this Agreement as the Administrative Agent may reasonably require.

(j) Pledged Stock; Stock Powers; Pledged Notes. The Administrative Agent shall have received (i) the certificates representing the shares of Capital Stock pledged pursuant to the Guarantee and Collateral Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof and (ii) each promissory note (if any) pledged to the Administrative Agent pursuant to the Guarantee and Collateral Agreement endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof.

(k) Filings, Registrations and Recordings. Each document (including any Uniform Commercial Code financing statement, any Patent and Trademark Office filing and any Copyright Office filing) required by the Security Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Lenders, a perfected Lien on the Collateral described therein, prior and superior in right to the Lien of any other Person (other than with respect to Liens expressly permitted by Section 7.3), shall be in proper form for filing, registration or recordation.

(l) Federal Regulations. The Administrative Agent shall be satisfied that this Agreement and the use of the proceeds of the Loans hereunder comply in all respects with Regulation U. The Administrative Agent shall have received for its own account, and for the account of each Lender, from the Borrower an executed statement as to matters specified in Section 4.11 hereof, which statement conforms with the requirements of FR Form U-1 referred to in Regulation U.

(m) Insurance. The Administrative Agent shall have received insurance certificates satisfying the requirements of Section 5.2(b) of the Guarantee and Collateral Agreement.

5.2 Conditions to Each Extension of Credit. The agreement of each Lender to make any extension of credit requested to be made by it on any date (including its initial extension of credit) is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date, except for representations and

warranties expressly stated to relate to a specific earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date.

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extensions of credit requested to be made on such date.

Each borrowing by and issuance of a Letter of Credit on behalf of the Borrower hereunder shall constitute a representation and warranty by the Borrower as of the date of such extension of credit that the conditions contained in this Section 5.2 have been satisfied.

SECTION 6. AFFIRMATIVE COVENANTS

The Borrower agrees that, so long as the Commitments remain in effect, any Letter of Credit remains outstanding or any Loan or other amount is owing to any Lender or the Administrative Agent hereunder, the Borrower shall and shall cause each of its Subsidiaries (with respect to Sections 6.3 through 6.6, 6.8, 6.9 and 6.10) to:

6.1 Financial Statements. Furnish to the Administrative Agent and each Lender:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by Deloitte & Touche LLP or other independent certified public accountants of nationally recognized standing; and

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year-end audit adjustments and the omission of footnotes).

All such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by the Borrower's accountants or a Responsible Officer, as the case may be, and disclosed therein).

6.2 Certificates; Other Information. Furnish to the Administrative Agent and each Lender (or, in the case of clause (f), to the relevant Lender):

(a) concurrently with the delivery of the financial statements referred to in Section 6.1(a), (i) a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate and (ii) a certificate of a Responsible Officer stating on behalf of the Borrower that, to such Responsible Officer's knowledge, each Loan Party during such period has observed or performed in all material respects all of its covenants and other agreements, and satisfied every

condition contained in this Agreement and the other Loan Documents to which it is a party to be observed, performed or satisfied by it, and that such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in Section 6.1(a) or (b), (i) a Compliance Certificate containing all information and calculations necessary for determining compliance by each Group Member with the provisions of this Agreement referred to therein as of the last day of the fiscal quarter or fiscal year of the Borrower, as the case may be, and (ii) to the extent not previously disclosed to the Administrative Agent, a listing of any county or state within the United States where any Loan Party keeps inventory or equipment and of any Intellectual Property acquired by any Loan Party since the date of the most recent list delivered pursuant to this clause (ii) (or, in the case of the first such list so delivered, since the Closing Date);

(c) within 45 days after the end of each fiscal quarter of the Borrower, a narrative discussion and analysis of the financial condition and results of operations of the Borrower and its Subsidiaries for such fiscal quarter and for the period from the beginning of the then current fiscal year to the end of such fiscal quarter, as compared to the current annual plan for such periods and to the comparable periods of the previous year;

(d) no later than 5 Business Days prior to the effectiveness thereof, copies of substantially final drafts of any proposed amendment, supplement, waiver or other modification with respect to the Transaction Documents;

(e) within five days after the same are sent, copies of all financial statements and reports that the Borrower sends to the holders of any class of its debt securities or public equity securities and, within five days after the same are filed, copies of all financial statements and reports that the Borrower may make to, or file with, the SEC; and

(f) promptly, such additional financial and other information as any Lender may from time to time reasonably request.

6.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of

whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the relevant Group Member.

6.4 Maintenance of Existence; Compliance. (a)(i) Preserve, renew and keep in full force and effect its organizational existence and (ii) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, as otherwise permitted by Section 7.4 and except, in the case of clause (ii) above, to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect; and (b) comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.5 Maintenance of Property; Insurance. (a) Keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks (but including in any event public liability,

product liability and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business.

6.6 Inspection of Property; Books and Records; Discussions. (a) Keep proper books of records and accounts in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities and (b) upon not less than three Business Days notice and with reasonable coordination among the Lenders (in each case, so long as no Default or Event of Default has occurred and is continuing), permit representatives of any Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to discuss the business, operations, properties and financial and other condition of the Group Members with officers and employees of the Group Members and with their independent certified public accountants.

6.7 Notices. Promptly give notice to the Administrative Agent and each Lender of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of any Group Member or (ii) litigation, investigation or proceeding that may exist at any time between any Group Member and any Governmental Authority, that in either case, if not cured or if adversely determined, as the case may be, would reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting any Group Member (i) in which the amount involved is $5,000,000 or more and not covered by insurance, (ii) in which injunctive or similar relief is sought or (iii) which relates to any Loan Document or any Transaction Document;

(d) the following events, as soon as possible and in any event within 30 days after the Borrower knows or has reason to know thereof: (i) the occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination, Reorganization or Insolvency of, any Plan;

(e) the following prospective events, as soon as possible and in any event at least 15 days' prior to such event, (i) the change of its or any Subsidiary Guarantor's jurisdiction of organization or the location of its or any Subsidiary Guarantor's chief executive office or sole place of business from that referred to in Section 4.3 of the Guarantee and Collateral Agreement; or (ii) the change of its or any Subsidiary Guarantor's exact name, identity or corporate or other organizational structure; and

(f) any development or event that has had or would reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section 6.7 shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the relevant Group Member proposes to take with respect thereto.

6.8 Environmental Laws. (a) Comply in all material respects with, and ensure compliance in all material respects by all tenants and subtenants, if any, with, all applicable Environmental Laws, and obtain and comply in all

material respects with and maintain, and ensure that all tenants and subtenants obtain and comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws.

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws.

6.9 Mortgages, etc. Furnish to the Administrative Agent a Mortgage with respect to each Mortgaged Property, executed and delivered by a duly authorized officer of each party thereto within 45 days after the Closing Date, or up to 90 days after the Closing Date if agreed by the Administrative Agent, and do the following in connection therewith:

(a) If requested by the Administrative Agent, the Administrative Agent shall receive, and the title insurance company issuing the policy referred to in clause (c) below (the "Title Insurance Company") shall receive, maps or plats of an as-built survey of the sites of the Mortgaged Properties certified to the Administrative Agent and the Title Insurance Company in a manner satisfactory to them, dated a date satisfactory to the Administrative Agent and the Title Insurance Company by an independent professional licensed land surveyor satisfactory to the Administrative Agent and the Title Insurance Company, which maps or plats and the surveys on

which they are based shall be made in accordance with the Minimum Standard Detail Requirements for Land Title Surveys jointly established and adopted by the American Land Title Association and the American Congress on Surveying and Mapping in 1992, and, without limiting the generality of the foregoing, there shall be surveyed and shown on such maps, plats or surveys the following: (i) the locations on such sites of all the buildings, structures and other improvements and the established building setback lines; (ii) the lines of streets abutting the sites and width thereof; (iii) all access and other easements appurtenant to the sites; (iv) all roadways, paths, driveways, easements, encroachments and overhanging projections and similar encumbrances affecting the site, whether recorded, apparent from a physical inspection of the sites or otherwise known to the surveyor; (v) any encroachments on any adjoining property by the building structures and improvements on the sites; (vi) if the site is described as being on a filed map, a legend relating the survey to said map; and (vii) the flood zone designations, if any, in which the Mortgaged Properties are located.

(b) The Administrative Agent shall receive in respect of each Mortgaged Property a mortgagee's title insurance policy (or policies) or marked up unconditional binder for such insurance. Each such policy shall (i) be in an amount satisfactory to the Administrative Agent; (ii) be issued at ordinary rates; (iii) insure that the Mortgage insured thereby creates a valid first Lien on such Mortgaged Property free and clear of all defects and encumbrances, except as disclosed therein; (iv) name the Administrative Agent for the benefit of the Lenders as the insured thereunder; (v) be in the form of ALTA Loan Policy - 1970 (Amended 10/17/70 and 10/17/84) (or equivalent policies); (vi) contain such endorsements and affirmative coverage as the Administrative Agent may reasonably request and (vii) be issued by title companies satisfactory to the Administrative Agent (including any such title companies acting as co-insurers or reinsurers, at the option of the Administrative Agent). The Administrative Agent shall receive evidence satisfactory to it that all premiums in respect of each such policy, all charges for mortgage recording tax, and all related expenses, if any, have been paid.

(c) If requested by the Administrative Agent, the Administrative Agent shall receive (i) a policy of flood insurance that (A) covers any parcel of improved real property that is encumbered by any Mortgage and is in a

designated flood zone (B) is written in an amount not less than the outstanding principal amount of the indebtedness secured by such Mortgage that is reasonably allocable to such real property or the maximum limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, whichever is less, and (C) has a term ending not later than the maturity of the Indebtedness secured by such Mortgage and (ii) confirmation that the Borrower has received the notice required pursuant to Section 208(e)(3) of Regulation H of the Board.

(d) The Administrative Agent shall receive a copy of all recorded documents referred to, or listed as exceptions to title in, the title policy or policies referred to in paragraph (c) above and a copy of all other material documents affecting the Mortgaged Properties.

6.10 Additional Collateral, etc. (a) With respect to any property acquired after the Closing Date by any Loan Party (other than (x) any property described in paragraph (b), (c) or (d) below, (y) any property subject to a Lien expressly permitted by Section 7.3(g) and (z) property acquired by any Excluded Foreign Subsidiary) as to which the Administrative Agent, for the benefit of the Lenders, does not have a perfected Lien, promptly (i)

execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement or such other documents as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a security interest in such property and (ii) take all actions necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in such property, including the filing of Uniform Commercial Code financing statements (or other documents, such as Patent and Trademark Office filings and Copyright Office filings) in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent.

(b) With respect to any fee interest in any real property having a fair market value (together with improvements thereof) of at least $2,000,000 acquired after the Closing Date by any Loan Party (other than (x) any such real property subject to a Lien expressly permitted by Section 7.3(g) and (z) real property acquired by any Excluded Foreign Subsidiary), promptly (i) execute and deliver a first priority Mortgage, in favor of the Administrative Agent, for the benefit of the Lenders, covering such real property, (ii) if requested by the Administrative Agent, provide the Lenders with (x) title and extended coverage insurance covering such real property in an amount at least equal to the purchase price of such real property (or such other amount as shall be reasonably specified by the Administrative Agent) as well as a current ALTA survey thereof, together with a surveyor's certificate and (y) any consents or estoppels reasonably deemed necessary or advisable by the Administrative Agent in connection with such Mortgage, each of the foregoing in form and substance reasonably satisfactory to the Administrative Agent and (iii) if reasonably requested by the Administrative Agent, deliver to the Administrative Agent a legal opinion relating to such new Mortgage, which opinion shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(c) With respect to any new Subsidiary (other than an Excluded Foreign Subsidiary and any Receivables Subsidiary) created or acquired after the Closing Date by any Loan Party (which, for the purposes of this paragraph (c), shall include any existing Subsidiary that ceases to be an Excluded Foreign Subsidiary), promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in the Capital Stock of such new Subsidiary that is owned by any Loan Party, (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a

duly authorized officer of the relevant Loan Party, (iii) cause such new Subsidiary (A) to become a party to the Guarantee and Collateral Agreement, (B) to take such actions necessary or advisable to grant to the Administrative Agent for the benefit of the Lenders a perfected security interest in the Collateral described in the Guarantee and Collateral Agreement with respect to such new Subsidiary (subject to existing Liens permitted by this Agreement), including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent and (C) to deliver to the Administrative Agent a certificate of such Subsidiary, substantially in the form of Exhibit C, with appropriate insertions and attachments, and (iv) if reasonably requested by the Administrative Agent, deliver to the Administrative Agent a legal opinion relating to the matters described above, which opinion shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(d) With respect to any new Excluded Foreign Subsidiary created or acquired after the Closing Date by any Loan Party (other than by any Loan Party that is an Excluded Foreign Subsidiary), promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest (other than Liens arising by operation of law) in the Capital Stock of such new Subsidiary that is owned by any such Loan Party (provided that in no event shall more than 65% of the total outstanding voting Capital Stock of any such new Subsidiary be required to be so pledged), (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Loan Party, and take such other action as may be necessary or, in the opinion of the Administrative Agent, desirable to perfect the Administrative Agent's security interest therein, and (iii) if requested by the Administrative Agent, deliver to the Administrative Agent a legal opinion relating to the matters described above, which opinion shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

6.11 Interest Rate Protection. In the case of the Borrower, within 90 days after the Closing Date, enter into, and thereafter maintain, Hedge Agreements to the extent necessary to provide that at least 33 1/3% of the aggregate principal amount of the Term Loans is subject to either a fixed interest rate or interest rate protection for a period of not less than one year, which Hedge Agreements shall have terms and conditions reasonably satisfactory to the Administrative Agent.

SECTION 7. NEGATIVE COVENANTS

The Borrower hereby agrees that, so long as the Commitments remain in effect, any Letter of Credit remains outstanding or any Loan or other amount is owing to any Lender or the Administrative Agent hereunder, the Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

7.1 Financial Condition Covenants.

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as at the last day of any period of four consecutive fiscal quarters of the Borrower (or, if less, the number of full fiscal quarters subsequent to the Closing Date) ending with any fiscal quarter set forth below to exceed the ratio set forth below opposite such fiscal quarter:

Fiscal Quarter	Consolidated Leverage Ratio

12/31/01	4.00 to 1.00
3/31/02	4.00 to 1.00
6/30/02	3.75 to 1.00
9/30/02	3.75 to 1.00
12/31/02	3.50 to 1.00

3/31/03	3.50 to 1.00
6/30/03	3.25 to 1.00
9/30/03	3.25 to 1.00
12/31/03	3.00 to 1.00
3/31/04	2.50 to 1.00
each fiscal quarter thereafter	2.50 to 1.00.

(b) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio for the four consecutive fiscal quarters subsequent to the Closing Date ending with any fiscal quarter set forth below to be less than the ratio set forth below opposite such fiscal quarter:

Fiscal Quarter	Consolidated Interest Coverage Ratio
12/31/01	4.00 to 1.00
3/31/02	4.00 to 1.00
6/30/02	4.00 to 1.00
9/30/02	4.00 to 1.00
12/31/02	4.25 to 1.00
3/31/03	4.25 to 1.00
6/30/03	4.25 to 1.00
9/30/03	4.25 to 1.00
12/31/03	4.75 to 1.00
3/31/04	5.00 to 1.00
each fiscal quarter thereafter	5.00 to 1.00

; provided, that for the purposes of determining the ratio described above for the fiscal quarters of the Borrower ending December 31, 2001, March 31, 2002 and June 30, 2002, Consolidated Interest Expense for the relevant period shall be deemed to equal Consolidated Interest Expense for such fiscal quarter (and, in the case of the latter two such determinations, each previous fiscal quarter commencing after the Closing Date) multiplied by 4, 2 and 4/3, respectively.

7.2 Indebtedness. Create, issue, incur, assume, become liable in respect of or suffer to exist any Indebtedness, except:

(a) Indebtedness of any Loan Party pursuant to any Loan Document;

(b) Indebtedness of the Borrower to any Subsidiary and of any Wholly Owned Subsidiary Guarantor to the Borrower or any other Subsidiary;

(c) Guarantee Obligations incurred in the ordinary course of business by the Borrower or any of its Subsidiaries of obligations of any Wholly Owned Subsidiary Guarantor;

(d) Indebtedness outstanding on the date hereof and listed on Schedule 7.2(d) and any refinancings, refundings, renewals or extensions thereof (without increasing, or shortening the weighted average life to maturity of, the principal amount thereof);

(e) Indebtedness (including, without limitation, Capital Lease Obligations) secured by Liens permitted by Section 7.3(g) in an aggregate principal amount not to exceed $10,000,000 at any one time outstanding;

(f) Hedge Agreements in respect of Indebtedness otherwise permitted hereby that bears interest at a floating rate, so long as such agreements are not entered into for speculative purposes (including those Hedge Agreements in existence on the date hereof and listed on Schedule 7.2(f));

(g) Indebtedness existing on the Closing Date or incurred thereafter in respect of the deferred purchase price in connection with the acquisition of Biovance not to exceed $12,000,000;

(h) Indebtedness of the Borrower and any of its Subsidiaries in respect of any receivables securitization to the extent reasonably approved by the Administrative Agent in an aggregate principal amount not to exceed $75,000,000, so long as the Net Cash Proceeds of any such receivables securitization shall be applied as set forth in Section 2.11(b);

(i) (A) Indebtedness of the Borrower in respect of unsecured notes, so long as (I) such Indebtedness has no scheduled principal payments prior to March 31, 2008, (II) no covenant or default contained in the unsecured notes is more restrictive than those contained in this Agreement, as reasonably determined by the Administrative Agent and (III) if subordinated, the unsecured notes contain subordination terms that are no less favorable in any material respect to the Lenders than those applicable to offerings of "high-yield" subordinated debt by similar issuers of similar debt at the same time as reasonably agreed to by the Administrative Agent; provided, that the Net Cash Proceeds of such unsecured notes shall be applied as set forth in Section 2.11(b) (except that if after giving effect to such Indebtedness the Borrower is in pro forma compliance with Section 7.1 hereof, the Net Cash Proceeds of such unsecured notes may be used to finance acquisitions permitted pursuant to this Agreement); and (B) Guarantee Obligations of any Loan Party in respect of such Indebtedness, provided that if the unsecured notes are subordinated, such Guarantee Obligations are subordinated to the same extent as the obligations of the Borrower in respect of the unsecured notes;

(j) any Indebtedness of any Person prior to such Person becoming a Subsidiary pursuant to an acquisition permitted by the terms of this Agreement; provided, that (i) such Indebtedness is not created in contemplation of or in connection with such acquisition and (ii) such Indebtedness does not exceed the aggregate amount of $10,000,000;

(k) additional Indebtedness incurred in relation to the pledge by the Borrower of the Capital Stock of the Armkel Joint Venture to the lenders under the Armkel Credit

Agreement; provided, any guarantee associated with such pledge is non-recourse to the Borrower;

(l) additional Indebtedness of any Foreign Subsidiary in an aggregate principal amount (for all the Foreign Subsidiaries) not to exceed $20,000,000 at any one time outstanding; and

(m) additional Indebtedness of the Borrower or any of its Domestic Subsidiaries in an aggregate principal amount (for the Borrower and all Subsidiaries) not to exceed $10,000,000 at any one time outstanding.

7.3 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except:

(a) Liens for taxes not yet due or that are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, are not substantial in amount and that do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(f) Liens in existence on the date hereof listed on Schedule 7.3(f), securing Indebtedness permitted by Section 7.2(d), provided that no such Lien is spread to cover any additional property after the Closing Date and that the principal amount of Indebtedness secured thereby is not increased;

(g) Liens securing Indebtedness of the Borrower or any Subsidiary incurred pursuant to Section 7.2(e) to finance the acquisition of fixed or capital assets, provided that (i) such Liens shall be created substantially simultaneously with the acquisition of such fixed or capital assets, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (iii) the amount of Indebtedness secured thereby is not increased;

(h) Liens created pursuant to any Security Document;

(i) any interest or title of a lessor under any lease entered into by the Borrower or any Subsidiary in the ordinary course of its business and covering only the assets so leased;

(j) Liens incurred pursuant to receivables securitizations and related assignments and sales of any income or revenues (including Receivables), including Liens on the assets of any Receivables Subsidiary created pursuant to any receivables securitization and Liens incurred by the Borrower and its other Subsidiaries on Receivables to secure obligations owing by them in respect of any such receivables securitization to the extent reasonably approved by the Administrative Agent;

(k) Liens securing Indebtedness permitted by Section 7.2(j);

(l) Liens on the Capital Stock of the Armkel Joint Venture in favor of the lenders party to the Armkel Credit Agreement to secure the obligations thereunder; provided, that such Liens shall be created pursuant to agreements reasonably satisfactory to the Administrative Agent and also shall permit the pledge of such Capital Stock to secure the Obligations; and

(m) Liens not otherwise permitted by this Section so long as neither (i) the aggregate outstanding principal amount of the obligations secured thereby nor (ii) the aggregate fair market value (determined as of the date such Lien is incurred) of the assets subject thereto exceeds (as to the Borrower and all Subsidiaries) $10,000,000 at any one time.

7.4 Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of all or substantially all of its property or business, except that:

(a) any Subsidiary of the Borrower may be merged or consolidated with or into the Borrower (provided that the Borrower shall be the continuing or surviving corporation) or with or into any Wholly Owned Subsidiary Guarantor (provided that the Wholly Owned Subsidiary Guarantor shall be the continuing or surviving corporation);

(b) any Subsidiary of the Borrower may Dispose of any or all of its assets (i) to the Borrower or any Wholly Owned Subsidiary Guarantor (upon voluntary liquidation or otherwise) or (ii) pursuant to a Disposition permitted by Section 7.5; and

(c) any Investment expressly permitted by Section 7.8 may be structured as a merger, consolidation or amalgamation so long as (i) in the event the Borrower is a party to such merger, consolidation or amalgamation, the Borrower is the surviving or continuing entity and (ii) in the event a Wholly Owned Subsidiary Guarantor is a party to such merger, consolidation or amalgamation, but the Borrower is not a party, such Wholly Owned Subsidiary Guarantor is the surviving or continuing entity.

7.5 Disposition of Property. Dispose of any of its property, whether now owned or hereafter acquired, or, in the case of any Subsidiary, issue or sell any shares of such Subsidiary's Capital Stock to any Person, except:

(a) the Disposition of obsolete or worn out property in the ordinary course of business;

(b) the sale of inventory in the ordinary course of business;

(c) Dispositions permitted by Section 7.4(b) (other than Section 7.4(b)(ii));

(d) the sale or issuance of any Subsidiary's Capital Stock to the Borrower or any Wholly Owned Subsidiary Guarantor;

(e) the Disposition, for any fiscal year of the Borrower, of other property having a fair market value not to exceed $15,000,000 in the aggregate; and

(f) Dispositions in connection with any receivables or other securitization contemplated by Section 7.2(h), so long as the Net Cash Proceeds of any such receivables securitization shall be applied as set forth in Section 2.11(b).

7.6 Restricted Payments. Declare or pay any dividend (other than dividends payable solely in common stock of the Person paying such dividend) on,

or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of any Group Member, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of any Group Member (collectively, "Restricted Payments"), except that:

(a) any Subsidiary may make Restricted Payments to the Borrower or any Subsidiary Guarantor;

(b) so long as no Default or Event of Default shall have occurred and be continuing, the Borrower may pay dividends to or purchase common stock or common stock options from present or former officers or employees of any Group Member upon the death, disability or termination of employment of such officer or employee, provided, that the aggregate amount of payments under this clause (b) after the date hereof (net of any proceeds received by the Borrower after the date hereof in connection with resales of any common stock or common stock options so purchased) shall not exceed $5,000,000; and

(c) so long as no Default or Event of Default shall have occurred and be continuing, the Borrower may make Restricted Payments and may redeem or repurchase its common stock or common stock options from any Person in an amount not to exceed the sum in any fiscal quarter ending during the term of this Agreement of (i) $5,000,000 provided, that any such amount referred to in this clause (i) may be carried over for expenditure in another fiscal quarter in the same fiscal year but, if not so expended in the fiscal year for which it is permitted may not be carried over for expenditure in succeeding

fiscal years, plus (ii) 10% of Consolidated Net Income for the period beginning on the first day of the fiscal quarter commencing on or immediately following the Closing Date, and ending on the last day of the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 6.1 (taken as a single accounting period) minus any amount expended under this clause (ii) during any prior fiscal quarter ending during the term of this Agreement.

7.7 Capital Expenditures. Make or commit to make any Capital Expenditure, except (a) Capital Expenditures of the Borrower and its Subsidiaries in the ordinary course of business not exceeding $45,000,000 in fiscal 2001 and $35,000,000 in any fiscal year thereafter during the term of this Agreement; provided, that (i) any such amount referred to above, if not so expended in the fiscal year for which it is permitted, may be carried over for expenditure only in the next succeeding fiscal year and (ii) Capital Expenditures made pursuant to this clause (a) during any fiscal year shall be deemed made, first, in respect of amounts permitted for such fiscal year as provided above and, second, in respect of amounts carried over from the prior fiscal year pursuant to subclause (i) above and (b) Capital Expenditures made with the proceeds of any Reinvestment Deferred Amount.

7.8 Investments. Make any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or any assets constituting a business unit of, or make any other investment in, any Person (all of the foregoing, "Investments"), except:

(a) extensions of trade credit in the ordinary course of business;

(b) investments in Cash Equivalents;

(c) Guarantee Obligations permitted by Section 7.2;

(d) loans and advances to employees of any Group Member in the

ordinary course of business (including for travel, entertainment and relocation expenses) in an aggregate amount for all Group Members not to exceed $3,000,000 at any one time outstanding;

(e) the Transactions;

(f) the investment in Biovance whereby the Borrower shall acquire at least 51% of the outstanding common stock of Biovance for an aggregate amount not in excess of $8,000,000 plus the sum of the gross profit of Biovance for each of the first two fiscal years of Biovance ending after such investment in Biovance by the Borrower;

(g) Investments in assets (constituting a business unit) useful in the business of the Borrower and its Subsidiaries made by the Borrower or any of its Subsidiaries with the proceeds of any Reinvestment Deferred Amount;

(h) seller notes, including seller mortgages, in an aggregate amount not to exceed $2,000,000 for any fiscal year of the Borrower in connection with any sale contemplated by Section 7.5(e);

(i) intercompany Investments by any Group Member in the Borrower or any Person that, prior to such investment, is a Wholly Owned Subsidiary Guarantor;

(j) intercompany Investments not otherwise allowed hereunder by any Group Member in any Foreign Subsidiary provided that the aggregate total amount of such Investments does not exceed $5,000,000;

(k) other non-hostile acquisitions of the equity securities of, or assets constituting a business unit of, any Person in an aggregate amount not to exceed the sum of (i) $60,000,000 in any fiscal year (provided, that any such amount referred to above, if not so expended in the fiscal year for which it is permitted, may not be carried over for expenditure in the succeeding fiscal years), (ii) proceeds of Indebtedness permitted by Section 7.2(i) to be used to finance acquisitions and (iii) the market value of any Capital Stock of the Borrower or any of its Subsidiaries issued in connection with any such acquisition, provided that (A) immediately prior to and after giving effect to any such acquisition, no Default or Event of Default shall have occurred or be continuing, (B) such acquisition is consummated in accordance with applicable law, and (C) the Borrower shall be in pro forma compliance with the covenants set forth in Section 7.1 after giving effect to such acquisition (assuming that such acquisition had been completed and any related Indebtedness had been incurred on the first day of the most recently completed period of four fiscal quarters for which financial statements shall have been furnished pursuant to Section 6.1);

(l) Investments comprised of capital contributions, loans or deferred purchase price (whether in the form of cash, a note or other assets) to any Receivables Subsidiary;

(m) in addition to Investments otherwise expressly permitted by this Section, Investments by the Borrower in an aggregate amount (valued at cost) not to exceed $10,000,000 during the term of this Agreement in Quimica Geral do Nordeste, S.A., a corporation organized under the laws of the Federated Republic of Brazil; and

(n) in addition to Investments otherwise expressly permitted by this Section, Investments by the Borrower or any of its Subsidiaries in an aggregate amount (valued at cost) not to exceed $20,000,000 during the term of this Agreement.

7.9 Transactions with Affiliates. Enter into any transaction,

including any purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate (other than the Borrower or any Subsidiary Guarantor) unless such transaction is (a) otherwise permitted under this Agreement, (b) in the ordinary course of business of the relevant Group Member, and (c) upon fair and reasonable terms no less favorable to the relevant Group Member than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate; provided, that the Borrower (i) may receive from the Armkel Joint Venture management and other fees and (ii) may provide services to the Armkel Joint Venture, in each case, in accordance with the Transaction Documents.

7.10 Sales and Leasebacks. Enter into any arrangement with any Person providing for the leasing by any Group Member of real or personal property with a fair market value in excess of $3,000,000 in the aggregate that has been or is to be sold or transferred by such Group Member to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of such Group Member.

7.11 Changes in Fiscal Periods. Permit the fiscal year of the Borrower to end on a day other than December 31 or change the Borrower's method of determining fiscal quarters.

7.12 Negative Pledge Clauses. Enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of any Group Member to create, incur, assume or suffer to exist any Lien upon any of its property or revenues, whether now owned or hereafter acquired, other than (a) this Agreement and the other Loan Documents, (b) the Letter of Credit Reimbursement Agreement, dated as of May 1, 1991, between the Borrower and The Bank of Nova Scotia (provided that any limitation contained therein shall not be effective to the extent such limitation is made more restrictive after the date hereof), and (c) any agreements governing any purchase money Liens or Capital Lease Obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby).

7.13 Clauses Restricting Subsidiary Distributions. Enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of the Borrower to (a) make Restricted Payments in respect of any Capital Stock of such Subsidiary held by, or pay any Indebtedness owed to, the Borrower or any other Subsidiary of the Borrower, (b) make loans or advances to, or other Investments in, the Borrower or any other Subsidiary of the Borrower or (c) transfer any of its assets to the Borrower or any other Subsidiary of the Borrower, except for such encumbrances or restrictions existing under or by reason of (i) any restrictions existing under the Loan Documents and (ii) any restrictions with respect to a Subsidiary imposed pursuant to an agreement that has been entered into in connection with the Disposition of all or substantially all of the Capital Stock or assets of such Subsidiary.

7.14 Lines of Business. Enter into any business, either directly or through any Subsidiary, except for those businesses in which the Borrower and its Subsidiaries are engaged on the date of this Agreement (after giving effect to the Transactions) or that are reasonably related thereto or to the business currently conducted by the Target.

7.15 Amendments to Transaction Documents. (a) Amend, supplement or otherwise modify (pursuant to a waiver or otherwise) the terms and conditions of the indemnities and licenses furnished to the Borrower or any of its Subsidiaries pursuant to the Transaction Documents such that after giving effect thereto such indemnities or licenses shall be materially less favorable to the interests of the Loan Parties or the Lenders with respect thereto, (b) otherwise amend, supplement or otherwise modify the terms and conditions of the Transaction Documents or any such other documents except for any such amendment, supplement or modification that would not reasonably be expected to have a Material Adverse Effect or (c) amend, supplement or otherwise modify any

material term of any Transaction Document without

the prior written consent of the Administrative Agent (which will not be unreasonably withheld or delayed).

7.16 Limitation on Optional Payments and Modifications of Debt Instruments. (a) Make any optional payment or prepayment on, or set apart assets to create a sinking or other analogous fund to effect the redemption, purchase or defeasance of, any Indebtedness or Guarantee Obligation (other than the Loans) except for refinancings of Indebtedness permitted by subsection 7.2 or (b) amend, modify or change, or consent or agree to any amendment, modification or change to, any of the material terms of any Indebtedness or Guarantee Obligations (other than any such amendment, modification or change which would extend the maturity or reduce the amount of any payment of principal thereof or which would reduce the rate or extend the date for payment of interest thereon).

SECTION 8. EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) the Borrower shall fail to pay any principal of any Loan or Reimbursement Obligation when due in accordance with the terms hereof; or the Borrower shall fail to pay any interest on any Loan or Reimbursement Obligation, any fees payable hereunder or any other amount payable hereunder or under any other Loan Document, within five days after any such interest or other amount becomes due in accordance with the terms hereof or thereof; or

(b) any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other Loan Document shall prove to have been inaccurate in any material respect on or as of the date made or deemed made; or

(c) (i) any Loan Party shall default in the observance or performance of Section 6.4(a) (with respect to the Borrower only), Section 6.7(a) or Section 7 of this Agreement or Section 5.5 or 5.7(b) of the Guarantee and Collateral Agreement or (ii) an "Event of Default" under and as defined in any Mortgage shall have occurred and be continuing; or

(d) any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section), and such default shall continue unremedied for a period of 30 days after notice to the Borrower from the Administrative Agent or the Required Lenders; or

(e) any Group Member shall (i) default in making any payment of any principal of any Indebtedness (including any Guarantee Obligation, but excluding the Loans) beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (ii) default in making any payment of any interest on any such Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (iii) default in the observance

or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition

exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable; provided, that a default, event or condition described in clause (i), (ii) or (iii) of this paragraph (e) shall not at any time constitute an Event of Default unless, at such time, one or more defaults, events or conditions of the type described in clauses (i), (ii) and (iii) of this paragraph (e) shall have occurred and be continuing with respect to Indebtedness the outstanding principal amount of which exceeds in the aggregate $10,000,000; or

(f) (i) any Group Member shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or any Group Member shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any Group Member any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against any Group Member any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) any Group Member shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) any Group Member shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) (i) any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of any Group Member or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, or (v) any Group Member or any Commonly Controlled Entity shall, or in the reasonable opinion of the

Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan; and in each case in clauses (i) through (v) above, such event or condition, together with all other such events or conditions, if any, would, in the reasonable judgment of the Required Lenders, reasonably be expected to have a Material Adverse Effect; or

(h) one or more judgments or decrees shall be entered against any

Group Member involving in the aggregate a liability (not paid or fully covered by insurance as to which the relevant insurance company has not denied coverage) of $5,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof; or

(i) any of the Security Documents covering a material amount of property shall cease, for any reason other than as permitted hereunder or under the relevant Security Document, to be in full force and effect, or any Loan Party or any Affiliate of any Loan Party shall so assert, or any material Lien created by any of the Security Documents shall cease to be enforceable and of the same effect and priority purported to be created thereby; or

(j) the guarantee contained in Section 2 of the Guarantee and Collateral Agreement shall cease, for any reason, to be in full force and effect or any Loan Party shall so assert or any Loan Party shall disaffirm or deny its obligations thereunder; or

(k) (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), excluding stockholders who, as of the Closing Date, own, directly or indirectly, more than 10% of the outstanding common stock of the Borrower, shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of more than 20% of the outstanding common stock of the Borrower or (ii) the board of directors of the Borrower shall cease to consist of a majority of Continuing Directors;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above with respect to the Borrower, the Commitments shall automatically and immediately terminate and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) shall automatically and immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower declare the Revolving Commitments to be terminated forthwith, whereupon the Revolving Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents

(including all amounts of L/C Obligations, if the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) to be due and payable forthwith, whereupon the same shall immediately become due and payable. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Borrower shall at such time deposit in a cash collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such cash collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Borrower hereunder and under the other Loan Documents. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Borrower hereunder and under the other Loan Documents shall have been paid

in full, the balance, if any, in such cash collateral account shall be returned to the Borrower (or such other Person as may be lawfully entitled thereto). Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the Borrower.

SECTION 9. THE AGENTS

9.1 Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

9.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorney's in-fact selected by it with reasonable care.

9.3 Exculpatory Provisions. Neither any Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document

or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party.

9.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first

receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

9.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

9.6 Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and

without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

9.7 Indemnification. The Lenders agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Aggregate Exposure Percentages in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Exposure Percentages immediately prior to such termination and repayment), from and

against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

9.8 Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued or participated in by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

9.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 8(a) or Section 8(f) with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective, and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

9.10 Syndication Agents . No Syndication Agent shall have any duties or responsibilities hereunder in its capacity as such.

SECTION 10. MISCELLANEOUS

10.1 Amendments and Waivers. Neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 10.1. The Required Lenders and each Loan Party party to the relevant Loan Document may, or, with the written consent of the Required Lenders, the Administrative Agent and each Loan Party party to the relevant Loan Document may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of

the Lenders or of the Loan Parties hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan, extend the scheduled date or reduce the amount due of any amortization payment in respect of any Term Loan, reduce the stated rate of any interest or fee payable hereunder (except (x) in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Majority Facility Lenders of each adversely affected Facility) and (y) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i)) or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any

Lender's Revolving Commitment, in each case without the written consent of each Lender directly affected thereby; (ii) eliminate or reduce the voting rights of any Lender under this Section 10.1 without the written consent of such Lender; (iii) reduce or increase any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement or the other Loan Documents, or release all or substantially all of the Collateral or release all or substantially all of the Subsidiary Guarantors from their obligations under the Guarantee and Collateral Agreement, in each case without the written consent of all Lenders; (iv) amend, modify or waive any condition precedent to any extension of credit under the Revolving Facility set forth in Section 5.2 (including in connection with any waiver of an existing Default or Event of Default) without the written consent of the Majority Facility Lenders with respect to the Revolving Facility; (v) amend, modify or waive any provision of Section 2.17(a), (b) or (c) without the written consent of each Lender adversely affected thereby or amend, modify or waive any other provision of Section 2.17 without the written consent of the Majority Facility Lenders in respect of each Facility adversely affected thereby; (vi) reduce the percentage of Net Cash Proceeds or Excess Cash Flow required to be applied to prepay Loans under this Agreement, amend the definition of Net Cash Proceeds, Excess Cash Flow or Asset Sale in a manner which would be reasonably likely to materially lower the amounts applied to prepay Loans under this Agreement or waive any prepayment required under Section 2.11 without the written consent of the Majority Facility Lenders in respect of each Facility; (vii) reduce the percentage specified in the definition of Majority Facility Lenders with respect to any Facility without the written consent of all Lenders under such Facility; (viii) amend, modify or waive any provision of Section 9 without the written consent of the Administrative Agent; (ix) amend, modify or waive any provision of Section 2.6 or 2.7 without the written consent of the Swingline Lender; (x) amend, modify or waive any provision of Section 3 without the written consent of each Issuing Lender or (xi) waive any condition precedent to the initial extension of credit set forth in Section 5.1 without the written consent of each Lender. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents

with the Term Loans and Revolving Extensions of Credit and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders and Majority Facility Lenders.

10.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or five Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy

notice, when received, addressed as follows in the case of the Borrower and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto:

Borrower:	Church & Dwight Co., Inc. 469 North Harrison Street Princeton, New Jersey 08543-5297 Attention: Chief Financial Officer Telecopy: 609-497-7177 Telephone: 609-683-5900
Administrative Agent:	The Chase Manhattan Bank 695 Route 64W Fairfield, New Jersey 07004 Attention: Larry Normile Telecopy: 973-439-5011 Telephone: 973-439-5086

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

10.5 Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent and the Arranger for all their reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of counsel to the Administrative Agent and the Arranger, with statements with respect to the foregoing to be submitted to the Borrower prior to the Closing Date (in the case of amounts to be paid on the Closing Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, (b) to pay or reimburse each Lender and the Administrative Agent for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including the fees and disbursements of one

counsel to the Lenders as a group and of one counsel to the Administrative Agent (including, in each case, the allocated fees and expenses of in-house counsel), (c) to pay, indemnify, and hold each Lender and the Administrative Agent and the Arranger harmless from, any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender and the Administrative Agent and the Arranger and their respective officers, directors, employees, affiliates, agents and controlling persons when acting in such capacity (each, an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of any Group Member or any of the Properties and the reasonable fees and expenses of legal counsel in connection with claims, actions or proceedings by any Indemnitee against or otherwise related to any Loan Party under any Loan Document (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"), provided, that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities result from the gross negligence or willful misconduct of such Indemnitee. Without limiting the foregoing, and to the extent permitted by applicable law, the Borrower agrees not to assert and to cause its Subsidiaries not to assert, and hereby waives and agrees to cause its Subsidiaries to waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee. All amounts due under this Section 10.5 shall be payable not later than 10 days after written demand therefor. Statements of amounts payable by the Borrower pursuant to this Section 10.5 shall be submitted to Larry Normile (Telephone No. 973-439-5086) (Telecopy No. 973-439-5011), at the address of the Borrower set forth in Section 10.2, or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the Administrative Agent. The agreements in this Section 10.5 shall survive repayment of the Loans and all other amounts payable hereunder.

10.6 Successors and Assigns; Participations and Assignments. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent, all future holders of the Loans and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender other than any Conduit Lender may, without the consent of the Borrower, in accordance with applicable law, at any time sell to one or more banks, financial institutions or other entities (each, a "Participant") participating interests in any Loan owing to such Lender, any Commitment of such Lender or any other interest of such Lender hereunder and under the other Loan Documents. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the

other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Loan for all purposes under this Agreement and the other Loan Documents, and the Borrower and the Administrative Agent shall continue to deal

solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. In no event shall any Participant under any such participation have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Loans or any fees payable hereunder, or postpone the date of the final maturity of the Loans, in each case to the extent subject to such participation. The Borrower agrees that if amounts outstanding under this Agreement and the Loans are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall, to the maximum extent permitted by applicable law, be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement, provided that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in Section 10.7(a) as fully as if it were a Lender hereunder. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 2.18, 2.19 and 2.20 with respect to its participation in the Commitments and the Loans outstanding from time to time as if it was a Lender; provided that, in the case of Section 2.19, such Participant shall have complied with the requirements of said Section and provided, further, that no Participant shall be entitled to receive any greater amount pursuant to any such Section than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender other than any Conduit Lender (an "Assignor") may, in accordance with applicable law, at any time and from time to time assign to any Lender or any Lender Affiliate or, with the consent of the Borrower and the Administrative Agent (which, in each case, shall not be unreasonably withheld or delayed), to an additional bank, financial institution or other entity (an "Assignee") all or any part of its rights and obligations under this Agreement and the other Loan Documents pursuant to an Assignment and Acceptance, executed by such Assignee, such Assignor and any other Person whose consent is required pursuant to this paragraph, and delivered to the Administrative Agent for its acceptance and recording in the Register; provided that, unless otherwise agreed by the Borrower and the Administrative Agent, no such assignment to an Assignee (other than any Lender or any Lender Affiliate) shall be in an aggregate principal amount of less than $5,000,000 (or, in the case of the Tranche B Term Facility, $1,000,000), in each case except in the case of an assignment of all of a Lender's interests under this Agreement. For purposes of the proviso contained in the preceding sentence, the amount described therein shall be aggregated in respect of each Lender and its Lender Affiliates, if any. Any such assignment need not be ratable as among the Facilities. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with a Commitment and/or Loans as set forth therein, and (y) the Assignor thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering

all of an Assignor's rights and obligations under this Agreement, such Assignor shall cease to be a party hereto). Notwithstanding any provision of this Section 10.6, the consent of the Borrower shall not be required for any assignment that occurs when an Event of Default shall have occurred and be continuing. Notwithstanding the foregoing, any Conduit Lender may assign at any time to its designating Lender hereunder without the consent of the Borrower or the Administrative Agent any or all of the Loans it may have funded hereunder and pursuant to its designation agreement and without regard to the limitations set forth in the first sentence of this Section 10.6(c).

(d) The Administrative Agent shall, on behalf of the Borrower, maintain at its address referred to in Section 10.2 a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitment of, and the principal amount of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, each other Loan Party, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register as the owner of the Loans and any Notes evidencing the Loans recorded therein for all purposes of this Agreement. Any assignment of any Loan, whether or not evidenced by a Note, shall be effective only upon appropriate entries with respect thereto being made in the Register (and each Note shall expressly so provide). Any assignment or transfer of all or part of a Loan evidenced by a Note shall be registered on the Register only upon surrender for registration of assignment or transfer of the Note evidencing such Loan, accompanied by a duly executed Assignment and Acceptance, and thereupon one or more new Notes shall be issued to the designated Assignee.

(e) Upon its receipt of an Assignment and Acceptance executed by an Assignor, an Assignee and any other Person whose consent is required by Section 10.6(c), together with payment to the Administrative Agent of a registration and processing fee of $4,000, the Administrative Agent shall (i) promptly accept such Assignment and Acceptance and (ii) record the information contained therein in the Register on the effective date determined pursuant thereto.

(f) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this Section 10.6 concerning assignments relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including any pledge or assignment by a Lender to any Federal Reserve Bank in accordance with applicable law.

(g) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in paragraph (f) above.

(h) The Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its

inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

10.7 Adjustments; Set-off. (a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Lender or to the Lenders under a particular Facility, if any Lender (a "Benefitted Lender") shall, at any time after the Loans and other amounts payable hereunder shall immediately become due and payable pursuant to Section 8, receive any payment of all or part of the Obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 8(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of the Obligations owing to such other Lender, such Benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of the Obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefitted Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or

benefits is thereafter recovered from such Benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower, as the case may be. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

10.9 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.10 Integration. This Agreement and the other Loan Documents represent the entire agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

10.11 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

10.12 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive personal jurisdiction of the courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower, as

the case may be at its address set forth in Section 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

10.13 Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent and Lenders, on one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower and the Lenders.

10.14 Releases of Guarantees and Liens. (a) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Administrative Agent is hereby irrevocably authorized by each Lender (without requirement of notice to or consent of any Lender) to take any action requested by the Borrower having the effect of releasing any Collateral or Guarantee Obligations (i) to the extent necessary to permit consummation of any transaction not prohibited by any Loan Document or that has been consented to in accordance with Section 10.1 or (ii) under the circumstances described in paragraph (b) below.

(b) At such time as the Loans, the Reimbursement Obligations and the other obligations under the Loan Documents (other than obligations under or in respect of Hedge Agreements) shall have been paid in full, the Commitments have been terminated and no Letters of Credit shall be outstanding, the Collateral shall be released from the Liens created by the Security Documents, and the Security Documents and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Loan Party under the Security Documents shall terminate, all without delivery of any instrument or performance of any act by any Person.

10.15 Confidentiality. Each of the Administrative Agent and each Lender agrees to keep confidential all non-public information provided to it by any Loan Party pursuant to this Agreement that is designated in writing by such Loan Party as confidential; provided that nothing herein shall prevent the Administrative Agent or any Lender from disclosing any such information (a) to the Administrative Agent, any other Lender or any Lender Affiliate, (b) subject to an agreement to comply with the provisions of this Section, to any actual or prospective Transferee or any direct or indirect counterparty to any Hedge Agreement (or any professional advisor to such counterparty), (c) to its officers, employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates, (d) upon the request or demand of any Governmental Authority, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, (f) if requested or required to do so in connection with any litigation or similar proceeding, (g) that has been publicly disclosed, (h) to the National Association of Insurance Commissioners or any similar organization

or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, or (i) in connection with the exercise of any remedy hereunder or under any other Loan Document. This Section 10.15 shall not apply with respect to any information which (i) is or becomes generally known to the public, (ii) was already known to the Lenders or the Administrative Agent or was otherwise in their possession prior to its disclosure in connection with this Agreement, (iii) was disclosed to the Lenders or the Administrative Agent prior or subsequent to the date hereof from a third party not known to the Lenders or the Administrative Agent to be bound by a confidentiality agreement with the Borrower or (iv) was internally developed by any of the Lenders or the Administrative Agent without reference to any otherwise confidential information.

10.16 WAIVERS OF JURY TRIAL. THE BORROWER, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

CHURCH & DWIGHT CO., INC., as the Borrower

By:

Name:
Title:

THE CHASE MANHATTAN BANK, as
Administrative Agent and as a Lender

By:

Name:
Title:

EXHIBIT 10(b)

AMENDMENT NO. 2
TO THE
AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF ARMKEL, LLC

This AMENDMENT NO. 2 (this "Amendment") to the Amended and Restated Limited Liability Company of Armkel, LLC (the "Company"), dated August 27, 2001 (the "LLC Agreement"), is made effective as of September 24, 2001, by and between Church & Dwight Co., Inc., a Delaware corporation ("C&D") and Kelso Protection Venture, LLC, a Delaware limited liability company (the "Kelso Member"), as the members of the Company (the "Members").

RECITALS

WHEREAS, the Members are party to the LLC Agreement governing the operation and management of the Company; and

WHEREAS, the Members desire to amend the LLC Agreement as set forth herein.

NOW THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Members hereby agree as follows:

Section 1. Defined Terms. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed thereto in the LLC Agreement.

Section 2. Amendment to LLC Agreement. Upon execution of this Amendment, the LLC Agreement is hereby amended as follows.

(a) Section 7.1(a) of the LLC Agreement is hereby deleted in its entirety and replaced with the following:

"(a) Net Losses shall be allocated among the Members as follows:

First, to the Members in a manner that corresponds, in reverse chronological order, to the allocations of Net Profits previously made, without duplication, pursuant to Section 7.1(b);

(ii) Second, to the Members in accordance with Equity Interests Percentages until the aggregate amount of Net Losses allocated to the Members pursuant to this Section 7.1(a)(ii) for the current and all previous Fiscal Years equals $10,000,000;

(iii) Third, to C&D until C&D's Adjusted Capital Account balance has been reduced to zero;

(iv) Fourth, to the Kelso Member until the Kelso Member's Adjusted Capital Account balance has been reduced to zero; and

(v) Fifth, the balance of any Net Losses to all Members in accordance with their Equity Interests Percentage;"

Section 3. No Other Changes. Except as expressly amended hereby, the LLC Agreement shall continue in full force and effect in accordance with the provisions thereof on the date hereof. From and after the date on which this Amendment becomes effective, the terms "Agreement," "this Agreement," "herein," "hereinafter," "hereto," and words of similar import used in the LLC Agreement shall, unless the context otherwise requires, mean and refer to the LLC Agreement as amended hereby.

Section 4. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THE PARTIES SUBJECT HERETO SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES OR ANY OTHER RULE, PRINCIPLE OR LAW THAT WOULD MAKE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE APPLICABLE HERETO.

Section 5. Severability. The invalidity or unenforceability of any provision of this Amendment in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Amendment in such jurisdiction or the validity, legality or enforceability of this Amendment, including any such provision, in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

Section 6. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each Member has duly executed this Agreement as of the day first above written.

CHURCH & DWIGHT CO., INC.

By: /s/ Zvi Eiref

Name: Zvi Eiref
Title: Vice President

KELSO PROTECTION VENTURE, LLC

By: /s/ Philip E. Berney

Name: Philip E. Berney
Title: Vice President

Exhibit 10(d)

EXECUTION COPY

ASSET PURCHASE AGREEMENT

between

ARMKEL, LLC

and

CARTER-WALLACE, INC.

Dated as of May 7, 2001

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ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT, dated as of May 7, 2001 (this "Agreement") by and between Armkel, LLC ("Buyer"), and Carter-Wallace, Inc., (the "Company" and, collectively with Buyer, the "Parties").

RECITALS

WHEREAS, contemporaneously with the execution and delivery of this Agreement, the Company, CPI Development Corporation, a Delaware corporation ("CPI"), MCC Acquisition Holdings Corporation, a Delaware corporation ("Parent"), MCC Merger Sub Corporation, a Delaware corporation and a wholly owned subsidiary of Parent ("Company Merger Sub"), and MCC Acquisition Sub Corporation, a Delaware corporation and a wholly owned subsidiary of Parent ("CPI Merger Sub"), have executed and delivered an Agreement and Plan of Merger, dated as of May 7, 2001 (including the exhibits, schedules and annexes thereto, and as it and they may hereafter be modified or amended in accordance with Section 8.12(b), the "Merger Agreement"), providing for, among other things, the merger of CPI Merger Sub with and into CPI (the "CPI Merger") and the merger of Company Merger Sub with and into the Company (the "Company Merger" and, collectively with the CPI Merger, the "Mergers"); and

WHEREAS, the Company and its Subsidiaries (as hereinafter defined) are engaged in the formulation, development, manufacture, sale and distribution of certain consumer and personal care products, including anti-perspirants and deodorants, condoms, at-home pregnancy and ovulation test kits, depilatories, tooth whitening and similar oral hygiene products, skin care products, non-prescription medication and various pet products and the business and operations associated with the Segregated Assets and Liabilities, as hereinafter defined (all such businesses and operations, collectively with the predecessor operations and discontinued operations of such businesses and operations, the "Business"); and

WHEREAS,(i) the Company and its Subsidiaries desire to sell, transfer and assign to Buyer, and Buyer desires to purchase from the Company and its Subsidiaries, in each case immediately prior to the effective time of the CPI Merger, the Purchased Assets (as hereinafter defined),

and (ii) the Company and its Subsidiaries desire to assign and transfer to Buyer, and Buyer desires to accept and assume, in each case immediately prior to the effective time of the CPI Merger, the Assumed Liabilities (as hereinafter defined), all on the terms and subject to the conditions set forth in this Agreement (such sales, transfers, assignments, purchases, acceptances and assumptions collectively, the "Purchase"); and

WHEREAS, the Board of Directors of the Company has by resolution approved a memorandum of understanding (the "Memorandum of Understanding") with CPI, Parent, Company Merger Sub, CPI Merger Sub and Buyer with respect to and

substantially consistent with the Purchase, the Mergers and the other transactions contemplated by this Agreement and the Merger Agreement; and

WHEREAS, contemporaneously with the execution and delivery of this Agreement, CPI, Parent and Buyer are executing and delivering a Voting Agreement providing for certain matters relating to the Purchase (the "Voting Agreement") and certain stockholders of CPI, Parent and Buyer are executing and delivering a Voting Agreement providing for certain matters relating to the Purchase; and

WHEREAS, contemporaneously with the execution and delivery of this Agreement, Church & Dwight Co., Inc. ("Strategic Buyer") and Buyer are executing and delivering a Product Line Purchase Agreement (the "Product Line Purchase Agreement") providing for certain matters relating to the Purchase.

NOW, THEREFORE, in consideration of the premises, and the representations, warranties, covenants and agreements contained in this Agreement, the Parties agree as follows:

ARTICLE I

Definitions

1.1 General Terms. For purposes of this Agreement, the following terms have the meanings hereinafter indicated:

"Acquisition Proposal" has the meaning specified in Section 8.11.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person as of the time of determination.

"Agreement" has the meaning specified in the Preamble.

"Ancillary Agreements" means the Bill of Sale, the Company Name Trademark License Agreement, the Cranbury Lease, the Decatur Manufacturing Agreement, the Indemnification Agreement, the Insurance Claims Agreement, the Patent License Agreement and the Transition Services Agreement.

"Arrangements" has the meaning specified in Section 7.4.

"Assumed Liabilities" has the meaning specified in Section 3.1.

"Assumed Pension Plan" has the meaning specified in Section 6.7(c).

"Audit Date" has the meaning specified in Section 6.5(a).

"Audited Financial Statements" means, collectively, the audited combined balance sheet as of March 31, 2000, and the audited combined statement of earnings as of March 31, 1999 and 2000 of the Purchased Assets and the Assumed Liabilities (excluding the Segregated Assets and Liabilities), in each case including the notes thereto, all included in Section 1.1(a) of the Disclosure Letter.

"Available Employee" means each current Employee as of the date of this Agreement, plus those added in accordance with Section 9.1(b), but excluding (i) such Employees who retire (under the terms of the applicable qualified defined benefit pension plan) or die prior to the Closing Date, (ii) the Employees of the Transferred Subsidiaries and (iii) the Transition Employees listed on Section 6.7(b)(2) of the Disclosure Letter.

"Bankruptcy and Equity Exception" has the meaning specified in Section

6.2.

"Base Net Working Capital" has the meaning specified in Section 4.3(a).

"Bill of Sale" means the Bill of Sale and Assignment and Assumption Agreement in the form attached hereto as Exhibit A.

"Business" has the meaning specified in the Recitals.

"Business Acquisition Proposal" has the meaning specified in Section 8.11(a).

"Business Contracts" has the meaning specified in Section 6.4.

"Business Day" means any day other than a Saturday, a Sunday or a day on which commercial banks in The City of New York are authorized or obligated by any Law or executive order to close.

"Business Patents" means the patents described on Section 1.1(b) of the Disclosure Letter.

"Business-Related Intellectual Property" means, collectively, (i) the Business Patents, (ii) the Business Trademarks and (iii) all other Intellectual Property (other than any Patents and Trademarks and Excluded Assets) in which the Company or its Subsidiaries has any right, title or interest in or to, and that relate primarily to the Business, including in all such cases any goodwill associated therewith, licenses and sublicenses granted and obtained with respect thereto, and rights thereunder, remedies against infringements thereof, and rights to protection of interests therein under any Law.

"Business Trademarks" means the trademarks described on Section 1.1(c) of the Disclosure Letter.

"Buyer" has the meaning specified in the Preamble.

"Buyer Savings Plan" has the meaning specified in Section 9.1(h)(i).

"Carter-Horner Retained Cash Amount" has the meaning specified in Section 2.1(m).

"Claims" has the meaning specified in Section 6.8.

"Closing" means the completion of the Purchase and the payment of the Purchase Price.

"Closing Agreement" has the meaning specified in Section 8.12(a).

"Closing Date" has the meaning specified in Section 5.2.

"COBRA" means Section 4980B of the Code and Title 6 of ERISA.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" has the meaning specified in the Preamble.

"Company Acquisition Proposal" has the meaning specified in Section 8.11(a).

"Company Merger" has the meaning specified in the Recitals.

"Company Merger Certificate" has the meaning specified in Section 1.5 of the Merger Agreement.

"Company Merger Sub" has the meaning specified in the Recitals.

"Company Name Trademark License Agreement" means the Consumer Products Transitional Trademark License Agreement in the form attached hereto as Exhibit B.

"Company Reports" has the meaning specified in Section 6.5(a).

"Company Requisite Vote" has the meaning specified in Section 6.2.

"Company Savings Plan" has the meaning specified in Section 9.1(h)(ii).

"Company Shares" means, collectively, the outstanding shares of Common Stock, par value $1.00 per

share, of the Company and the outstanding shares of Class B Common Stock, par value $1.00 per share, of the Company.

"Compensation and Benefit Plans" means bonus, deferred compensation, pension, retirement, profit-sharing, thrift, savings, employee stock ownership, stock bonus, stock purchase, deferred and restricted stock, stock option, employment, termination, severance, compensation, life insurance, medical, health or other employee plans, agreements, policies or arrangements that cover United States-based Employees and current or former directors of the Company.

"Confidentiality Agreements" means, collectively, the Confidentiality Agreement, dated July 6, 2000, between Strategic Buyer and J.P. Morgan Securities Inc., as agent on behalf of the Company and the Confidentiality Agreement, dated August 7, 2000, between Kelso & Company LP and J.P. Morgan Securities Inc., as agent on behalf of the Company.

"Contracts" has the meaning specified in Section 2.1(h).

"Control", when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise, and the terms "controlling", "controlled by" and "under common control with" have correlative meanings.

"Covered Retiree" has the meaning specified in Section 3.1(g).

"CPI" has the meaning specified in the Recitals.

"CPI Merger" has the meaning specified in the Recitals.

"CPI Merger Sub" has the meaning specified in the Recitals.

"Cranbury Lease" means the Cranbury Facilities Sharing Agreement and Lease in the form attached hereto as Exhibit C.

"CSA" has the meaning specified in Section 6.9(b).

"Decatur Manufacturing Agreement" means the Decatur Manufacturing Agreement in the form attached hereto as Exhibit D.

"Delayed Consents" has the meaning specified in Section 8.6.

"Disclosure Letter" means that certain disclosure letter which was delivered to Buyer by the Company on or prior to entering into this Agreement and which states that it is the disclosure letter referred to in this Agreement.

"Employees" means the Company's and its Subsidiaries' current or former employees who are or were primarily employed in the Business.

"Encumbrance" means any lien, charge, mortgage, pledge, security interest, restriction on transfer or encumbrance of any sort.

"Environmental Law" means any applicable Law, including common law, governing (i) the protection of human health (as it relates to Hazardous Substances) or the environment, (including air, water, soil and natural resources) or (ii) the treatment, use, storage, handling, release or disposal of Hazardous Substances, or (iii) the exposure of Persons to Hazardous Substances, in each case as presently in effect.

"Equity Arrangements" has the meaning specified in Section 7.4.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" of any Person means any other Person which, together with such Person, would be treated as a single employer under Section 4001 of ERISA or Section 414 of the Code.

"Estimated Closing Debt" has the meaning specified in Section 4.1(b).

"Exchange Act" has the meaning specified in Section 6.3(a).

"Excluded Assets" has the meaning specified in Section 2.2.

"Excluded Liabilities" has the meaning specified in Section 3.2.

"FDCA" has the meaning specified in Section 6.9(b).

"Final Determination Date" has the meaning specified in Section 4.3(c).

"Financing Arrangements" has the meaning specified in Section 7.4.

"FIRPTA Certificate" has the meaning specified in Section 5.4(f).

"Fund Agreement" shall mean the fund agreement referred to in the Shareholder Indemnification Agreement.

"GAAP" has the meaning specified in Section 6.5(a).

"Government Antitrust Entity" means any Governmental Entity with jurisdiction over enforcement of any applicable antitrust laws.

"Governmental Entity" means any federal, state, local or foreign governmental or regulatory authority, agency, commission, body or other governmental entity.

"Hazardous Substance" means any substance presently listed, defined, designated or classified as hazardous, toxic or radioactive under any applicable Environmental Law, or the presence of which poses a hazard to the health or safety of Persons, including petroleum and any derivatives or by-products thereof.

"Healthcare Acquisition Proposal" has the meaning specified in Section 8.11.

"Healthcare Business" has the meaning specified in Section 8.11.

"HSR Act" has the meaning specified in Section 6.3(a).

"Indemnification Agreement" means the Indemnification Agreement in the form attached hereto as Exhibit E.

"Independent Accounting Firm" has the meaning specified in Section 4.3(c).

"Infringement" has the meaning specified in Section 3.1(c).

"Injunctive Action" has the meaning specified in Section 10.2(d).

"Insurance Claims Agreement" means the Insurance Claims Agreement in the form attached hereto as Exhibit F.

"Intellectual Property" means, collectively, all patents, trademarks, trade names, service marks, copyrights, and any applications therefor, technology, domain names, know-how, computer software programs or applications, and tangible or intangible proprietary information or materials.

"Interim Financial Statements" means, collectively, the unaudited combined balance sheet as of December 31, 2000 and the unaudited combined statement of earnings of the Purchased Assets and the Assumed Liabilities (excluding the Segregated Assets and Liabilities) as of the nine months ended December 31, 2000, in each case including any notes thereto, all included in Section 1.1(d) of the Disclosure Letter.

"International Compensation and Benefit Plans" means bonus, deferred compensation, pension, retirement, profit-sharing, thrift, savings, employee stock ownership, stock bonus, stock purchase, restricted stock, stock option, employment, termination, severance, compensation, life insurance, medical, health or other employee plans, agreements, policies or arrangements that are maintained by or contributed to by the Transferred Subsidiaries and/or their subsidiaries or that otherwise cover non-U.S. based employees.

"IRS" has the meaning specified in Section 6.7(c).

"Laws" has the meaning specified in Section 6.9.

"Leased Real Property" means real property which is leased by a third

party to the Company or its Subsidiaries and set forth on Section 6.14 of the Disclosure Letter.

"Leased Tangible Personal Property" means the Tangible Personal Property which is leased by a third party to the Company or its Subsidiaries.

"Leave Recipients" has the meaning specified in Section 9.1(c).

"Liabilities" means all liabilities, obligations, guarantees, damages, losses, debts, Claims, demands, judgments, fines, penalties or settlements of any nature or kind, including indebtedness, whether known or unknown, fixed, accrued, absolute or contingent, liquidated or unliquidated, matured or unmatured, past, present or future, whether incurred prior to, at or after the Closing, including all costs and expenses (legal, accounting or otherwise) relating thereto.

"Material Adverse Effect" means a material adverse effect on the financial condition, business, assets or results of operations of the Business, taken as a whole; provided, however, that any such effect resulting from any change in economic or business conditions generally or in the consumer and personal care products industry specifically shall not be considered when determining whether a Material Adverse Effect has occurred.

"May Deliverables" has the meaning specified in Section 8.7(a).

"Memorandum of Understanding" has the meaning specified in the Recitals.

"Merger Agreement" has the meaning specified in the Recitals.

"Mergers" has the meaning specified in the Recitals.

"Net Working Capital" has the meaning specified in Section 4.3(b).

"Non-Subsidiary Agreements" means the documents specified in Section 6.1 of the Disclosure Letter.

"Notice of Disagreement" has the meaning specified in Section 4.3(c).

"Obligations" has the meaning specified in Section 6.8.

"Order" has the meaning specified in Section 10.1(c).

"Owned Real Property" means real property which is owned by the Company or its Subsidiaries and set forth on Section 6.14 of the Disclosure Letter.

"Owned Tangible Personal Property" means Tangible Personal Property which is owned by the Company or any of its Subsidiaries.

"Parent" has the meaning set forth in the Recitals.

"Parties" has the meaning specified in the Preamble.

"Patent License Agreement" means the Company Patent License Agreement in the form attached hereto as Exhibit G.

"Patents" means, collectively, patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof.

"Permits" means all permits, filings, franchises, certificates,

licenses, notices, orders, variances, consents, registrations, approvals, authorizations and similar rights.

"Permitted Encumbrances" means, collectively, those Encumbrances specified in Section 1.1(e) of the Disclosure Letter; liens for current taxes or assessments not delinquent; builders', mechanics', warehousemen's, workmen's, repairmen's, carriers' liens, purchase money security interests and similar charges and any other similar Encumbrances arising and continuing in the ordinary course

of business, in any case for obligations which are not delinquent; other similar common law or statutory Encumbrances which do not materially detract from the value of the property subject thereto or materially interfere with the present use thereof; Encumbrances reflected, reserved or otherwise specifically disclosed in the Audited Financial Statements or in the Interim Financial Statements; Encumbrances arising from claims being contested in good faith that, alone or in the aggregate, do not materially detract from the value of the Purchased Assets subject thereto or materially interfere with the present use thereof.

"Person" means any individual, firm, partnership, association, group (as such term is used in Rule 13d-5 under the Exchange Act, as such Rule is in effect on the date of this Agreement), corporation or other entity.

"Product Line Purchase Agreement" has the meaning specified in the Recitals.

"Proxy Statement" has the meaning specified in Section 8.4.

"Purchase" has the meaning specified in the Recitals.

"Purchase Price" has the meaning specified in Section 4.1.

"Purchase Price Adjustment" has the meaning specified in Section 4.3(d).

"Purchased Assets" has the meaning specified in Section 2.1.

"Real Property" has the meaning specified in Section 2.1(b).

"Recapitalization Amendment" has the meaning specified in the recitals to the Merger Agreement.

"Representatives" has the meaning specified in Section 8.2.

"Section 8.11(c) Notice" has the meaning specified in Section 8.11(c).

"SEC" has the meaning specified in Section 6.5(a).

"Segregated Assets and Liabilities" means the assets and Liabilities specified in Section 2.1(a)(ii) of the Disclosure Letter.

"Shareholder Indemnification Agreement" means that certain

Indemnification Agreement dated as of the date hereof, by and among certain stockholders of CPI and Parent.

"Specified Provision" has the meaning specified in Section 12.2(d).

"Statement of Net Working Capital" has the meaning specified in Section 4.3(b).

"Steering Committee" has the meaning specified in Section 8.2(b).

"Strategic Buyer" has the meaning specified in the Recitals.

"Subsidiary" means, as the case may be, any entity, whether incorporated or unincorporated, of which at least a majority of the securities or ownership interests having by their terms ordinary voting power to elect a majority of the board of directors or other persons performing similar functions is directly or indirectly owned or controlled by such party or by one or more of its respective Subsidiaries or by such party and any one or more of its respective Subsidiaries.

"Substitute Merger Agreement" has the meaning specified in Section 8.11(c).

"Substitute Merger Parties" has the meaning specified in Section 8.11(c).

"Superior Proposal" has the meaning specified in Section 8.11.

"Tangible Personal Property" has the meaning specified in Section 2.1(c).

"Tax Authority" has the meaning specified in Section 6.18.

"Tax Return" has the meaning specified in Section 6.18.

"Tax", "Taxes" and "Taxable" have the meaning specified in Section 6.18.

"Termination Date" has the meaning specified in Section 11.2.

"Third Party Intellectual Property Rights" means licenses, sublicenses and other agreements as to which the Company or any of its Subsidiaries is a party and pursuant to which it is authorized to use any third-party patents, trademarks, servicemarks, copyrights, trade secrets or computer software, which rights relate primarily to the Business.

"Title IV Plan" has the meaning specified in Section 6.7(e).

"Trademarks" means, collectively, trademarks, service marks, trade dress, logos, trade names, and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith.

"Transactions" means the Purchase and the other transactions contemplated by this Agreement and the Ancillary Agreements.

"Transferred Employee" has the meaning specified in Section 9.1(a).

"Transferred Subsidiaries" has the meaning specified in Section 2.1(a).

"Transition Employee" means a current Employee who is not an Available Employee and is designated as a Transition Employee on Section 6.7(b)(2) of the Disclosure Letter.

"Transition Services Agreement" means, the Transition Services Agreement in the form attached hereto as Exhibit H.

"Voting Agreement" has the meaning specified in the Recitals.

"Voting Debt" has the meaning specified in Section 6.1(b).

"WARN Act" has the meaning specified in Section 9.1(k).

"Working Papers" has the meaning specified in Section 4.3(c).

1.2 Interpretation. The words "hereof," "herein," and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Terms defined in the singular shall have correlative meanings when used in the plural, and vice versa. The table of contents and headings herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to a Section or Exhibit, such reference shall be to a Section of or Exhibit to this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

1.3 Knowledge. References herein to the "Company's knowledge" or the "knowledge of the Company" refer to the actual knowledge of the officers of the Company and the employees of the Business specified in Section 1.3 of the Disclosure Letter.

ARTICLE II

Assets

2.1 Purchased Assets. Subject to Section 2.2, the "Purchased Assets" shall consist of all of the Company's and each of its Subsidiaries' entire right, title and interest in and to the following, wherever located:

(a) all of the outstanding shares of capital stock or other equity interests of the Subsidiaries of the Company set forth in Section 2.1(a)(i) of the Disclosure Letter (collectively with the direct or indirect Subsidiaries of such Subsidiaries, the "Transferred Subsidiaries");

(b) all Owned Real Property and all rights of the Company in respect of the Leased Real Property (including subleaseholds) described in Section 6.14 of the Disclosure Letter and all improvements, fixtures, and fittings thereon, and easements, rights-of-way, and other appurtenants thereto (such as appurtenant rights in and to public streets) (collectively, the "Real Property");

(c) all tangible personal property, including machinery, equipment, furniture, vehicles, trailers, tools, instruments, spare parts, inventories (including, without limitation, raw materials, purchased goods, goods and work in process, supplies (including storeroom supplies) and finished goods), pallets, office and laboratory equipment, materials, fuel and other similar personal property not normally included in inventory, that relates primarily to the Business or is otherwise included in the Purchased Assets (collectively, the "Tangible Personal Property");

(d) all warranties and all claims in respect of deposits, prepayments and refunds and rights of set off against third parties that relate primarily to the Business;

(e) any and all rights of an insured party in respect of insurance claims to the extent related to the Business or to the Purchased Assets, all to the extent provided in the Insurance Claims Agreement;

(f) all Permits, Orders and similar rights obtained from Governmental Entities, that relate primarily to the Business, the Owned Real Property, the Leased Real Property or are otherwise included in the Purchased Assets, but only to the extent transferable by their terms;

(g) copies of all books, records, ledgers, files, documents, correspondence, customer files, supplier lists, parts lists, vendor lists, lists, plats, architectural plans, drawings and specifications, creative materials, advertising and promotional materials, studies, reports, and other similar printed or written commercial materials, that

relate primarily to the Business, the Owned Real Property, the Leased Real Property or are otherwise included in the Purchased Assets or that are owned by the Transferred Subsidiaries;

(h) all agreements, contracts, leases, subleases, indentures, mortgage documents and commitments, instruments, documents and commitments creating security interests, guarantees, customer orders, purchase orders, dealer and distributorship agreements, supply agreements, licenses, sublicenses, joint venture agreements, partnership agreements and other similar arrangements and commitments and rights thereunder, that relate primarily to the Business or to the Purchased Assets (collectively, but excluding this Agreement and the Ancillary Agreements, "Contracts"), including, without limitation, those Contracts set forth in Section 6.4 of the Disclosure Letter, the Consultancy Agreements and Collective Bargaining Agreements listed in Section 6.7(a) of the Disclosure Letter and any agreement to which an Available Employee is a party;

(i) all accounts and notes receivable arising in respect of the operation of the Business;

(j) the Business-Related Intellectual Property;

(k) the tangible or physical materials embodying all computer software, product literature and advertising material, specifications, credit information, inventory, marketing, personnel, financial, title and other documents, data and similar information and material, however stored, that relate primarily to the Business or to the Purchased Assets;

(l) the cash, cash equivalents and short term investments held by the Transferred Subsidiaries (other than Carter-Horner Inc.) as of the Closing Date;

(m) $1,000,000 in aggregate value of cash, cash equivalents and short term investments held by Carter-Horner Inc. (the "Carter-Horner Retained Cash

Amount");

(n) the assets in respect of the Assumed Pension Plan and the life insurance policies underlying the Split Dollar Agreements listed on Section 6.7(a) of the Disclosure Letter and the assets, if any, transferred in accordance with Section 9.1(h); and

(o) all other assets of the Company or any of its Subsidiaries that relate primarily to the Business or to the Purchased Assets.

2.2 Excluded Assets. The Purchased Assets shall not include any assets other than the assets specifically listed or described in Section 2.1 and, without limiting the generality of the foregoing, shall expressly exclude the following assets (collectively, the "Excluded Assets"), which shall not be sold or transferred to Buyer:

(a) any shares of capital stock or other equity interests of the Company or its Subsidiaries other than of the Transferred Subsidiaries;

(b) the Company's and its Subsidiaries' qualifications to conduct business as a foreign corporation, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books, stock transfer books and other documents relating to the organization, maintenance and existence of the Company as a corporation, in each such case other than such as relate exclusively to the Transferred Subsidiaries;

(c) insurance policies of the Company and its Subsidiaries, other than those held by the Transferred Subsidiaries, all to the extent provided in the Insurance Claims Agreement;

(d) all tax returns and tax books and tax records of the Company and its Subsidiaries, other than those of the Transferred Subsidiaries;

(e) any and all rights in and to the Intellectual Property owned or used by the Company or its Subsidiaries which is either referred to in Section 2.2(e) of the Disclosure Letter or does not constitute Business-Related Intellectual Property, except as licensed to Buyer or its Affiliates under the Ancillary Agreements;

(f) any assets relating to Compensation and Benefit Plans, except as set forth in Section 9.1(g) and 9.1(h);

(g) the Company's rights under this Agreement and the Ancillary Agreements;

(h) any cash, cash equivalents and short term investments (i) held by the Company or its Subsidiaries other than the Transferred Subsidiaries (other than Carter-Horner Inc.), and (ii) held by Carter-Horner Inc. in excess of the Carter-Horner Retained Cash Amount; and

(i) the assets referred to in Section 2.2(i) of the Disclosure Letter.

ARTICLE III

Liabilities

3.1 Assumed Liabilities. Except as otherwise specifically set forth in Section 3.2, Buyer shall assume (i) all Liabilities of the Company or any of its Subsidiaries that primarily arise or have arisen out of, in respect of or as the result of the ownership, operation or transfer of the Purchased Assets or the Business (together with those covered by Sections 3.1(a) through (j) below, the "Assumed Liabilities") and (ii) without limiting the generality of clause (i) of this sentence, the following Liabilities:

(a) the Liabilities set forth in Section 3.1(a) of the Disclosure Letter;

(b) except for any Liabilities expressly retained by the Company or its Subsidiaries under Article IX, the Liabilities of the Company or its Subsidiaries that primarily arise or have arisen out of, in respect of or as the result of any Contracts constituting Purchased Assets;

(c) the Liabilities of the Company or its Subsidiaries for any infringement, impairment, dilution, misappropriation or other violation or misuse ("Infringement") or alleged Infringement of the rights of any other Person relating to Intellectual Property that primarily arise or have arisen out of, in respect of or as the result of the ownership, operation or transfer of the Purchased Assets or the Business;

(d) the Liabilities of the Company or its Subsidiaries in respect of products manufactured, marketed, distributed or sold by or as part of the operation of the Business prior to the Closing Date, including product liability and negligence claims and other Liabilities for

refunds, adjustments, allowances, repairs, exchanges, returns and warranty, merchantability and other claims;

(e) all Liabilities of the Company or its Subsidiaries under or relating to Environmental Law or Hazardous Substances, to the extent any such Liabilities arise or have arisen out of, in respect of or as the result of the ownership, operation or transfer of the Owned Real Property, which Liabilities include, but are not limited to, Liabilities in respect of any obligations under the New Jersey Industrial Site Recovery Act in relation to the Owned Real Property located in Cranbury, New Jersey and those matters specified in Section 3.1(e) of the Disclosure Letter;

(f) all transfer taxes, conveyance taxes and sales taxes incurred by the Company or Buyer in connection with the Transactions (excluding any such taxes incurred in connection with the transactions effected pursuant to the Merger Agreement or taxes that are in the nature of a tax on income or gain of the Company);

(g) except for any Liabilities expressly retained by the Company or its Subsidiaries under Article IX of this Agreement, all Liabilities to the extent that such Liabilities arise or have arisen out of, in respect of or as a result of the employment (or termination of employment) of any Employees and all obligations under the Compensation and Benefit Plans and the International Compensation and Benefit Plans, regardless of whether such plans are actually assumed or adopted by Buyer to the extent related to any Available Employees, any employees of the Transferred Subsidiaries and, to the extent provided in Section 9.2, any Transition Employees and 60% of any retiree medical liabilities incurred with respect to any Employee who was an Available Employee before

termination of employment and who terminates employment with the Company from the date hereof through and including the Closing Date under circumstances which entitle such Employee to retiree medical coverage under any plan, policy or arrangement of the Company or its Affiliates (a "Covered Retiree"); provided that it is expressly agreed that Buyer shall have no obligation to assume or adopt any Compensation and Benefit Plan other than the Assumed Pension Plan and, to the extent they cover Available Employees and employees of the Transferred Subsidiaries, the Split Dollar Agreements, Corporate Officer Medical Expense Reimbursement Plan, Personal Financial Counseling Policy, Executive Employment Agreements, Change in Control Agreements and

Consulting Agreements listed in Section 6.7(a) of the Disclosure Letter and the International Compensation and Benefit Plans.

(h) the Liabilities of Buyer under the arrangements contemplated by Section 8.6;

(i) the Liabilities of the Company or the Transferred Subsidiaries that arise or have arisen out of, in respect of or as the result of the Contracts set forth in Section 6.5(c) of the Disclosure Letter; and

(j) all Liabilities of the Company or its Subsidiaries relating to any third party Claims primarily arising out of, or as the result of, the ownership, operation or transfer of the Purchased Assets or the Business.

3.2 Excluded Liabilities. Section 3.1 notwithstanding, Buyer shall not be responsible for or assume any Liabilities of the Company or any of its Affiliates (i) that are not Assumed Liabilities or (ii) that primarily arise or have arisen out of, in respect of or as the result of the ownership, operation or transfer of the Excluded Assets (collectively, the "Excluded Liabilities"), including the following Liabilities:

(a) any Liabilities under or relating to Environmental Law or Hazardous Substances that (i) do not primarily arise and have not arisen out of, in respect of or as the result of the ownership, operation or transfer of the Purchased Assets or the Business or (ii) primarily arise or have arisen out of, in respect of or as the result of the ownership, operation (including cessation of operations) or transfer of the Excluded Assets;

(b) any Liabilities for costs and expenses incurred in connection with this Agreement and the Transactions, other than as expressly set forth in the Indemnification Agreement;

(c) any Liabilities of the Company or its Subsidiaries for any Infringement or alleged Infringement by the Company or its Affiliates of the rights of any other Person relating to Intellectual Property that primarily arise or have arisen out of, in respect of or as the result

of the ownership, operation or transfer of the Excluded Assets;

(d) any Liability to any broker, finder or agent for any brokerage fees, finder's fees or commissions with respect to the Transactions;

(e) all Liabilities under the Compensation and Benefit Plans or

otherwise relating to employment that are expressly retained by the Company under Article IX;

(f) any Liabilities of the Company or its Subsidiaries under this Agreement or under the Ancillary Agreements;

(g) any Liabilities referred to in Section 3.2(g) of the Disclosure Letter;

(h) any Liabilities (including any Taxes) that primarily relate to or arise from the ownership, operation or transfer of the Excluded Assets;

(i) any Taxes relating to or arising in connection with any transaction contemplated by the Merger Agreement; and

(j) any liability imposed on Carter-Horner for Taxes required to be withheld, deducted or otherwise collected with respect to any distribution or other payment made with respect to shares of Carter-Horner Inc. stock, less any amount actually withheld, deducted or otherwise collected on or prior to the Closing Date.

ARTICLE IV

Consideration for Transfer

4.1 Purchase Price. (a) The Purchase Price for the Business (the "Purchase Price") shall be the sum of $739 million, minus the Estimated Closing Debt.

(b) On or prior to the third Business Day prior to the Closing Date, the Company shall deliver to Buyer a certificate of the Chief Financial Officer of the Company setting forth the amount of Estimated Closing Debt and including reasonable documentation with respect thereto. "Estimated Closing Debt" means the aggregate principal

amount of indebtedness for money borrowed of the Transferred Subsidiaries as of the Closing, plus the accrued but unpaid interest thereon as of the Closing, as estimated by the Company in good faith.

4.2 Allocation of Purchase Price. For tax purposes, including without limitation the filing of IRS Form 8594, the parties agree that they will report an allocation of the Purchase Price for the Business plus the Assumed Liabilities, as the Company shall determine in its reasonable discretion giving due regard to reasonable objections by the Buyer, provided that Buyer shall have the opportunity to participate in the allocation of a portion of the Purchase Price to the Arrid, Lady's Choice and Lambert Kay assets that constitute Purchased Assets (and the related liabilities) and such allocation shall be in a manner consistent with the summary allocation schedule provided in Section 4.2 of the Disclosure Letter. The allocation to be made pursuant to this Section 4.2 shall be consistent with the summary allocation schedule provided in Section 4.2 of the Disclosure Letter, unless otherwise required by any federal, state, local or foreign taxing authority.

4.3 Domestic Net Working Capital Adjustment. Following the Closing, the Purchase Price shall be adjusted on the terms and conditions and for the amounts set forth below with respect to the Base Net Working Capital.

(a) "Base Net Working Capital" shall be the average of the Net Working Capital (excluding intercompany accounts payable and intercompany accounts receivable) calculated on the last day of each month for the most recent 12 months ended immediately prior to the Closing Date prepared by the Company and

determined in accordance with U.S. GAAP with methodologies consistently applied to those used in preparing the Financial Statements in Section 8.7(a)(ii). Within 30 days after the date hereof, the Company shall deliver to Buyer an illustrative determination of Base Net Working Capital for the 12-month period ending April 30, 2001, including the components thereof. The Company shall also deliver to Buyer such an illustrative determination 30 days following each month-end between the date hereof and the Closing Date for the 12-month period ending on the last day of such completed month.

(b) Within 60 days after the Closing Date, Buyer shall prepare and deliver to the Company a statement setting

forth each of the components of Net Working Capital as of the close of business on the Closing Date (the "Statement of Net Working Capital") and that such Statement of Net Working Capital has been prepared in accordance with the requirements of this Section 4.3. As used herein, the term "Net Working Capital" consists of the following items relating to the Business and included in the Purchased Assets: (i) net accounts receivable (excluding intercompany accounts receivable); plus (ii) net inventory; plus (iii) other current assets; minus (iv) accounts payable (excluding intercompany accounts payable); minus (v) accrued expenses; provided that the items described in clauses (i) through (v) above shall be determined in accordance with U.S. GAAP with methodologies consistently applied to that used in calculating Base Net Working Capital, and, for purposes of the Statement of Net Working Capital, in each case shall be determined as of the close of business on the Closing Date.

(c) During the 45 days immediately following the receipt of the Statement of Net Working Capital by the Company, the Company and its accountants shall, at the Company's expense, be entitled to review the Statement of Net Working Capital (including the determination of Base Net Working Capital) and any working papers, trial balances and similar materials (collectively, "Working Papers") relating to the Statement of Net Working Capital prepared by Buyer. The Statement of Net Working Capital shall become final and binding upon the parties on the 46th day following delivery thereof unless the Company gives written notice to Buyer of its disagreement with the Statement of Net Working Capital (a "Notice of Disagreement") prior to such date. Any Notice of Disagreement shall specify in reasonable detail the nature of any disagreement so asserted. If a timely Notice of Disagreement is delivered by the Company, then the Statement of Net Working Capital (as revised, if at all, in accordance with this Section 4.3) shall become final and binding upon the parties on the earlier of (i) the date the parties hereto resolve in writing all differences they have with respect to any matter specified in the Notice of Disagreement or (ii) the date all matters in dispute are finally resolved by the Independent Accounting Firm (as defined below) (the date on which the Statement of Net Working Capital so becomes final and binding hereafter referred to as the "Final Determination Date"). During the 30 days immediately following the delivery of any Notice of Disagreement, Buyer and the Company shall seek in good faith to resolve in writing any differences which they may have

with respect to any matters specified in such Notice of Disagreement. During such period, Buyer and the Company shall have access to the other's Working

Papers prepared in connection with such party's preparation of the Statement of Net Working Capital and the Notice of Disagreement, as the case may be. At the end of such 30 day period, Buyer and the Company shall submit the matter to an independent, national public accounting firm which has no prior relationship with Buyer or the Company (the "Independent Accounting Firm") for review and resolution of any and all matters which remain in dispute and which are included in the Notice of Disagreement. The Independent Accounting Firm shall reach a final resolution of all matters and shall furnish such resolution in writing to Buyer and the Company as soon as practicable after such matters have been referred to the Independent Accounting Firm. Such resolution shall be made in accordance with this Agreement and will be conclusive and binding upon Buyer and the Company. The cost of such resolution shall be allocated and paid 50% by Buyer and 50% by the Company.

(d) Upon final determination of the Net Working Capital in accordance with this Section 4.3, a purchase price adjustment will be paid in accordance with Section 4.3(e) (the "Purchase Price Adjustment").

(e) If Net Working Capital based upon the Statement of Net Working Capital is greater than the Base Net Working Capital, then Buyer shall pay to the Company the amount by which Net Working Capital based on the Statement of Net Working Capital exceeds Base Net Working Capital; or if Net Working Capital based on the Statement of Net Working Capital is less than Base Net Working Capital, then the Company shall pay to Buyer the amount by which the Base Net Working Capital exceeds Net Working Capital based on the Statement of Net Working Capital. If Base Net Working Capital is equal to Net Working Capital based on the Statement of Net Working Capital, no adjustment shall be made to the Purchase Price pursuant to this Section 4.3(e). If no Notice of Disagreement has been given by the Company, Buyer shall remit to the Company or the Company shall remit to Buyer, as the case may be, in immediately available funds, all amounts constituting a Purchase Price Adjustment within 30 days after receipt by the Company of the Statement of Net Working Capital in accordance with this Section 4.3. If the Company gives Buyer a Notice of Disagreement, payment shall be made in immediately available funds within five

business days after the Final Determination Date. Each payment made pursuant to this Section 4.3 shall include interest on the amount of such payment at an annual rate equal to the prime interest rate per annum as stated in the Wall Street Journal on the date of such payment for the period from the Closing Date to the date of payment.

ARTICLE V

Closing

5.1 Purchase and Sale; Assumption and Acceptance. At the Closing, on the terms and subject to the conditions set forth in this Agreement, (i) the Company and its Subsidiaries that are not Transferred Subsidiaries shall sell, transfer and assign to Buyer, and Buyer shall purchase from the Company and such Subsidiaries, all of the Purchased Assets, (ii) the Company and its Subsidiaries that are not Transferred Subsidiaries shall assign and transfer to Buyer, and Buyer shall accept and assume, and shall thereafter perform and discharge when due, and shall hold the Company and its Affiliates harmless from (pursuant to the terms and conditions of the Indemnification Agreement), all of the Assumed Liabilities, (iii) the Company shall thereafter perform and discharge when due, and shall indemnify and hold Buyer and its Affiliates harmless from (pursuant to the terms and conditions of the Indemnification Agreement), all of the Excluded Liabilities, and (iv) Buyer and the Company shall effect the deliveries and payments set forth in Sections 5.3 and 5.4.

5.2 Closing Date. Subject to the conditions set forth in this

Agreement, the Closing shall occur at the offices of Sullivan & Cromwell, 125 Broad Street, New York, New York, at 9:00 A.M. on the first Business Day following the satisfaction or waiver of the last to be satisfied or waived of the conditions set forth in Article X, or at such later time and date as Buyer and the Company shall agree (the "Closing Date"). The Closing shall be deemed to take place as of the close of the Company's business in The City of New York on the Closing Date.

5.3 Delivery and Payment by Buyer. At the Closing, Buyer shall execute and deliver to the Company the following:

(a) the Purchase Price, by wire transfer of immediately available funds to an account previously designated by the Company;

(b) the Ancillary Agreements;

(c) such written assumptions of the Company's collective bargaining agreements as shall comply with such agreements and shall be reasonably satisfactory to the Company;

(d) such assumptions in writing as may be required to effectively assign and transfer any other Contracts or any other of the Purchased Assets or Assumed Liabilities that may be assigned without the consent of the counterparty if so assumed by Buyer; and

(e) such other customary instruments of assumption, filings or documents, in form and substance reasonably satisfactory to the Company, as may be required to give effect to this Agreement and the Ancillary Agreements.

5.4 Deliveries by the Company. At the Closing, the Company shall execute and deliver to Buyer the following documents:

(a) the Ancillary Agreements, the Shareholder Indemnity Agreement and Fund Agreement, executed by all parties thereto;

(b) customary deeds for commercial transactions of the same type as the Transactions and reasonably sufficient to enable Buyer's title insurance company to issue title insurance in respect of the Owned Real Property;

(c) assignments of the Leased Real Property in recordable form to the extent necessary;

(d) the stock certificates representing all of the outstanding shares of capital stock or other equity interests of the Transferred Subsidiaries;

(e) all transferable Permits currently held by the Company pertaining to the Purchased Assets or the Business;

(f) a certification (a form of which is attached hereto as Exhibit L, "FIRPTA Certificate") that the Company and any Subsidiary of the Company that is required to sell any of the Purchased Assets to the Buyer hereunder are not foreign persons in the form set forth in Treasury Regulations Section 1.1445-2(b)(iii)(B). Notwithstanding anything to the contrary contained herein, if the Company or any such Subsidiary fails to provide the Buyer with the FIRPTA Certificates, the Buyer shall be entitled to withhold the requisite amount from the Purchase Price in accordance with Section 1445 of the Code and the Treasury Regulations promulgated thereunder;

(g) evidence reasonably satisfactory to Buyer that Carter-Horner Inc. holds the Carter-Horner Retained Cash Amount; and

(h) such other customary instruments of transfer, assumptions, filings or documents, in form and substance reasonably satisfactory to Buyer, as may be required to give effect to this Agreement and the Ancillary Agreements.

5.5 Notices of Sale. The Company will prepare and mail on the Closing Date such notices to any third party under each of the Contracts assigned by the Company and assumed by Buyer as are necessary or may be reasonably requested by Buyer advising such other party or parties that such agreements have been assigned and directing such party or parties to send to Buyer all future notices and corre spondence relating to such agreements. The Company will promptly forward to Buyer all correspondence received by the Company after the Closing Date that relates to the Purchased Assets, the Assumed Liabilities or the Business.

ARTICLE VI

Representations and Warranties of the Company

Except (i) as set forth in the Disclosure Letter, or (ii) as specifically disclosed in the Audited Financial Statements, the Interim Financial Statements or the Company Reports filed on or prior to the date hereof, the Company hereby represents and warrants, as of the date hereof and as of the Closing, to Buyer that:

6.1 Organization, Good Standing and Qualification; Title to Transferred Subsidiaries. (a) The Company and each of the Transferred Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate or similar power and authority to own and operate the Purchased Assets and to carry on the Business as presently conducted and is qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership or operation of the Purchased Assets or conduct of the Business requires such qualification, except where the failure to be so qualified or in good standing, when taken together with all other such failures, is not reasonably likely to have a Material Adverse Effect or prevent or materially delay the consummation of the Transactions.

(b) Each of the outstanding shares of capital stock and other equity interests of each of the Transferred Subsidiaries is duly authorized, validly issued, fully paid and nonassessable and, except as set forth in Section 2.1(a)(i) of the Disclosure Letter, is owned by the Company free and clear of all Encumbrances and free of any restriction on the right to vote, sell or otherwise dispose of such capital stock or other equity interest, except for restrictions imposed by applicable securities laws. Except as set forth in Section 2.1(a)(i) of the Disclosure Letter, the Company owns 100% of the outstanding shares of capital stock and other equity interests of each of the

Transferred Subsidiaries. None of the Transferred Subsidiaries has outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the stockholders of the Company on any matter ("Voting Debt") or any stockholders agreement or any options or agreements of any kind to subscribe for shares or other securities of any such Transferred Subsidiary. The Company has made available to Buyer a complete and correct copy of the Transferred Subsidiaries' certificates of incorporation and bylaws, each as amended to date. The Transferred Subsidiaries' certificates of incorporation and bylaws as so delivered are in full force and effect. Section 2.1(a)(i) of the Disclosure Letter lists the name and jurisdiction of incorporation of each of the Transferred Subsidiaries, the name of each of the Transferred Subsidiaries' parent corporation, a complete and accurate description of the authorized, issued and outstanding capi-

tal stock of each of the Transferred Subsidiaries and states, with respect to each Transferred Subsidiary, whether such Transferred Subsidiary is dormant or inactive. In negotiating the Non-Subsidiary Agreements, the Company complied with all applicable Laws. Each Non-Subsidiary Agreement is a valid and binding agreement and is in full force and effect. None of the Transferred Subsidiaries directly or indirectly owns any equity or similar interest in, or any interest convertible into or exchangeable for any equity or similar interest in, any Person with respect to which interest any of the Transferred Subsidiaries is required to invest or for which any of the Transferred Subsidiaries has liability which is not limited.

6.2 Corporate Authority; Stockholder Approval. The Company has all requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform its obligations under this Agreement, the Memorandum of Understanding and the Ancillary Agreements and to consummate, subject only to the authorization by a resolution adopted by holders of a majority of the Company Shares entitled to vote thereon (the "Company Requisite Vote"), the Transactions. The Company Requisite Vote is the only vote of the holders of the Company's securities necessary to approve this Agreement and the Transactions. Each of this Agreement and the Memorandum of Understanding is, and when executed and delivered by the Company each of the Ancillary Agreements will be, a valid and binding agreement of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles (the "Bankruptcy and Equity Exception").

6.3 Governmental Filings; No Violations. (a) Other than the filings and/or notices (i) pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (ii) pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (iii) pursuant to Environmental Laws, including the New Jersey Industrial Site Recovery Act and the Connecticut Property Transfer Act, (iv) pursuant to the European Community Merger Control Regulation and (v) required to be made with any Governmental Entity in any jurisdiction outside the United States as set forth in Section 6.3 of the Disclosure Letter, no notices, reports or other filings are

required to be made by the Company or any Transferred Subsidiary with, nor are

any consents, registrations, approvals, Permits or authorizations required to be obtained by the Company or any Transferred Subsidiary from, any Governmental Entity in connection with the execution and delivery of this Agreement and the Ancillary Agreements by the Company and the consummation by the Company and the Transferred Subsidiaries of the Transactions, except those that the failure to make or obtain is not, individually or in the aggregate, reasonably likely to have a Material Adverse Effect or prevent, materially delay or materially impair the ability of the Company to consummate the Transactions.

(b) The execution, delivery and performance of this Agreement by the Company does not, and the consummation by the Company of the Transactions will not, constitute or result in (i) a breach or violation of, or a default under, the certificate of incorporation or bylaws of the Company or the comparable governing instruments of any of its Subsidiaries or (ii) a breach or violation of, a default under, or an acceleration of any obligations or the creation of an Encumbrance on the Purchased Assets (with or without notice, lapse of time or both) pursuant to, any Contract not other wise terminable by the other party thereto on 90 days' or less notice, or any Law or governmental or non-governmental Permit or (iii) assuming compliance with the matters referred to in Section 6.3(a), contravene, conflict with, or result in a breach or violation of any provisions of applicable Law to which the Company or any of its Subsidiaries is subject or any judgment, injunction, order or decree to which the Company or any of its Subsidiaries is subject except, in the case of clauses (ii) and (iii) above, for any breach, violation, conflict, default, acceleration, creation or change that, individually or in the aggregate, is not reasonably likely to have a Material Adverse Effect.

6.4 Business Contracts. Section 6.4 of the Disclosure Letter lists any Contracts not otherwise terminable by the Company or the other party thereto on 90 days' or less notice, the performance of which involved consideration in excess of $2,500,000 in the fiscal year ended March 31, 2001 or which the Company reasonably believes will involve consideration in excess of $2,500,000 in any future fiscal year (collectively, "Business Contracts"). The Company has made available to Buyer a correct and complete copy of each Contract listed in Section 6.4 of the Disclosure Letter.

With such exceptions as are not reasonably likely to have a Material Adverse Effect, (i) each Contract listed in Section 6.4 of the Disclosure Letter is a valid and binding agreement and is in full force and effect, (ii) the Company has not received any written notice from any third party of such third party's intention not to renew a Business Contract, (iii) the Company has not allowed any deadline for notice of intent to renew a Business Contract to pass without giving such notice of its intention to renew such Business Contract, and (iv) the Company is not in breach or violation of, or default under, any Business Contract, and, to the knowledge of the Company, there is no event which would (with the passage of time, notice or both) constitute a breach or default thereunder by the Company or any of its Subsidiaries.

6.5 Company Reports; Audited Financial Statements; Interim Financial Statements. (a) The Company has delivered to Buyer each registration statement, report, proxy statement or information statement prepared by it since March 31, 2000 (the "Audit Date") including (i) the Company's Annual Report on Form 10-K for the year ended March 31, 2000, and (ii) the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2000, each in the form (including exhibits, annexes and any amendments made prior to the date of this Agreement thereto) filed with the Securities and Exchange Commission (the "SEC") (collectively, the "Company Reports"). As of their respective dates (or, if amended, as of the date of such amendment), the Company Reports, insofar as they relate to the Business, the Purchased Assets and the Assumed Liabilities, did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein,

in light of the circumstances in which they were made, not misleading. As of the respective dates on which they were filed and, if amended, on the date of such amendment, the Company Reports complied in all material respects with the requirements of the Exchange Act and the rules and regulations promulgated thereunder. Each of the combined balance sheets included in or incorporated by reference into the Company Reports (including the related notes and schedules) fairly presents, or will fairly present, the combined financial position of the Company and its Subsidiaries as of its date and each of the combined statements of earnings, retained earnings and comprehensive earnings and combined statements of cash flows and of changes in financial position included in or

incorporated by reference into the Company Reports (including any related notes and schedules) fairly presents, or will fairly present, the results of operations, retained earnings and changes in financial position, as the case may be, of the Company and its Subsidiaries for the periods set forth therein (subject, in the case of unaudited statements, to notes and normal year-end audit adjustments that will not be material in amount or effect), in each case in accordance with generally accepted accounting principles ("GAAP") consistently applied during the periods involved, except as may be noted therein.

(b) The combined balance sheets and the combined statements of earnings included in the Audited Financial Statements, the Interim Financial Statements and the financial statements delivered in accordance with Section 8.7 fairly present the combined net assets and results of operations of the Purchased Assets and the Assumed Liabilities; the "Arrid" and "Lady's Choice" product lines and the Lambert Kay business; and the Purchased Assets and the Assumed Liabilities (excluding the "Arrid" and "Lady's Choice" product lines and the Lambert Kay business), as the case may be (but excluding, in the case of the Audited Financial Statements and Interim Financial Statements, the Segregated Assets and Liabilities), as of their respective dates, in each case in accordance with GAAP consistently applied during the periods involved and the accounting principles summarized therein, except as may be noted therein, and subject (in the case of the Interim Financial Statements and the interim financial statements delivered in accordance with Section 8.7) to normal year-end adjustments that will not be material in amount or effect and the absence of footnotes and similar presentation items therein. Except as set forth in the Audited Financial Statements, the Interim Financial Statements and the financial statements delivered in accordance with Section 8.7, and except for liabilities and obligations under this Agreement, none of the Company nor any of its Subsidiaries has any liabilities or obligations of any nature required by GAAP to be set forth on a combined balance sheet of the Purchased Assets and the Assumed Liabilities or in the notes thereto which, individually or in the aggregate, is reasonably likely to have a Material Adverse Effect.

(c) Section 6.5(c) of the Disclosure Letter sets forth (i) the outstanding amount of indebtedness for money borrowed of the Transferred Subsidiaries and any other

indebtedness for money borrowed to be assumed by the Buyer as of the date set forth therein, and (ii) a list of the Contracts containing the terms applicable

to such indebtedness.

(d) There has not been a material adverse change in the financial position of the Purchased Assets and Assumed Liabilities taken as a whole (excluding the Segregated Assets and Liabilities) as of March 31, 2001, as compared to the financial position of the Purchased Assets and Assumed Liabilities taken as a whole (excluding the Segregated Assets and Liabilities) set forth in the audited combined balance sheet included in the Audited Financial Statements.

(e) The statement of earnings and the statement of cashflows referred to in clause (v) of the first sentence of Section 8.7(a), collectively with the reconciliations referred to therein, will present net sales of the Purchased Assets and Assumed Liabilities (excluding the Segregated Assets and Liabilities) of not less than $530,000,000; earnings before interest and taxes of the Purchased Assets and Assumed Liabilities (excluding the Segregated Assets and Liabilities) of not less than $80,000,000; earnings before interest, taxes, depreciation and amortization of the Purchased Assets and Assumed Liabilities (excluding the Segregated Assets and Liabilities) of not less than $97,000,000; and capital expenditures of the Purchased Assets and Assumed Liabilities (excluding the Segregated Assets and Liabilities) of not more than $14,000,000.

6.6 Absence of Certain Changes. Except as reflected, reserved or otherwise disclosed in the Audited Financial Statements, the Interim Financial Statements, the financial statements included in or incorporated by refer ence in the Company Reports, or as contemplated by this Agreement, (I) since the Audit Date, the Company and its Subsidiaries have conducted the Business only in, and have not engaged in any material transaction other than according to, the ordinary and usual course of business and there has not been (a) as of the date of this Agreement, any material action taken by the Company or its Subsidiaries that would have been prohibited under Sections 8.1(a)(ii)(B), 8.1(a)(ii)(C), 8.1(b)(i) through (iv), 8.1(b)(ix), 8.1(b)(xi) through (xiii), 8.1(b)(xv) and 8.1(b)(xvi) through (xviii), (b) any change in the financial condition, business or results of operations of the Business that,

individually or in the aggregate, has had or is reasonably likely to have a Material Adverse Effect or (c) any change by the Company in any of its material accounting principles, practices or methods for the Business, other than any such changes made as a result of any change in GAAP as applicable to the Company or the Business, and (II) since the Audit Date and prior to the date of this Agreement, there has not occurred any casualty loss involving an amount in excess of $2,500,000 with respect to any personal property or Owned Real Property that comprise Purchased Assets, whether or not covered by insurance.

6.7 Employee Benefits. (a) A copy of each material Compensation and Benefit Plan and each material International Compensation and Benefit Plan and any trust agreement or insurance contract forming a part of such plans has been made available to Buyer prior to the date hereof, other than International Compensation and Benefit Plans that are maintained by Governmental Entities. The material Compensation and Benefit Plans and material International Compensation and Benefit Plans are listed in Section 6.7(a) of the Disclosure Letter, other than International Compensation and Benefit Plans that are maintained by Governmental Entities.

(b) A list of all Available Employees as of March 31, 2001, other than Employees of the Transferred Subsidiaries, which indicates those Employees who are "Leave Recipients" as defined in Section 9.1(c) is set forth on Section 6.7(b)(1) to the Disclosure Letter and a list of all Transition Employees to be retained by the Company is set forth on Section 6.7(b)(2) of the Disclosure Letter. Approximately five Business Days prior to the Closing Date, the Company will provide to Buyer a list of (i) current employees of the Transferred

Subsidiaries, (ii) all Available Employees as of such date and (iii) those Employees of the Business involuntarily separated from employment with the Company during the 90 days preceding the date thereof.

(c) The Retirement Plan for Bargaining Employees of the Company (the "Assumed Pension Plan") is in substantial compliance with ERISA and all other applicable Laws, and has received a favorable determination letter from the Internal Revenue Service (the "IRS") with respect to its qualification under Section 401(a) of the Code, and the Company is not aware of any circumstances likely to result

in revocation of any such favorable determination letter. There is no pending or, to the knowledge of the Company, threatened material litigation, dispute or governmental audit or investigation relating to the Assumed Pension Plan or any other Compensation and Benefit Plan that Buyer is assuming or with respect to which Buyer would otherwise have liability. Neither the Company nor any of its Subsidiaries has engaged in a transaction with respect to the Assumed Pension Plan that, assuming the taxable period of such transaction expired as of the date hereof or the Closing Date, as applicable, would subject the Company or any of its Subsidiaries to a material tax or penalty imposed by either Section 4975 of the Code or Section 502 of ERISA.

(d) As of the date hereof, no liability under Subtitle C or D of Title IV of ERISA or Part III of Title I of ERISA has been or is expected to be incurred by the Company or any Subsidiary with respect to the Assumed Pension Plan.

(e) No Compensation and Benefit Plan that is subject to Title IV of ERISA (a "Title IV Plan") is a "multiemployer pension plan," as defined in section 3(37) of ERISA, nor is any Title IV Plan a plan described in section 4063(a) of ERISA.

(f) Each Compensation and Benefit Plan has been operated and administered in all material respects in accordance with its terms and applicable Law, including but not limited to ERISA and the Code.

(g) With respect to the Assumed Pension Plan, as of the last day of the most recent plan year ended prior to the date hereof, the actuarially determined present value of all "benefit liabilities", within the meaning of Section 4001(a)(16) of ERISA (as determined on the basis of the actuarial assumptions contained in the Pension Plan's most recent actuarial valuation), did not exceed the then current value of the assets of such Pension Plan.

(h) All International Compensation and Benefit Plans comply in all respects with applicable Law except as is not reasonably expected to have a Material Adverse Effect. The Transferred Subsidiaries have no material unfunded liabilities calculated on a going-concern basis with respect to any such plan that is a pension benefit plan, except as permitted or required by applicable Laws and

reflected in the Audited Financial Statements or the Interim Financial Statements.

(i) The consummation of the Transactions will not, either alone or in

connection with another event, (x) entitle any Available Employee to severance pay or any other payments, except as expressly provided in this Agreement or (y) accelerate the time of payment or vesting, or increase the amount of compensation due any such Available Employee.

6.8 Litigation and Liabilities. Except as reflected, reserved or otherwise disclosed in the Audited Financial Statements and the Interim Financial Statements, there are no (i) civil, criminal or administrative actions, suits, claims, hearings, investigations, arbitrations or proceedings ("Claims") pending or, to the knowledge of the Company, threatened against the Company or any Subsidiary relating to the Business or (ii) Liabilities which would be required to be disclosed in the Audited Financial Statements or Interim Financial Statements under GAAP if occurring on a date covered by such financial statements ("Obligations"), in each case that would constitute Assumed Liabilities, except for such Obligations as are not, individually or in the aggregate, reasonably likely to have a Material Adverse Effect.

6.9 Compliance with Laws; Permits. (a) Each of the Company and its Subsidiaries has in effect all federal, state, local and foreign governmental Permits necessary for it to own, lease or operate all of the properties and assets included in the Purchased Assets and to conduct the Business and to operate the Purchased Assets as now conducted or operated, and there has occurred no default under any such Permit, and no proceeding is pending that seeks, and to the knowledge of the Company, no event has occurred that permits, or upon the giving of notice or lapse of time or otherwise would permit, revocation, non-renewal, modification, suspension or termination of any Permit, except for lack of or deficiencies in Permits and except for such defaults under Permits and events which, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect. The Business has not been, and is not being, conducted in violation of any Order or Permit of any court or Governmental Entity (collectively, "Laws"), except for violations that, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect.

(b) As to each product subject to the jurisdiction of the U.S. Food and Drug Administration under the Federal Food, Drug and Cosmetic Act (the "FDCA") or the U.S. Department of Justice under the Controlled Substances Act, 21 U.S.C. Section 801, et seq (the "CSA"), or any similar agency, rule or regulation of any other jurisdiction, which is manufactured, tested, distributed, held and/or marketed by the Business or the Purchased Assets, such product is being manufactured, held and distributed in compliance with all applicable requirements under the FDCA, the CSA and such applicable rules and regulations of any other jurisdictions, including, but not limited to, those relating to investigational use, premarket approval, good manufacturing practices, labeling, promotion and advertising, record keeping and filing of reports and security, except for such failures so to comply that, individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect.

6.10 Environmental Matters. Except for such matters as are not reasonably likely to have individually or in the aggregate a Material Adverse Effect:

(a) the Purchased Assets:

(i) are and have been in substantial compliance with all applicable Environmental Laws;

(ii) are not the subject of any pending or, to the knowledge of the Company, any threatened, investigation or written notice from any Governmental Entity alleging the violation of any applicable Environmental Laws;

(iii) are not currently subject to any Claim or Order arising under any Environmental Law;

(iv) have not had any air emissions or wastewater discharges of Hazardous Substances except as permitted under applicable Environmental Laws; and

(b) there are no facts or circumstances whereby the ownership, operation (including cessation of operations), or transfer of the Purchased Assets would reasonably be expected to result in any Liabilities under any Environmental Law.

6.11 Labor Matters. As of the date hereof, neither the Company nor any of its Subsidiaries is the subject of, nor, to the Knowledge of the Company, has there been threatened, any material Claim asserting that the Company or any of its Subsidiaries has committed an unfair labor practice with respect to employees of the Business or seeking to compel it to bargain with any labor union or labor organization with respect to employees of the Business nor is there pending or, to the knowledge of the Company, threatened, nor has there been for the five years prior to the date of this Agreement, any organized effort or demand for recognition by any labor organization or any labor dispute or slow-down that is material to the operations of any of the plants comprising the Purchased Assets. There has not been, for the five years prior to the date of this Agreement, and there is not pending, nor, to the Knowledge of the Company, has there been threatened, any labor strike, walk-out, work stoppage or lockout with respect to employees of the Business.

6.12 Insurance. True and complete copies of all material fire and casualty, general liability, business interruption, product liability, workers' compensation, disability and sprinkler and water damage insurance policies maintained by the Company or any of its Subsidiaries have been made available to Buyer and such policies are in full force and effect. The Company or relevant Subsidiary has paid all premiums under such policies and is not in default with respect to its obligations thereunder. All material claims made by the Company under such policies during the past year are described in Section 6.12 of the Disclosure Letter.

6.13 Title to Tangible Personal Property. The Company or a wholly owned Subsidiary has good title to, or a valid leasehold interest in, all Owned Tangible Personal Property and all Leased Tangible Personal Property, free and clear of any Encumbrances, other than Permitted Encumbrances. All of the fixtures, machinery, equipment and other tangible personal property and assets owned or used by the Company and its Subsidiaries in the Business are in good condition and repair, except for ordinary wear and tear not caused by neglect, and are usable in the ordinary course of business, except that, with respect to any matter covered by this sentence which would not, individually or in the aggregate, reasonably be likely to have a Material Adverse Effect.

6.14 Title to Owned and Leased Real Properties; Absence of Encumbrances. (a) Section 6.14 of the Disclosure Letter sets forth a list of all Owned Real Property and all Leased Real Property used to carry out the Business as presently conducted. None of the Owned Real Property or Leased Real Property is leased or licensed by the Company to, or otherwise used by, any other Person.

(b) The Company has not received written notice of any uncured default, and to the knowledge of the Company there are no pending uncured defaults, under the lease documents pertaining to any material Leased Real Property, except for such matters as are reasonably susceptible of cure without material expense or delay, and are not reasonably likely to disturb Buyer's use of the Leased Real Property affected thereby to carry on the Business as presently conducted.

(c) Except as disclosed in Section 6.14 of the Disclosure Letter, the Company or a Subsidiary has good title to, or, with respect to leasehold interests, a valid leasehold interest in, the Owned Real Property and the Leased Real Property, as the case may be, free and clear of all Encumbrances, except for Permitted Encumbrances and such imperfections of title, liens and easements as will not, individually or in the aggregate, materially impair present business operations at such properties.

(d) Except as disclosed in Section 6.14 of the Disclosure Letter, no consent to assignment of Leased Real Property will be required in connection with the Purchase.

6.15 Adequacy and Sufficiency of Purchased Assets. (a) This Agreement, the Ancillary Agreements and the instruments and documents to be delivered by the Company and the Subsidiaries to Buyer at or following the Closing shall be adequate and sufficient to transfer to Buyer the Company's and its Subsidiaries' entire right, title and interest in and to the Purchased Assets. The Purchased Assets when taken together with the rights and services under the Ancillary Agreements are sufficient in all material respects to carry out the Business as presently conducted by the Company and its Subsidiaries.

(b) To the Company's knowledge, Section 6.15 of the Disclosure Letter contains a true and complete list of (i) all buildings and parcels owned or leased by the Company

or any of its Subsidiaries during the ten years prior to the date of this Agreement that were used primarily in connection with the operation of the Business and all buildings and parcels owned or leased by the Transferred Subsidiaries during the ten years prior to the date of this Agreement other than in connection with the Business but which, in each case, do not comprise Purchased Assets, (ii) all products marketed and sold by the Company or its Subsidiaries in connection with the Business and all products marketed and sold by the Transferred Subsidiaries other than in connection with the Business, in each case, during the ten years prior to the date of this Agreement which are not currently marketed and sold by the Company or its Subsidiaries, and (iii) operations of the Company or its Subsidiaries relating to the Business and operations of the Transferred Subsidiaries other than in connection with the Business, in each case, which have become discontinued operations of the Company or its Subsidiaries during the ten years prior to the date of this Agreement.

6.16 Intellectual Property. (a) The Company and/or its Subsidiaries owns, or is licensed or otherwise possesses the right to use, in each case free and clear of all Encumbrances, all Business-Related Intellectual Property, except for any such failures to own, be licensed or possess as are not reasonably likely, individually or in the aggregate, to have a Material Adverse Effect, and all material patents, trademarks, trade names, service marks and copyrights which comprise the Business-Related Intellectual Property and are used in the Business as currently conducted, are valid and subsisting, except for such failures to be valid and subsisting as are not individually or in the aggregate, reasonably likely to have a Material Adverse Effect. Section 6.16 of the Disclosure Letter contains a true and complete list as of the date of this Agreement of all material license agreements to which the Company or any of its

Subsidiaries is a party pursuant to which third parties are licensed to use Business-Related Intellectual Property.

(b) Except for such matters as are not, individually or in the aggregate, reasonably likely to have a Material Adverse Effect:

(i) neither the Company nor any of its Subsidiaries is, nor will it be as a result of the execution and delivery of this Agreement or the Ancillary Agreements

or the contemplated transfer of the Purchased Assets hereunder, in violation of any Third Party Intellectual Property Rights;

(ii) no Claims involving the Company or its Subsidiaries with respect to the Business-Related Intellectual Property are currently pending or, to the knowledge of the Company, threatened by any Person; and

(iii) to the knowledge of the Company, there is no unauthorized use, infringement or misappropriation of any of the Business-Related Intellectual Property by any third party.

6.17 Brokers and Finders. Neither the Company nor any of its Subsidiaries has incurred any Liabilities for any brokerage fees, commissions or finders' fees in connection with the Transactions for which Buyer will be liable.

6.18 Taxes. (a) Definitions. As used in this Agreement, the term (i) "Tax" (including, with correlative meaning, the terms "Taxes" and "Taxable") includes all federal, state, local and foreign income, profits, franchise, gross receipts, environmental, customs duty, capital stock, severance, stamp, payroll, sales, employment, unemployment, disability, use, property, withholding, excise, production, value added, occupancy and other taxes, duties or assessments of any nature whatsoever (including any withholding taxes for which any Transferred Subsidiary is responsible as a result of distributions or any other payments to the Company and its Subsidiaries or any other Persons), together with all interest, penalties and additions imposed with respect to such amounts and any interest in respect of such penalties and additions, (ii) "Tax Authority" means any Governmental Entity responsible for the imposition of Tax, and (iii) "Tax Return" includes all returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns) required to be supplied to a Tax Authority relating to Taxes.

(b) Company and Subsidiaries Other Than Transferred Subsidiaries. The Company and each of its Subsidiaries other than the Transferred Subsidiaries (i) have prepared in good faith and duly and timely filed (taking into account any extensions of time within which to file) all Tax Returns required to be filed by any of them

and all such tax returns are true, correct and complete in all material respects; (ii) have paid all Taxes that are shown as due on such filed Tax Returns; and (iii) have not waived any statute of limitations with respect to

Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency. As of the date hereof, there are not pending or, to the knowledge of the Company, threatened in writing, any audits, examinations, investigations or other proceedings in respect of Taxes or Tax matters of the Company or any of its subsidiaries (other than the Transferred Subsidiaries).

The Company and any Subsidiary that is required to sell any of the Purchased Assets to the Buyer hereunder are not foreign persons as defined in Treasury Regulations Section 1.1445-2(b)(2). There are (and as of immediately following the Closing there will be) no Liens (as defined below) on any of the Purchased Assets.

(c) Transferred Subsidiaries. The Company represents and warrants as to each of the Transferred Subsidiaries as follows:

(i) Each Transferred Subsidiary has duly and timely filed (taking into account any extension of time within which to file) all Tax Returns required to be filed by it. All Tax Returns filed by such Transferred Subsidiary are true, correct and complete in all material respects.

(ii) Each Transferred Subsidiary has paid all Taxes that are shown as due on such filed Tax Returns, and has withheld and remitted to the appropriate Tax Authority, with respect to amounts paid or owing to employees, creditors, and third parties, all Taxes it is required to have withheld.

(iii) No Transferred Subsidiary has waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a tax assessment or deficiency, nor is there any tax deficiency outstanding, proposed in writing or assessed against any Transferred Subsidiary.

(iv) There are not pending or, to the knowledge of the Company, threatened in writing, any audits, examinations, investigations or other proceedings in respect of the Taxes or Tax matters of the Transferred Subsidiaries.

(v) Each Transferred Subsidiary, other than Carter-Wallace (N.Z.) Ltd., is treated as a corporation for U.S. federal income tax purposes. Carter-Wallace (N.Z.) Ltd. has validly elected on Form 8832 to be treated as a disregarded entity for U.S. tax purposes.

(vi) There are (and as of immediately following the Closing there will be) no Encumbrances on the assets of any Transferred Subsidiary relating to or attributable to Taxes, other than Encumbrances for personal property taxes not yet due and payable.

(vii) No Transferred Subsidiary is a party to a Tax sharing, Tax indemnity, Tax allocation or similar contract (whether or not written), nor does or will any Transferred Subsidiary owe any amount under such agreement.

(viii) No adjustment relating to any Tax Return filed by any Transferred Subsidiary has been proposed in writing by any Tax Authority to any Transferred Subsidiary which has not been resolved to the satisfaction of the relevant Tax Authority.

(ix) No Transferred Subsidiary is or has been included in any "consolidated," "unitary," "combined" or similar Tax Return provided for under the laws of the United States or any foreign jurisdiction for any taxable period for which the statute of limitations has not yet expired.

(x) No power of attorney has been granted by or imposed upon any Transferred Subsidiary with respect to any matter relating to Taxes.

(xi) No Transferred Subsidiary has received written notice of any claim made by a Tax authority in a jurisdiction where such Transferred Subsidiary does not file Tax Returns, that such Transferred Subsidiary is or may be subject to taxation by that jurisdiction.

(xii) No Transferred Subsidiary is, or has been for any prior Taxable Period, a passive foreign investment corporation as defined in Section 1297(a) of the Code.

(xiii) The unpaid Taxes of the Transferred Subsidiaries do not, as of December 31, 2000, exceed the reserve for Taxes (other than any reserve for deferred Taxes

of the Transferred Subsidiaries established to reflect timing differences between book and Tax income) set forth on the face of the balance sheet for the Transferred Subsidiaries included in the Interim Financial Statements, and the unpaid Taxes of the Transferred Subsidiaries will not, as of the Closing Date, exceed that reserve as adjusted for the passage of time through the Closing Date.

ARTICLE VII

Representations and Warranties of Buyer

Buyer hereby represents and warrants, as of the date hereof and as of the Closing, to the Company as follows:

7.1 Organization, Good Standing and Qualification. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

7.2 Corporate Authority. (a) No vote of the holders of the capital stock of Buyer is necessary to approve this Agreement, the Memorandum of Understanding or the Transactions. Buyer has the requisite power and authority and has taken all action necessary in order to execute and deliver this Agreement and the Memorandum of Understanding and to consummate the Transactions. Each of this Agreement and the Memorandum of Understanding is a valid and binding agreement of Buyer enforceable against Buyer in accordance with its terms, subject to the Bankruptcy and Equity Exception.

(b) Each of Strategic Buyer and Buyer has the requisite power and authority and has taken all action necessary in order to execute and deliver the Product Line Purchase Agreement. The Product Line Purchase Agreement is a valid and binding agreement of Strategic Buyer and Buyer, enforceable against each of them in accordance with its terms, subject to the Bankruptcy and Equity Exception.

7.3 Governmental Filings; No Violations. (a) Other than the filings and/or notices (i) pursuant to the Exchange Act, (ii) pursuant to the HSR Act, (iii) pursuant to Environmental Laws, including the New Jersey Industrial Site Recovery Act and the Connecticut Property Transfer Act, (iv) pursuant to the European

Community Merger Control Regulation and (v) required to be made with any Governmental Entity in any jurisdiction outside the United States, no notices, reports or other filings are required to be made by Buyer with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by Buyer from, any Governmental Entity, in connection with the execution and delivery of this Agreement by Buyer and the consummation by Buyer of the Transactions, except those that the failure to make or obtain are not, individually or in the aggregate, likely to prevent, materially delay or impair the ability of Buyer to consummate the Transactions.

(b) The execution, delivery and performance of this Agreement and the Memorandum of Understanding by Buyer does not, and the consummation by Buyer of the Transactions will not constitute or result in (i) a breach or violation of, or a default under, the organizational documents and governing instruments of Buyer or (ii) a breach or violation of, a default under, or an acceleration of any obligations or the creation of an Encumbrance on the assets of Buyer (with or without notice, lapse of time or both) pursuant to, any agreement, lease, contract, note, mortgage, indenture or other obligation binding upon Buyer or any Law or governmental or non-governmental Permit to which Buyer is subject, except, in the case of clause (ii) above, for breach, violation, default, acceleration, creation or change that, individually or in the aggregate, is not reasonably likely to prevent, materially delay or impair the ability of Buyer to consummate the Transactions. Buyer does not have any Subsidiaries.

7.4 Funds. Buyer has received and delivered to the Company executed commitment letters with respect to debt financing of up to $420 million (the "Financing Arrangements") and equity financing of up to $356 million (the "Equity Arrangements" and, collectively with the Financing Arrangements, the "Arrangements"). When funded in accordance with their terms, the Arrangements will provide Buyer with funds in an aggregate amount sufficient to enable Buyer to consummate the Transactions and pay all fees, expenses and costs in connection with the negotiation, execution and performance of this Agreement and the Ancillary Agreements. The Financing Arrangements and the Equity Arrangements remain in full force and effect.

7.5 Ownership of Shares. Neither Buyer nor any of its Subsidiaries beneficially owns any (i) shares of any class of stock of CPI or (ii) Company Shares.

ARTICLE VIII

Certain Covenants

8.1 Interim Operations.

(a) From the date hereof until the Closing Date, the Company shall, and shall cause its Subsidiaries to:

(i) operate the Business in the ordinary course of business, consistent with past practice, and, to the extent consistent with such operation, use commercially reasonable efforts to: (A) preserve the present business organization intact; and (B) preserve any beneficial business relationships with all customers, suppliers, and others having business dealings with the Business; and

(ii) maintain (A) the Purchased Assets in such condition and repair as is consistent with past practice, (B) insurance upon all of the Purchased Assets and with respect to the conduct of the Business in full force and effect, comparable in amount, scope, and coverage to that in effect on the date of this Agreement, and apply all insurance proceeds from coverage of the Purchased Assets to restore such Purchased Assets or otherwise hold such proceeds for the

Buyer's account, and (C) all Permits in full force and effect; and

(iii) conduct their respective advertising activities in a manner which is not materially inconsistent with the Company's advertising budget in effect as of the date of this Agreement.

(b) Except in connection with the Mergers and the other transactions contemplated by the Merger Agreement, from the date of this Agreement until the Closing Date, neither the Company nor any of its Subsidiaries shall take any of the following actions, to the extent that any such action relates to the Purchased Assets, the Assumed Liabilities or the Business:

(i) subject any of the Purchased Assets to any further material Encumbrance, other than Permitted Encumbrances and other than in the ordinary course of business, consistent with past practice;

(ii) transfer, sell or otherwise convey any part of the Purchased Assets or make any material acquisition of assets which would become part of the Purchased Assets, except in the ordinary course of business, consistent with past practice;

(iii) make any material Tax election or settle or compromise any material Tax liability without the Buyer's prior written approval, except in the ordinary course of business consistent with past practice (including, without limitation, with respect to the Transferred Subsidiaries);

(iv) grant, convey or sell any option or right to purchase or lease any of the Purchased Assets, except in the ordinary course of business, consistent with past practice;

(v) pay or promise to pay, any bonus, profit-sharing or special compensation to the Available Employees or make or promise to make any increase in the compensation, severance or other benefits payable or to become payable to any of such employees, except (A) as required by applicable Laws, (B) to satisfy obligations under the terms of any agreement or Compensation and Benefit Plan or International Compensation and Benefit Plan in effect as of the date hereof, (C) for increases in compensation that are made in the ordinary course of business consistent with past practice (which shall include normal periodic performance reviews and related compensation and benefit increases) and as set forth on Section 8.1(b)(v) of the Disclosure Letter, (D) in respect of Available Employees covered by collective bargaining agreements, as would be permitted under Section 8.1(b)(vii), and (E) for employment arrangements for or grants of awards to, newly hired employees in the ordinary course of business consistent with past practice, and who are hired in accordance with clause (viii) below and (F) as set forth on Section 8.1(b)(v) of the Disclosure Letter;

(vi) except in the ordinary course of business consistent with past practice or as required by applicable Laws, enter into or terminate any material Contract, or amend, modify or make any change in, or waive any material benefit of, any of its material Contracts;

(vii) enter into any collective bargaining agreements covering employees of the Business, except for the contemplated actions described in Section 8.1(b)(vii) of the Disclosure Letter or as required by applicable Laws;

(viii) involuntarily separate from employment with the Company any employee of the Business without due cause or hire, without the prior written consent of Buyer which shall not be unreasonably withheld, any employee who would become an Available Employee and who would be entitled to an annual base salary greater than $100,000;

(ix) split, combine or reclassify any of the capital stock of the Transferred Subsidiaries or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of the capital stock of the Transferred Subsidiaries;

(x) with respect to the Business or Purchased Assets, incur any indebtedness for borrowed money or guarantee any such indebtedness of another Person, issue or sell any debt securities or warrants or other rights to acquire any debt securities, or guarantee any debt securities of another Person, except for the endorsement of checks in the ordinary course of business and the extension of credit in the ordinary course of business, or make any loans, advances or capital contributions to, or investments in, any other Person, other than (A) to any Transferred Subsidiary or (B) advances to employees in the ordinary course of business consistent with past practice;

(xi) repurchase, redeem or otherwise acquire any shares of capital stock or other securities of, or other ownership interests in, any of the Transferred Subsidiaries;

(xii) issue, deliver or sell any shares of capital stock of any of the Transferred Subsidiaries, or any securities convertible into or exercisable or exchangeable for shares of capital stock of any of the Transferred Subsidiaries, or any rights, warrants or options to acquire any shares of common stock of any of the Transferred Subsidiaries, other than (A) issuances pursuant to stock-based awards or options that are outstanding on the date hereof or are granted in accordance with the following clause (B), and (B) additional options or stock-based awards to acquire shares of capital stock of any of the Transferred

Subsidiaries required to be granted under the terms of stock plans as in effect on the date hereof;

(xiii) amend the certificate of incorporation or bylaws or other comparable organizational documents or amend any material terms of the outstanding securities of any of the Transferred Subsidiaries;

(xiv) except for the items currently contracted for by the Company and the items contemplated by the Company's most recent capital expenditure budget previously provided to Buyer, make or agree to make any new capital expenditure or expenditures other than expenditures which, individually, are in excess of $500,000 or, in the aggregate, are in excess of $2,500,000, with respect to any of the Transferred Subsidiaries;

(xv) permit any material insurance policy as a beneficiary with respect to the Business or Purchased Assets or loss payable payee to be canceled or terminated;

(xvi) incur or issue any indebtedness or guaran tee that would constitute an Assumed Liability or issue or sell any debt securities or warrants or other rights to acquire any debt securities that would constitute Assumed Liabilities, except, in any such case, in the ordinary course of business, or make any loans, advances or capital contributions to, or investments in, any other Person that would constitute Purchased Assets, other than (A) to any Transferred Subsidiary, or (B) advances to employees in the ordinary course of business consistent with past practice;

(xvii) adopt any change, other than in the ordinary course of business consistent with past practice or as required by the SEC, GAAP or by Law, in its accounting policies, procedures or practices;

(xviii) settle, pay, discharge or satisfy any material Claim pending against the Company or any of its Subsidiaries relating to the Purchased Assets or the Business, except in the ordinary course of business;

(xix) with respect to each of the Transferred Subsidiaries, (A) declare or pay any dividends or other distributions of any sort in respect of its capital stock or similar payments to the direct or indirect holders of its capital stock, or (B) settle, pay, discharge or satisfy any

indebtedness (including intercompany accounts) except as expressly contemplated by Section 8.8 hereof and except for payments on third-party indebtedness not to exceed $1,658,347 in the aggregate, in each case except with respect to Carter-Horner Inc. in order to cause the aggregate value of cash, cash equivalents and short-term investments held by Carter-Horner Inc. as of the Closing Date to equal the Carter-Horner Retained Cash Amount;

(xx) engage in any practice or promotion materially inconsistent with the Company's past practices that is designed to materially increase trade inventories.

(xxi) authorize or enter into an agreement to do any of the foregoing.

(c) Except as otherwise described in Section 8.1 and Section 8.7(c), nothing in this Agreement shall be construed or interpreted to prevent the Company or any Subsidiary from (i) paying or making regular, special or extraordinary dividends or other distributions consisting of cash, cash equivalents or short term investments held by any Persons other than the Transferred Subsidiaries (not including Carter-Horner Inc. pursuant to Section 8.1(b)(xix)) and with respect to Carter-Horner Inc. only in respect of cash, cash equivalents and short term investments in excess of the Carter-Horner Retained Cash Amount or; (ii) making, accepting or settling intercompany advances to, from or with one another; (iii) subject to clause (i) above, causing any Subsidiary to pay or distribute to the Company all cash, money market instruments, bank deposits, certificates of deposit, other cash equivalents, marketable securities and other investment securities then owned or held by such Subsidiary; (iv) causing any Subsidiary which owns or holds any Excluded Assets to transfer or otherwise convey such assets to the Company or its nominee prior to the Closing by means of a dividend, distribution in kind or other transfer without consideration; (v) engaging in any other transaction incident to the normal cash management procedures of the Company and its Subsidiaries, including, without limitation, short-term investments in bank deposits, money market instruments, time deposits, certificates of deposit and bankers' acceptances and borrowings for working capital purposes and purposes of providing additional funds to Subsidiaries made, in each case, in the ordinary course of business, consistent with past practice; or (vi) entering

into the Merger Agreement or complying with the terms thereof.

8.2 Access. (a) Upon reasonable notice, and except as may otherwise be

required by applicable Laws, the Company shall (and the Company shall cause its Subsidiaries to) afford Buyer's officers, employees, counsel, accountants and other authorized representatives (including representatives of entities providing or arranging financing for the Buyer) ("Representatives") reasonable access, during normal business hours throughout the period prior to Closing, to their respective properties, books, Contracts and records that relate primarily to the Business, the Purchased Assets or the Assumed Liabilities and, during such period, the Company shall (and shall cause its Subsidiaries to) furnish promptly to Buyer all such information and reasonable access to the Company's employees, in each case to the extent related to the Business, the Purchased Assets or the Assumed Liabilities, as Buyer or its Representatives may reasonably request; provided that no investigation pursuant to this Section shall affect or be deemed to modify any representation or warranty made by the Company; provided, further, that the foregoing shall not require the Company to furnish Buyer with documents or information concerning its toothpaste/tooth polish or antiperspirant/deodorant businesses which the Company reasonably determines to have competitive significance; and provided, further, that the foregoing shall not require the Company to permit any inspection, or to disclose any information, which in the reasonable judgment of the Company, would result in the disclosure of any trade secrets of third parties or violate any obligation of the Company with respect to confidentiality, provided that the Company shall have used commercially reasonable efforts to obtain the consent of such third party to such inspection or disclosure. All requests for information made pursuant to this Section shall be directed to an executive officer of the Company or such Person as may be designated by any such officer. All such information shall be governed by the terms of the Confiden tiality Agreements.

(b) Within 14 days following the date of this Agreement, the Company and Buyer shall establish a Steering Committee comprised of at least one senior executive of Buyer and one senior executive of the Company (the "Steering Committee"). During the period prior to the Closing, the Parties shall cause members of the Steering Committee to

discuss in good faith the development of reasonable plans, protocols and arrangements designed to facilitate (i) the rapid integration of the Company's information technology systems immediately following the Closing and (ii) the separation of the Company's accounting records, inventories, receivables and bank accounts as between the Business and the Company's other businesses. The plans, protocols and arrangements with respect to information technology matters shall address, among other things, the installation by Buyer of hardware in the Company's facilities, the training of Company employees and means of facilitating Buyer's design of compatible information technology systems, the provision to Buyer by the Company of sample data files prior to the Closing and the transfer of data files to Buyer's system following the Closing. The Company will cooperate with Buyer and assist Buyer in effecting the actions and initiatives set forth in the plans, protocols and arrangements developed by the Steering Committee; provided, however, that this Section 8.2(b) and the plans, protocols and arrangements developed by the Steering Committee shall not require the Company to incur out-of-pocket expenses, require Company personnel to devote significant amounts of time to integration activities, require the Company to provide sales, production, operations or business data to Buyer, or require the Company to suffer a meaningful disruption of its operations.

8.3 Stockholder Approval. (i) Subject to fiduciary obligations under applicable Laws, the Board of Directors of the Company shall recommend the approval of the Purchase and the Transactions to holders of Company Shares and (ii) the Company will take, in accordance with applicable Laws and its certificate of incorporation and bylaws, all action necessary to convene a meeting of the stockholders to vote on the Mergers and the Purchase.

8.4 Proxy Statement. The Company shall prepare and file with the SEC a

proxy or information statement with respect to the solicitation of consents or proxies relating to the Mergers and the Purchase (the "Proxy Statement") as promptly as practicable and promptly thereafter mail the Proxy Statement to the holders of Company Shares. Buyer and the Company each agree, as to itself and its Subsidiaries, that none of the information supplied or to be supplied by it or its Subsidiaries for inclusion or incorporation by reference in the Proxy Statement and any amendment or supplement thereto will, at the date of mailing to

stockholders and at the time of the action constituting the Company Requisite Vote, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, no representation is made by Buyer or its Subsidiaries with respect to statements made or incorporated by reference by the Company in the Proxy Statement based on written information supplied by the Company or its Subsidiaries.

8.5 Filings; Other Actions; Notification. (a) The Company and Buyer shall cooperate with each other and shall use (and shall cause their respective Subsidiaries to use) their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable on its part under this Agreement and applicable Laws to as promptly as practicable consummate and make effective the Transactions, including preparing and filing as promptly as practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as practicable all Permits necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the Transactions. Whenever this Agreement requires the Company to take any action, such requirement shall be deemed to include an undertaking on the part of the Company to cause each of its relevant Subsidiaries to take such action and a guarantee of the performance thereof. Subject to applicable Laws and the terms of any relevant agreements with third parties relating to the exchange of information, Buyer and the Company shall have the right to review in advance, and to the extent practicable each will consult the other on, all the information relating to Buyer or the Company, as the case may be, and any of their respective Subsidiaries, that appears in any filing made with, or written materials submitted to, any third party and/or any Governmental Entity in connection with obtaining the Permits required to consummate the Transactions and the Mergers. In exercising the foregoing right, each of the Company and Buyer shall act reasonably and as promptly as practicable.

(b) The Company and Buyer each shall, upon request by the other, furnish the other with all information concerning itself, its Subsidiaries, directors, officers and

stockholders and such other matters as may be reasonably necessary or advisable in connection with the Proxy Statement or any other statement, filing, notice or application made by or on behalf of Buyer, the Company or any of their respective Subsidiaries to any third party and/or any Governmental Entity in connection with obtaining the Permits required to consummate the Transactions and the Mergers.

(c) Subject to applicable Laws and the terms of any relevant agreements

with third parties, the Company and Buyer each shall keep the other apprised of the status of matters relating to completion of the Transactions and the Mergers, including promptly furnishing the other with copies of notices or other communications received by Buyer or the Company, as the case may be, or any of its Subsidiaries, from any third party and/or any Governmental Entity with respect to the Transactions and the Mergers (including obtaining the Permits required to consummate the Transactions); provided that in respect of any communication to or from (or meeting with) any Governmental Entities relating to the Transactions and the Mergers or obtaining such Permits, each Party shall use its reasonable best efforts to afford the other with advance notice of, and a meaningful opportunity to participate in, any such communications, including, without limitation, a right to attend, with advisors present, any meetings (telephonic or in person) with such Governmental Entities.

(d) Without limiting the generality of the undertakings pursuant to this Section 8.5, the Company (in the case of clauses (i) and (iii)) and Buyer (in all cases set forth below) agree to take or cause to be taken the following actions: (i) provide promptly to any and all federal, state, local or foreign courts or Government Antitrust Entities information and documents requested by any Government Antitrust Entity or necessary, proper or advisable to permit consummation of the Transactions; (ii) the proffer by Buyer of its willingness to sell or otherwise dispose of, or hold separate and agree to sell or otherwise dispose of, and the sale of, such assets, categories of assets or businesses of the Company or Buyer or either's respective Subsidiaries (and to enter into agreements with the relevant Government Antitrust Entity giving effect thereto) no later than 90 days from the date of this Agreement if such action should be reasonably necessary or advisable to avoid the commencement of a proceeding to delay, restrain, enjoin or otherwise prohibit consummation of the transactions contem-

plated by this Agreement by any Government Antitrust Entity; and (iii) take promptly, in the event that any Order is entered or becomes reasonably foreseeable to be entered in any proceeding that would make consummation of the Transactions unlawful or that would prevent or delay consummation of the Transactions, any and all steps consistent with their "reasonable best efforts" obligations (including the appeal thereof, the posting of a bond or the taking of the steps contemplated by clause (ii) of this paragraph) necessary to vacate, modify or suspend such Order so as to permit such consummation on a schedule as close as possible to that contemplated by this Agreement.

(e) Without limiting the generality of the undertakings pursuant to this Section 8.5, the Company agrees to provide, and shall cause its Subsidiaries and shall use its reasonable best efforts to cause its and their respective officers, employees and advisors, including KPMG LLP, to provide, reasonable assistance to Buyer in connection with the completion of the financings contemplated in the Financing Arrangements to be consummated contemporaneously with or at or after the Closing in respect of the Transactions.

(f) Without limiting the generality of the undertakings pursuant to this Section 8.5, Buyer agrees to use its reasonable best efforts to (i) enter into definitive documentation with respect to the financings contemplated by the Financing Arrangements on substantially the same terms reflected in the Financing Arrangements, (ii) negotiate a substantially complete form (subject to customary review and comment by the banks in the syndicate group) of definitive agreements with respect to the senior credit facilities contemplated thereby prior to the mailing of the Proxy Statement (although signing may be delayed until a later date), and (iii) to satisfy all conditions applicable to Buyer in such definitive documentation. Buyer will keep the Company informed on a regular ongoing basis of the status of the efforts to obtain such financings and will use its reasonable best efforts to (i) provide the Company and its advisors, on a current basis, drafts and final versions of the definitive documentation

related to the Financing Arrangements, with an opportunity to provide comments to Buyer thereon and (ii) assure that any conditions to funding the Financing Arrangements relating to loan syndication are satisfied at or prior to the time that all other conditions to the Closing are expected to be satisfied. In the event

any portion of the financings contemplated by the Arrangements becomes unavailable in the manner or from the sources originally contemplated, Buyer will use its reasonable best efforts to obtain any such portion from alternative sources on substantially comparable terms, if available, or if not substantially comparable, on terms and conditions satisfactory to Buyer in its sole discretion.

8.6 Equitable Assignment. Notwithstanding anything to the contrary contained in this Agreement, to the extent that the sale, assignment, transfer, conveyance or delivery or attempted sale, assignment, transfer, conveyance or delivery to Buyer, as contemplated hereunder, of any Purchased Assets is prohibited by any applicable Laws or would require any governmental or third party Permits, including the Permits listed in Section 6.3 of the Disclosure Letter, and such Permits shall not have been obtained prior to the Closing (such Permits, collectively, "Delayed Consents"), this Agreement shall not constitute a sale, assignment, transfer, conveyance or delivery, or any attempted sale, assignment, transfer, conveyance or delivery, thereof. Following the Closing the Parties shall use commercially reasonable efforts and shall cooperate with each other, to obtain promptly the Delayed Consents; provided that all reasonable out-of-pocket expenses of such cooperation and related actions shall be paid by Buyer. Pending receipt of the Delayed Consents or if such Delayed Consents are not obtained, the Parties shall cooperate with each other in any reasonable and lawful arrangements, effectively transferring to Buyer from and after the Closing, the rights and benefits of, and entitlements to exercise the Company's rights under, and effectively causing the Buyer to assume all Assumed Liabilities with respect to, such Purchased Assets and operations of the Business as if such assets and operations had been transferred by the Company to Buyer at Closing and any Liabilities associated with the arrangements specifically established by Buyer and the Company pursuant to this Section 8.6. Once any Delayed Consent is obtained, the Company shall assign, transfer, convey and deliver, or cause to be assigned, transferred, conveyed and delivered, such Purchased Assets and operations of the Business to Buyer at Buyer's expense with Buyer responsible for all reasonable out-of-pocket costs associated with the transfer of the relevant Purchased Assets and operations and any other Liabilities associated with such transfer and the ownership or operation of such Purchased Assets that would have comprised Assumed

Liabilities under this Agreement had such assets and operations been transferred by the Company to Buyer at Closing; provided that no additional consideration shall be paid by Buyer to the Company for such relevant Purchased Assets.

8.7 Complete Financial Statements. (a) The Company shall use its reasonable best efforts to deliver to Buyer (i) audited combined statements of earnings and statements of cash flows for the Purchased Assets and the Assumed Liabilities for the years ended March 31, 2000 and March 31, 1999, (ii) an audited combined balance sheet for the Purchased Assets and the Assumed Liabilities as of March 31, 2000, (iii) unaudited combined statements of earnings and statements of cash flows for the Purchased Assets and the Assumed

Liabilities for the nine months ended December 31, 2000, (iv) an unaudited combined balance sheet for the Purchased Assets and the Assumed Liabilities as of December 31, 2000, (v) an audited combined statement of earnings and an audited combined statement of cashflows for the Purchased Assets and the Assumed Liabilities for the year ended March 31, 2001, in each case together with reconciliations against the Purchased Assets and Assumed Liabilities excluding the Segregated Assets and Liabilities, and an audited combined balance sheet for the Purchased Assets and the Assumed Liabilities as of March 31, 2001, (vi) in the event that the Closing has not occurred by August 15, 2001, interim unaudited combined statements of earnings and cashflows for the Purchased Assets and Assumed Liabilities for the three-month periods ended June 30, 2000 and June 30, 2001 and interim unaudited combined balance sheets for the Purchased Assets and Assumed Liabilities for the three months ended June 30, 2000 and June 30, 2001, and (vii) in the event that the Closing has not occurred by November 15, 2001, interim unaudited combined statements of earnings and cashflows for the Purchased Assets and the Assumed Liabilities for the six-month periods ended September 30, 2000 and September 30, 2001 and unaudited combined balance sheets for the Purchased Assets and Assumed Liabilities for the six months ended September 30, 2000 and September 30, 2001, in each case prepared in accordance with GAAP (including GAAP requirements with respect to notes) and in compliance with requirements of Regulation S-X. The Company shall use its reasonable best efforts to deliver to Buyer the financial statements referred to in clauses (i) through (v) of the previous sentence (the "May Deliverables") by May 25, 2001. The Company shall cause its

auditors to meet with Buyer and permit Buyer to review the auditors' workpapers concerning the May Deliverables, but Buyer shall not be permitted to copy such workpapers. The Company shall use its reasonable best efforts to deliver to Buyer (i) audited statements of earnings and statements of cash flows for the Purchased Assets and the Assumed Liabilities which do not include the "Arrid" or "Lady's Choice" product lines or the Lambert Kay business for the years ended March 31, 2001, March 31, 2000 and March 31, 1999, (ii) audited balance sheets for the Business which do not include the "Arrid" or "Lady's Choice" product lines or the Lambert Kay business as of March 31, 2001 and March 31, 2000, (iii) in the event that the Closing has not occurred by August 15, 2001, interim unaudited statements of earnings and cashflows for the Purchased Assets and the Assumed Liabilities which do not include the "Arrid" or "Lady's Choice" product lines or the Lambert Kay business for the three-month periods ended June 30, 2000 and June 30, 2001 and interim unaudited balance sheets for the Purchased Assets and Assumed Liabilities which do not include the "Arrid" or "Lady's Choice" product lines or the Lambert Kay business as of June 30, 2000 and June 30, 2001, and (iv) in the event that the Closing has not occurred by November 15, 2001, interim unaudited statements of earnings and cashflows for the Purchased Assets and the Assumed Liabilities which do not include the "Arrid" or "Lady's Choice" product lines or the Lambert Kay business for the six-month periods ended September 30, 2000 and September 30, 2001 and interim unaudited balance sheets for the Purchased Assets and Assumed Liabilities which do not include the "Arrid" or "Lady's Choice" product lines or the Lambert Kay business as of September 30, 2000 and September 30, 2001, in each case prepared in accordance with GAAP (including GAAP requirements with respect to notes) and in compliance with requirements of Regulation S-X. The Company shall use its reasonable best efforts to deliver to Buyer the financial statements referred to in clauses (i) and (ii) of the previous sentence by June 30, 2001. The Company shall use its reasonable best efforts to deliver to Buyer (i) audited statements of earnings and statements of cash flows for the "Arrid" and "Lady's Choice" product lines and the Lambert Kay business for the years ended March 31, 2001, March 31, 2000 and March 31, 1999, (ii) audited balance sheets for the "Arrid" and "Lady's Choice" product lines and the Lambert Kay business as of March 31, 2001 and March 31, 2000, (iii) in the event that the Closing has not occurred by August 15, 2001, interim unaudited statements of earnings and cashflows

for the "Arrid" and "Lady's Choice" product lines and the Lambert Kay business for the three-month periods ended June 30, 2000 and June 30, 2001 and interim unaudited balance sheets for the "Arrid" and "Lady's Choice" product lines and the Lambert Kay business as of June 30, 2000 and June 30, 2001, and (iv) in the event that the Closing has not occurred by November 15, 2001, interim unaudited statements of earnings and cashflows for the "Arrid" and "Lady's Choice" product lines and the Lambert Kay business for the six-month periods ended September 30, 2000 and September 30, 2001 and interim unaudited balance sheets for the "Arrid" and "Lady's Choice" product lines and the Lambert Kay business as of September 30, 2000 and September 30, 2001, in each case prepared in accordance with GAAP (including GAAP requirements with respect to notes) and in compliance with requirements of Regulation S-X. The Company shall use its reasonable best efforts to deliver to Buyer the financial statements referred to in clauses (i) and (ii) of the previous sentence by June 30, 2001.

(b) From the date hereof until the Closing Date, the Company shall use its reasonable best efforts to deliver to Buyer, promptly following the internal circulation thereof, (i) such monthly management reporting packages for the Company's Carter Products, Lambert Kay and International divisions as the Company prepares in the ordinary course of business, and (ii) such Friday sales reports for the Company's Carter Products and Lambert Kay divisions as the Company prepares in the ordinary course of business.

(c) The Company shall cause the cash held by the Transferred Subsidiaries as of the Closing (other than the Carter-Horner Retained Cash Amount) to be held by the Transferred Subsidiaries (other than Carter-Horner Inc.) in ratable portions not materially inconsistent with their respective ratable portions of the cash held by the Transferred Subsidiaries (other than Carter-Horner Inc.) as reflected in the Audited Financial Statements.

8.8 Intercompany Accounts. Intercompany accounts between the Company or any of its Subsidiaries, on the one hand and any Transferred Subsidiary, on the other hand ("Intercompany Accounts") in respect of goods sold in the ordinary course of business shall be paid in full 30 days after Closing and all other Intercompany Accounts will be canceled without payment prior to the Closing.

8.9 Publicity. The initial press release concerning the Transactions shall be a joint press release approved in advance by the Company and Buyer and thereafter the Company and Buyer each shall consult with each other prior to issuing any press releases or otherwise making public announcements with respect to the Transactions and prior to making any filings with any third party and/or any Governmental Entity (including any national securities exchange or interdealer quotation service) with respect thereto, except as may be required by applicable Laws or by obligations pursuant to any listing agreement with or rules of any national securities exchange or interdealer quotation service on which the securities of the Company or Buyer or its Affiliates are listed or quoted.

8.10 No Solicitation and No Hiring. For a period of 24 months following the Closing Date, the Company and its Affiliates (excluding MedPointe Capital Partners, L.L.C., Cypress Associates II, LLC and TC Group, LLC and their respective Affiliates that are not otherwise Affiliates of the Company) shall not directly or indirectly solicit for employment or hire as an employee or consultant, any of the Transferred Employees or other employees of Buyer or its

Affiliates engaged in the Business unless such employee's employment is earlier terminated by Buyer. For a period of 24 months following the Closing Date, Buyer and its Affiliates (excluding Financial Bidder and its Affiliates that are not otherwise Affiliates of the Company) shall not directly or indirectly solicit for employment or hire as an employee or consultant, any employee (other than an Transferred Employee) who works for the Company or its Affiliates unless such employee's employment is earlier terminated by the Company. Notwithstanding the foregoing, this Section 8.10 shall not prevent either Buyer or Company (or any of their respective Affiliates or any Person acting on their behalf) from conducting general searches for employees by use of advertisements or the media that are not directly targeted at the employees of the other Party.

8.11 Acquisition Proposals. (a) The Company agrees that neither it nor any Subsidiary of the Company nor any of their respective officers or directors shall, and that it shall direct and cause its and such Subsidiaries' employees, agents and representatives (including any investment banker, attorney or accountant retained by them or any of the Company's Subsidiaries) not to, directly or indirectly, (i) initiate, solicit, encourage or otherwise

facilitate any inquiry or the making of any proposal or offer with respect to a merger, reorganization, share exchange, consolidation, purchase or similar transaction involving (A) more than 15% of the consolidated assets of the Company primarily related to the Business (a "Business Acquisition Proposal"); (B) more than 15% of the consolidated assets of the Company primarily related to the operations of the Company other than the Business (such operations, the "Healthcare Business" and such a proposal, a "Healthcare Acquisition Proposal"); or (C) more than 15% of the outstanding equity securities of the Company or more than 15% of the consolidated assets primarily related to the Business and the consolidated assets primarily related to the Healthcare Business (a "Company Acquisition Proposal", any Business Acquisition Proposal, Healthcare Acquisition Proposal or Company Acquisition Proposal being referred to as an "Acquisition Proposal"); (ii) engage in any negotiations concerning, or provide any confidential information or data to, or have any substantive discussions with, any Person relating to an Acquisition Proposal, or otherwise facilitate any effort or attempt to make or implement an Acquisition Proposal (including by entering into any letter of intent or similar document or any contract, agreement or commitment with any Person making such an Acquisition Proposal) or (iii) approve, endorse or recommend any Acquisition Proposal; provided, however, that prior to the effectiveness of the Company Requisite Vote, nothing contained in this Agreement shall prevent the Company, its directors, officers, agents or other representatives from (A) complying with its disclosure obligations under applicable Law; (B) providing information in response to a request therefor by a Person who has made an unsolicited bona fide written Acquisition Proposal if the Board of Directors receives from the Person so requesting such information an executed confidentiality agreement on terms substantially similar to those contained in the Confidentiality Agreements, it being understood that such confidentiality agreement will not prohibit the making of an Acquisition Proposal; (C) engaging in any negotiations or discussions with any Person who has made an unsolicited bona fide written Acquisition Proposal or entering into an agreement with such Person solely with respect to the payment by such Person of amounts payable to Buyer pursuant to Section 11.5(b) or to Parent pursuant to Section 8.5(b) of the Merger Agreement; (D) approving, recommending or endorsing such an Acquisition Proposal to the stockholders of the Company (which, in the case of a Business Acquisition

Proposal or Company Acquisition Proposal, shall be deemed to be a withdrawal or modification of the recommendation of this Agreement by the Board of Directors of the Company), or (E) following the termination of the Merger Agreement pursuant to Section 8.3(a) thereof, entering into an agreement with a Person who has made an unsolicited bona fide written Healthcare Acquisition Proposal with respect to such Healthcare Acquisition Proposal, if and only to the extent that, (i) in each such case referred to in clause (B), (C), (D) or (E) above, the Board of Directors of the Company determines in good faith (after consultation with outside legal counsel) that failure to take such action would, in light of such Acquisition Proposal and the terms of this Agreement, be inconsistent with the fiduciary duties of the directors under applicable Law and (ii) (x) in the cases referred to in clause (B) or (C) above, the Board of Directors of the Company determines in good faith (after consultation with a financial advisor) that taking the actions permitted pursuant to such clauses with respect to an Acquisition Proposal could reasonably be expected to result in a Superior Proposal, assuming such Acquisition Proposal were consummated and (y) in the case referred to in clauses (D) or (E) above, the Board of Directors of the Company determines in good faith (after consultation with its financial advisor) that such Acquisition Proposal is a Superior Proposal. A Business Acquisition Proposal is a "Superior Proposal" if (i) the transaction (or series of transactions) pursuant to such Acquisition Proposal involves the direct or indirect (by stock acquisition or otherwise) acquisition by a third party of all or substantially all of the consolidated assets of the Company primarily related to the Business and (ii) the consummation of such transaction (or series of transactions) pursuant to such Acquisition Proposal, together with the consummation of the Mergers pursuant to the Merger Agreement, will be more favorable to the Company's stockholders from a financial point of view than the Purchase, taken together with the Mergers and, for purposes of the determination to be made in clause (D) or (E) above, in the good faith judgment of the Board of Directors of the Company, such transaction is reasonably likely to be financed by such third party. A Healthcare Acquisition Proposal is a "Superior Proposal" if (i) the transaction (or series of transactions) pursuant to such Acquisition Proposal involves the direct or indirect (by merger, stock acquisition or otherwise) acquisition by a third party of the Healthcare Business and (ii) the consummation of such transaction (or series of transactions)

pursuant to such Acquisition Proposal, together with the consummation of the Purchase, will be more favorable to the Company's stockholders from a financial point of view than the Mergers, taken together with the Purchase and such other transactions and, for purposes of the determination to be made in clause (D) or (E) above, in the good faith judgment of the Board of Directors of the Company, such transaction is reasonably likely to be financed by such third party. A Company Acquisition Proposal is a "Superior Proposal" if (i) the transaction (or series of transactions) pursuant to such Acquisition Proposal involves a third party unaffiliated with CPI acquiring, directly or indirectly, not less than a majority of the outstanding Company Shares (by merger, stock acquisition or otherwise) or acquiring directly or indirectly, all or substantially all of the consolidated assets of the Company, (ii) such transaction (or series of transactions) is reasonably likely to be consummated and (iii) the consummation of such transaction (or series of transactions) pursuant to such Acquisition Proposal will be more favorable to the Company's stockholders from a financial point of view than the combined effect of the Purchase and the Mergers. The Company agrees that it will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any Person conducted heretofore with respect to any Acquisition Proposals. The Company agrees that it will notify Buyer immediately if any such inquiries, proposals or offers are received by, any such information is requested from, or any such discussions or negotiations are sought to be initiated or continued with, any of its representatives.

(b) Buyer and its Affiliates shall not directly or indirectly (through Affiliates or otherwise), individually or as a group, enter into any agreement or other arrangement with any party to the Merger Agreement that would obligate any party to the Merger Agreement to refuse or otherwise fail to cooperate with the Company and its representatives or obligate any party to the Merger Agreement to oppose or otherwise act to thwart the Company's efforts to (i) negotiate with respect to a Business Acquisition Proposal or (ii) enter into a Business Acquisition Proposal that is a Superior Proposal.

(c) In the event the Company terminates the Merger Agreement pursuant to Section 8.3(a) thereof in order to enter into an agreement with respect to a Healthcare Acquisition Proposal that constitutes a Superior Proposal,

Buyer shall be required to accept (i) the acquirors of the Healthcare Business pursuant to such agreements as replacements for Parent, CPI Merger Sub and Company Merger Sub (the "Substitute Merger Parties") for purposes hereof and (ii) such agreement as a replacement for the Merger Agreement (such agreement and any related agreements, collectively, the "Substitute Merger Agreement") for purposes hereof if such Substitute Merger Parties and Substitute Merger Agreement would not, in the good faith judgment of Buyer (as compared with the Merger Agreement and the agreements entered into in connection therewith), materially and adversely affect the Buyer's rights or obligations hereunder and under the agreements executed and delivered in connection herewith (including the Ancillary Agreements, the Voting Agreement, the Shareholder Indemnification Agreement and the Fund Agreement), taking into account all relevant factors, including the terms and conditions of the Substitute Merger Agreement and the financial position of the Substitute Merger Parties. If the Company notifies Buyer that it intends, subject to not receiving a Section 8.11(c) Notice (as hereinafter defined), to terminate the Merger Agreement pursuant to Section 8.3(a) thereof in order to enter into a Substitute Merger Agreement pursuant to such Section 8.3(a) and, prior to or at the time of delivery of such notice, provides Buyer with a draft of such Substitute Merger Agreement and such documents and information relating to the Substitute Merger Parties and the transactions contemplated by the proposed Substitute Merger Agreement that are in the Company's possession or as may be reasonably obtained by the Company as Buyer may reasonably request, Buyer will notify the Company (the "Section 8.11(c) Notice") within three Business Days of such notice (not counting the day of receipt) following the date of receipt of such notice as to whether, in the exercise of its good faith judgment, such Substitute Merger Agreement with the Substitute Merger Parties would have any of the material adverse effects described above. If Buyer does not provide a Section 8.11(c) Notice within such three-day period, Buyer shall be deemed to accept the Substitute Merger Parties and the Substitute Merger Agreement. For purposes of this Agreement, upon execution and delivery by the Company and CPI of the substitute Merger Agreement, all references herein to the "Mergers" and the "Merger Agreement" shall become references to such Substitute Merger Agreement. It is further agreed that the giving by the Company to Parent of the notice that it intends to terminate this Agreement pursuant to Section 11.3(a) in order to enter

into a Substitute Asset Purchase Agreement and the drafts, documents and information contemplated by Section 6.2(b) of the Merger Agreement, shall not, in and of itself, provide Buyer a right to terminate this Agreement pursuant to Section 11.4.

8.12 Timing of Closing. (a) Buyer will cooperate with the Company in causing the Closing contemplated by the Merger Agreement and the Closing contemplated by this Agreement to occur and be effected on the same date and the Closing contemplated by this Agreement to immediately precede the Closing contemplated by the Merger Agreement; it being understood and agreed that the closing contemplated by the Merger Agreement and the Closing will not be consummated until all conditions to closing in the Merger Agreement and this Agreement and the conditions to the extension of financing by all respective financing sources (debt and equity) have been satisfied or waived and the parties to this Agreement and the Merger Agreement and their respective financing sources (debt and equity) have entered into an appropriate agreement reasonably satisfactory to the Company (the "Closing Agreement") to such effect.

(b) Without the prior written consent of Buyer, which shall not be unreasonably withheld, delayed or conditioned, the Company shall not amend or modify the Merger Agreement in a manner that materially and adversely affects Buyer's rights and obligations hereunder. Subject to the foregoing, the Company shall deliver promptly to Buyer copies of all amendments or modifications to the Merger Agreement.

(c) Without the prior written consent of the Company, which shall not be unreasonably withheld, delayed or conditioned, Strategic Buyer and Buyer shall not amend or modify the Product Line Purchase Agreement in a manner that would materially and adversely affect the Company. Without the prior written consent of Buyer, which shall not be unreasonably withheld, delayed or conditioned, the Company will not terminate the Merger Agreement pursuant to Section 8.1 thereof. Subject to the foregoing, Buyer shall deliver promptly to the Company copies of all amendments or modifications to the Product Line Purchase Agreement. The Company and Buyer shall cooperate in causing the Closing contemplated by the Product Line Purchase Agreement to be effected in accordance therewith.

8.13 Insurance. The Company will use its reasonable best efforts to ensure that, at or prior to Closing, the Buyer is named as an additional insured under each of the Company's insurance policies in effect on the date of this Agreement.

8.14 Sofibel S.A.R.L. Conversion. Subject to and in accordance with the applicable requirements of French Law, the Company shall use its reasonable best efforts to convert (by merger or otherwise) its Subsidiary Sofibel S.A.R.L. prior to Closing from an S.A.R.L. entity into an S.A.S. or S.A. entity, at Buyer's request, exercisable once. If such conversion has been effected, Buyer shall not convert Sofibel S.A.S. or S.A., as the case may be, again into an S.A.R.L. entity for a period of five years following the Closing. All references in this Agreement, the Disclosure Letter and any Ancillary Agreements to Sofibel S.A.R.L. shall be deemed to be references to Sofibel S.A.S or S.A., as the case may be, following the effectiveness of such conversion.

8.15 Carter-Horner Taxes. Buyer agrees to cause Carter-Horner to pay to the Company any amounts actually withheld, deducted or otherwise collected by Carter-Horner with respect to any distribution or other payment made with respect to shares of Carter-Horner stock in excess of any Taxes required to be so withheld, deducted or otherwise collected.

ARTICLE IX

Employees and Benefits

9.1 Employees and Service Crediting.

(a) Offer of Employment with Buyer. (i) The parties hereto intend that there shall be continuity of employment with respect to all Available Employees who become Transferred Employees. Except where applicable Laws provide for an automatic transfer of employees upon the transfer of a business as a going concern, Buyer shall make an offer of employment effective as of the Closing to each Available Employee (including those on vacation, and Leave Recipients (as defined in Section 9.1(c)) on the Closing Date which offer, except as provided below, shall include a base salary or wages not less than as in effect with respect

to each such Employee at Closing and shall not require that such Employee relocate to a work location more than 45 miles from such Employee's current work location. In addition to the foregoing base salary, wage and location terms, except as provided below such offer shall provide for substantially comparable total benefits and compensation in the aggregate for the group of Employees taken as a whole (including short-term bonus opportunities, but excluding equity compensation and post-retirement health and welfare except for Employees with Executive Employment Agreements and Change in Control Agreements listed on Section 6.7(a) of the Disclosure Letter and also excluding the Executive Automobile Policy described in Section 8.1(b)(v) of the Disclosure Letter)) to such total benefits and compensation provided by the Company in the aggregate for all Available Employees taken as a whole as of the Closing. Each offer shall also contain the covenant of Buyer set forth in subsections 9.1(e), 9.1(f), 9.1(h)(i)), 9.1(i)(ii) and (iii), and 9.1(j) below. The requirement of comparability of benefits shall not apply to Employees covered by a collective bargaining agreement. Prior to the Closing Date, the Company shall cooperate with and use commercially reasonable efforts to assist Buyer in its efforts to secure reasonably satisfactory employment arrangements with the Available Employees. Each Available Employee who accepts an offer of employment with Buyer shall become and shall be referred to herein as a "Transferred Employee."

(ii) Notwithstanding anything to the contrary herein, Buyer shall also have the ability to make employment offers which are not "comparable" to their current terms and conditions to up to thirty Available Employees, which offer shall describe the provisions of this Section 9(a)(ii), in which case if the Available Employee rejects such offer (but only if he or she rejects such offer), Buyer shall be responsible for such Employee's severance pay as specified in the Change in Control Severance Plan set forth in Section 9.1(d) of the Disclosure Letter (the "CIC Severance Plan") (or other applicable severance arrangement for Employees not covered by the CIC Severance Plan), and Buyer shall indemnify the Company for all such severance obligations with respect to such Available Employees. In the event an Available Employee accepts an offer with Buyer with a Base Salary (as defined in the CIC Severance Plan) less than such employee's Base Salary at the Closing Date or location more than 45 miles from such Employee's principal place of employment at the time of such offer, if consented

to by such Employee in writing upon accepting such offer such Employee shall not be entitled to severance pay by reason of such noncomparable employment, however such new Base Salary or location will become the benchmark Base Salary or location to determine eligibility for severance for Good Reason (as defined in the CIC Severance Plan) thereafter, but shall not affect the calculation of the amount of severance payments under any circumstances, as provided in the CIC Severance Plan. In all other respects, such group of Available Employees shall

be treated as other Available Employees under this Section 9.1. Nothing herein shall be construed as a guarantee of any length of employment or shall restrict Buyer's ability to terminate any Transferred Employee, subject to any applicable Laws, employment agreements or collective bargaining agreements.

(b) Adjustment of Available Employees for Subsequently Hired Employees. An employee hired by the Company after the date hereof who would have been an Available Employee but for not being employed on the date hereof shall become an Available Employee as of the date of hire. An Employee who is on the Available Employee list who retires (under the terms of the applicable qualified defined benefit pension plan) or dies prior to the Closing Date shall be removed from the Available Employee list. Approximately five Business Days prior to Closing, the Company shall furnish to Buyer an updated list of Available Employees as of such date.

(c) Special Provisions for Leave Recipients. (i) Any offer of employment extended pursuant to Section 9.1(a) to an Available Employee who is not actively at work on the date of such offer as a result of short-term disability leave, or other approved personal leave (including, without limitation, military leave with re-employment rights under federal law, leave with right of re-employment under any collective bargaining agreement and leave under the Family Medical Leave Act of 1993), (individually, a "Leave Recipient" and collectively the "Leave Recipients") will remain effective until such Available Employee's termination of such short-term disability or approved leave of absence, respectively, provided that he or she returns to active service before the later of (A) 180 days following the Closing Date or (B) the date such employee's re-employment rights expire under the applicable agreement or applicable Laws. Prior to returning to active status, such Leave Recipient shall continue to

receive benefits, if any, to which he or she is entitled pursuant to the applicable agreement or under the Compensation and Benefit Plans maintained by the Company; provided that to the extent compensation or benefits paid or provided to such a Leave Recipient under the Company's Compensation and Benefit Plans is not fully covered by the Company's insurance, Buyer shall reimburse the Company for the dollar value of any such compensation and benefits that are not covered.

(ii) When the Leave Recipient returns to active status pursuant to the terms of clause (i) above and accepts Buyer's offer of employment, such Leave Recipient shall be considered a Transferred Employee (as defined above) and the following provisions shall apply: (A) the Leave Recipient shall cease to be eligible for coverage and benefits under any employee benefit plans or programs maintained by the Company (including, without limitation the Compensation and Benefit Plans) except to the extent, if any, that such coverage and benefits are required by the terms of the Company's plans, applicable Law or by this subsection (c); (B) the Leave Recipient, upon becoming a Transferred Employee, shall become eligible for coverage and benefits under all employee benefit plans or programs maintained by Buyer under the same terms and conditions that apply to other Transferred Employees; and (C) the Leave Recipient's period of leave shall be treated as a period of service under the employee benefit plans and programs of Buyer to the same extent as if the Leave Recipient had received benefits under a similar plan or was subject to a similar policy of Buyer except to the extent such service credit will result in duplication of benefits to the Leave Recipient.

(iii) Any Leave Recipient who (A) was receiving short-term disability benefits under a Compensation and Benefit Plan, (B) becomes a Transferred Employee under Section (ii) above, and (C) terminates employment with Buyer within the time period in the applicable company policy under circumstances relating to the same infirmity (as defined in the applicable company policy)

which gave rise to the short-term disability that existed on the Closing Date that would entitle such person to benefits under a Compensation and Benefit Plan that is a long term disability plan, shall receive such benefits as are provided under such Company plan. Any benefits under a Buyer plan shall be

provided in accordance with, and subject to, the terms of such plan.

(d) Buyer Benefit Obligation. Buyer shall establish and maintain until June 30, 2002 employee benefit plans, programs, policies and arrangements for Transferred Employees which provide benefits to the Transferred Employees that, as a group, are substantially comparable in the aggregate to those provided to the Transferred Employees, as a group, under the applicable Compensation and Benefit Plans in effect on the Closing Date (other than equity compensation and post-retirement health and welfare, except for those Transferred Employees with Executive Employment Agreements or Change in Control Agreements listed on Section 6.7(a) of the Disclosure Letter, and also other than the Executive Automobile Policy, described on Section 8.1(b)(v) of the Disclosure Letter); provided, however, that the requirements of this sentence shall not apply to Transferred Employees who are covered by a collective bargaining agreement. Such requirement shall be applied based upon the benefits offered to Transferred Employees generally, and shall not be applied on an employee-by-employee basis, nor shall any lack of equity-based compensation, post-retirement health and welfare coverage of active employees (other than those executives entitled to benefits under the Corporate Officer Medical Expense Reimbursement Plan), or lack of Executive Automobile Policy, be taken into account in making such determination. Notwithstanding the above aggregation, Buyer shall accept assignment, and assume, from the Company or its Subsidiaries all employment and change in control agreements to which any Available Employee is a party and Buyer shall assume the obligation to provide severance pay and benefits to Available Employees no less favorable than the benefits provided pursuant to the severance plan set forth in Section 9.1(d) of the Disclosure Letter (to the extent such Employee is covered by such plan). Except as expressly provided in Section 9.1(c) or as required by law, all Available Employees shall cease accruing benefits under and shall cease to participate in the Compensation and Benefit Plans as of the Closing Date.

(e) Payment of Bonuses. At the earlier of such Employee's termination of employment (except termination for cause as defined in the CIC Severance Plan, which termination has no bonus entitlement) or April 1, 2002, Buyer shall pay to each Available Employee who is employed

immediately prior to Closing, other than employees covered by a collective bargaining agreement or employees whose employment agreement or other individual agreement otherwise provides for such payment, a payment equal to a pro rata portion of such employee's target bonus, if any, under the Company's annual incentive bonus plan(s) in which such employee is a participant, for the portion of the bonus year that has elapsed from April 1, 2001 until the Closing Date.

(f) Recognition of Service. On and after the Closing Date and for purposes of eligibility, vesting, vacation entitlement and severance benefits under all employee compensation and benefit plans of Buyer, each Transferred Employee shall receive full credit from Buyer for all prior service properly credited under the Compensation and Benefit Plans. Section 6.7(b)(1) of the Disclosure Letter may be conclusively relied upon by Buyer in crediting service

in accordance with this Section.

(g) Compensation and Benefit Plan Assets to be Transferred to Buyer. As soon as practicable after the Closing Date, the Company agrees to cause the trustee of the Assumed Pension Plan to transfer to the trustee of the Buyer's pension plan all assets with respect to the Assumed Pension Plan. As of the Closing Date, Buyer shall assume all Liabilities with respect to the Assumed Pension Plan. Seller shall transfer or shall cause the trustee to transfer, effective as of the Closing Date, assets with respect to the life insurance policies underlying the Split Dollar Agreements listed on Section 6.7(a) of the Disclosure Letter with respect to Transferred Employees. As of the Closing Date, Buyer shall assume all Liabilities with respect to such Split Dollar Agreements. Except as described in subsection (h)(iii) below, no assets will be transferred in connection with this Agreement in respect of any Compensation and Benefit Plan other than the Assumed Pension Plan and the life insurance policies underlying the Split Dollar Agreements listed on Section 6.7(a) of the Disclosure Letter.

(h) Buyer Savings Plan. (i) As of the Closing Date, Buyer shall establish and maintain a tax-qualified defined contribution plan (the "Buyer Savings Plan"). All Transferred Employees will be eligible to participate in the Buyer Savings Plan.

(ii) Distributable Event. If a distribution is permissible under Section 401(k) of the Code, as determined by the Company in its sole discretion, the Company will permit each Transferred Employee to elect a distribution of benefits from the applicable tax-qualified defined contribution plan maintained by the Company (the "Company Savings Plan"). If the Company permits Transferred Employees to elect distributions, Buyer will cause the Buyer Savings Plan to accept a direct rollover of the portion of a Transferred Employee's distribution which constitutes an eligible rollover distribution, including any outstanding loans and related promissory notes.

(iii) Plan-to-Plan Transfer. If the Company determines in accordance with the foregoing that a distribution is not permissible under Section 401(k) of the Code, then Buyer and the Company agree to use their reasonable best efforts to effect a plan to plan transfer of the account balances and related Liabilities of the Transferred Employees, except to the extent the Company elects to allow Transferred Employees to choose to retain their account balances in the Company Savings Plans (and to the extent Transferred Employees elect to so retain their account balances). Such a transfer (if any) shall occur on or as soon as practicable after the Closing Date. To implement such a transfer (if any), the Company shall direct the trustee(s) of the Company Savings Plans to transfer to the trustee or funding agent of the Buyer Savings Plan an amount in cash or kind (as determined by the Company with the consent of Buyer, which shall not be unreasonably withheld) equal in value to the account balances of the Transferred Employees covered by the Company Savings Plans as of the date of the transfer (other than any such employees who are permitted by the Company to elect, and who so elect, to retain such account balances in the Company Savings Plans); provided that to the extent the account balances to be transferred consist in whole or in part of outstanding loans, the Company shall direct the trustee(s) of the Company Savings Plans to transfer to the trustee or funding agent of the Buyer Savings Plan, in lieu of cash, the promissory notes and related documents evidencing such loans. Buyer and the Company shall take such actions as may be required to effect the assignment of such loans by the trustee(s) of the Company Savings Plans to the trustee or funding agent of the Buyer Savings Plan. In addition, the transfer procedure (if any) shall ensure that all account balances of Transferred Employees remain invested, or

receive a reasonable rate of return, throughout the transfer process. As of the date and to the extent that assets from the Company Savings Plan are transferred to a Buyer Savings Plan, all Liabilities related to or arising from such assets shall be assumed by Buyer Savings Plan.

(iv) Matching Contributions. All required matching contributions with respect to the Transferred Employees' contributions to the Company Savings Plans that are eligible for matching and made before the Closing Date (or with respect to compensation earned by such Transferred Employees prior to the Closing Date but paid by the Company and its Affiliates after the Closing Date) shall be made by the Company, without regard to any year of service or last day of Plan year active employment requirements (and the Company Savings Plan shall be amended, if necessary, to accomplish this result). Such matching contributions shall be made not later than the date on which all other matching contributions are made to the Company Savings Plans with respect to contributions made at the same time as the Transferred Employees' contributions.

(i) Welfare Plans and Other Unfunded Plans. (i) The Company shall retain responsibility for all medical, dental, cafeteria plan, Accidental Death and Dismemberment, life and short- and long-term disability insurance claims, workers compensation, and all other welfare and fringe benefit claims (x) incurred by Employees who are not Available Employees or employees of the Transferred Subsidiaries as of the Closing Date and (y) incurred by Available Employees prior to the Closing Date; provided that Buyer shall assume, and shall reimburse the Company for, 60% of any retiree medical liability incurred with respect to any Covered Retiree. The Company shall not offer any severance, through the Company's regular severance program or otherwise, to Available Employees who do not become Transferred Employees, except as described in Section 9.1(a)(ii) or as disclosed pursuant to an individual agreement in Section 6.7(a) of the Disclosure Letter. Except as otherwise expressly provided in this Agreement with respect to Covered Retirees, the Company shall retain responsibility for all compensation and benefits (including, without limitation, retiree medical), for any Available Employee who retires or dies on or before the Closing Date. For purposes of this paragraph, a claim shall be deemed to have been incurred when the medical or other service giving rise to the claim is performed, except that disability

(including workers compensation) claims shall be deemed to have been incurred on the date the Employee becomes disabled as determined under the terms of the applicable Compensation and Benefit Plan. Notwithstanding the foregoing but subject to Sections 8.1(b)(viii) and 9.1(i)(i), Buyer shall be liable for severance and termination obligations for Available Employees who quit, resign or are otherwise terminated prior to the Closing Date, other than Available Employees who retire (under the terms of the applicable defined benefit pension plan) or die prior to the Closing Date, for whom such obligations shall be retained by the Company (subject to the Buyer's assumption of liabilities with respect to Covered Retirees as expressly provided herein). For the avoidance of doubt, Buyer shall be liable for any severance and termination obligations incurred as a result of the consummation of the Transactions for Available Employees and the Company shall retain liability for severance paid to Employees who are not Available Employees and not employees of the Transferred Subsidiaries.

(ii) Buyer agrees to cause each of its medical, dental and health plans

that provides coverage to a Transferred Employee to (A) waive any preexisting conditions, waiting periods and actively at work requirements under such plans, other than limitations or waiting periods that are already in effect with respect to such employees and that have not been satisfied as of the Closing Date under any welfare plan maintained for the Transferred Employees immediately prior to the Closing Date and (B) cause such plans to honor any expenses incurred by the Transferred Employees and their beneficiaries under similar plans of the Company during the portion of the calendar year prior to the Closing Date for purposes of satisfying applicable deductible, co-insurance and maximum out-of-pocket expenses.

(iii) Beneficiary Coverage. References herein to a benefit with respect to a Transferred Employee or Available Employee shall include, where applicable, benefits with respect to any eligible dependents and beneficiaries of such Transferred Employee or Available Employee under the terms of the relevant employee benefit policy, plan, arrangement, program, practice, or agreement.

(iv) The Company shall retain all Liabilities under the Compensation and Benefit Plans listed on Section 9.1(i)(iv) of the Disclosure Letter.

(v) At the Closing, Buyer shall execute and deliver the letter attached hereto as Exhibit I, to the recipients described therein.

(j) Vacation. The Company shall not pay out to Employees vacation pay benefits earned but not yet used as of the Closing Date, other than for Available Employees who choose not to become Transferred Employees, which vacation pay cost shall be reimbursed by Buyer. Buyer shall provide Transferred Employees with credit under Buyer's vacation pay plan for the earned but not yet used vacation pay benefits and attributable to each Transferred Employee as set forth on a written schedule provided prior to the Closing by the Company to Buyer. Liability for such amounts shall be borne by Buyer; the Company shall have no liability for such vacation pay benefits.

(k) WARN Act and Health Care Continuance Requirements.

(i) Buyer shall be responsible for providing or discharging any and all notifications, benefits, and liabilities to Transferred Employees and Governmental Entities required by the Worker Adjustment and Retraining Notification Act of 1988 (the "WARN Act") or by any other applicable law relating to plant closings or employee separations or severance pay that are first required to be provided or discharged on or after the Closing Date, including pre-closing notice or liabilities if actions by Buyer on or after the Closing Date result in a notice requirement or liability under such laws. The Company shall reasonably cooperate with Buyer in preparing and distributing any notices that Buyer may desire to provide prior to Closing. All employees involuntarily separated from employment by the Company within 90 days of the Closing Date shall be identified on a schedule to be prepared by the Company and submitted to Buyer as soon as practicable after the date hereof and in no event later than the Closing Date. Buyer and the Company shall cooperate with each other to provide timely notice, if required, to any Governmental Entity of the consummation of this Agreement and the related transfer of employees.

(ii) The Company shall retain the obligations with respect to COBRA continuation coverage for all Available Employees who do not become Transferred Employees; provided however, that Buyer shall reimburse the Company for the

amount by which aggregate medical claims incurred by such Employees exceeds the aggregate premiums collected by the Company with respect to COBRA coverage for such Employees.

(l) The Company shall cause each Transferred Subsidiary that is a participating subsidiary in any Compensation and Benefit Plan retained by the Company to cease to be a participating subsidiary as of the Closing.

9.2 Transitional Employment Matters. (a) Buyer shall assume and shall reimburse the Company for all Liabilities that arise or have arisen out of, in respect of or as a result of the employment (or termination of employment) of any Transition Employee, except that the Company expressly retains liability for (i) salary, wages, cash compensation and related payroll taxes and providing employee benefits during the period from the Closing Date to the date such Transition Employee's employment is terminated, (ii) incremental liability, if any, for any post-employment benefit entitlement and severance incurred by reason of a Transition Employee remaining employed by the Company after the first anniversary of the Closing Date, (iii) incremental severance liability, if any, by reason of the Company (x) increasing the salary of any such Transition Employee by more than 4% since the Closing Date or (y) putting in place severance enhancements after the Closing Date, and (iv) any employment-related liabilities to the extent related to acts or omissions that occur during the period from the Closing Date to the date such Transition Employee's employment is terminated (including, without limitation, for employment discrimination or other torts or violations of law). Buyer and the Company shall share Liability for any retiree medical obligations for Transition Employees who either (i) retire in the first year after the Closing, or (ii) were eligible to retire and receive retiree medical benefits under the Company's retiree medical plan as of the Closing Date, to the same extent as for Covered Retirees. Any other retiree medical Liabilities for Transition Employees shall be the Company's responsibility.

9.3 Other Employee Matters. (a) The Company, Buyer, the administrator of the Compensation and Benefit Plans and the administrator of the employee benefits plans established by Buyer shall assist and cooperate with each other in providing each other with any records, documents or other information and access to personnel within its control or to which it has access that is reasonably requested by

any other such party as necessary to the disposition, settlement or defense of any claim or to the implementation of the provisions of this Article IX.

(b) Successors and Assigns. From and after Closing, in the event either Party or any of its successors and assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets relating to the Business to any Person, then, and in each case, proper provision shall be made so that such successors and assigns of such Party expressly agree to assume and honor the obligations of such Party set forth in this Article.

(c) Each of Buyer and the Company acknowledge that the Transactions contemplated by this Agreement and by the Merger Agreement shall be a "change-in-control" of the Company with respect to all participants under any "Change of Control" provisions of the Compensation and Benefit Plans.

ARTICLE X

Conditions

10.1 Conditions to Each Party's Obligations. The respective obligations of each party to effect the Closing are subject to the satisfaction or waiver at or prior to the Closing of each of the following conditions:

(a) Stockholder Approval. The Transactions shall have been authorized by a resolution adopted by the Company Requisite Vote.

(b) Regulatory Consents. The waiting periods applicable to the consummation of the Transactions under the HSR Act shall have expired or been terminated and the notices, reports and other filings listed in Section 10.1(b) of the Disclosure Letter shall have been made or obtained.

(c) No Orders. No court or Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, law, ordinance, rule, regulation, judgment, decree, injunction or

other order (whether temporary, preliminary or permanent) (collectively, an "Order") that is in effect and restrains, enjoins or otherwise prohibits consummation of the Transactions.

(d) Closing Agreement. The Company, Buyer, CPI, Parent, CPI Merger Sub and Company Merger Sub shall have executed and delivered, each to the other, the Closing Agreement as contemplated by Section 8.12(a).

(e) Financing. Buyer shall have obtained financing proceeds sufficient to consummate the Purchase on the terms and conditions set forth in the Arrangements or upon terms and conditions which are substantially comparable thereto, and to the extent that any of the terms and conditions are not so set forth or are not so substantially comparable, on terms and conditions satisfactory to Buyer in its sole discretion.

10.2 Conditions to Obligations of Buyer. The obligations of Buyer to effect the Closing are also subject to the satisfaction or waiver by Buyer at or prior to the Closing of the following conditions:

(a) Representations and Warranties of the Company. (i) The representations and warranties of the Company set forth in this Agreement that are qualified by reference to "Material Adverse Effect" shall be true and correct as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date); (ii) the representations and warranties of the Company set forth in this Agreement that are not qualified by reference to "Material Adverse Effect" shall be true and correct as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), provided, however, that notwithstanding anything herein to the contrary, the condition set forth in this Section 10.2(a)(ii) shall be deemed to have been satisfied even if such representations and warranties of the Company are not true and correct unless the failure of such representations

and warranties of the Company to be so true and correct, individually or in the aggregate, has had (since the date of this Agreement) or is reasonably likely to have a Material Adverse Effect; and (iii) Buyer shall have received a certificate signed on behalf of the Company by the Chief Executive Officer of the Company to the effect that such Chief Executive Officer has read this Section 10.2(a) and the conditions set forth in this Section 10.2(a) have been satisfied.

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date; provided that the Company shall have performed its obligations pursuant to Section 8.1(b)(vii) in all respects.

(c) Permits. All Permits listed in Section 10.2(c) of the Disclosure Letter shall have been obtained, or arrangements reasonably satisfactory to Buyer to provide Buyer the benefits of such items as to which Permits shall have not been obtained, shall have been entered into.

(d) No Litigation. No Governmental Entity shall have instituted any suit, action or proceeding that remains pending at the time of Closing seeking to restrain, enjoin or otherwise prohibit the consummation of the Purchase or the Mergers (an "Injunctive Action"), and no Person shall have instituted any suits, actions or proceeding that remains pending at the time of Closing before any U.S. court of competent jurisdiction, except for any (i) Injunctive Action and (ii) any other such suits, actions or proceedings that, after giving effect to any liabilities of Buyer pursuant to the Indemnification Agreement, are not, individually or in the aggregate, reasonably likely to have a Material Adverse Effect.

(e) Fund Agreement. The Company and the shareholders party thereto shall have executed and delivered to Buyer the Fund Agreement.

10.3 Conditions to Obligations of the Company. The obligations of the Company to effect the Closing are also subject to the satisfaction or waiver by the Company at or prior to the Closing of the following conditions:

(a) Representations and Warranties of Buyer. (i) The representations and warranties of Buyer set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date) provided, however, that notwithstanding anything herein to the contrary, this Section 10.3(a) shall be deemed to have been satisfied even if the representations and warranties of Buyer are not so true and correct unless the failure of such representations and warranties to be so true and correct, individually or in the aggregate, is reasonably likely to materially delay or impair the validity of the transactions contemplated by this Agreement; and (ii) the Company shall have received a certificate signed on behalf of Buyer by the Chief Executive Officer of Buyer to the effect that such Chief Executive Officer has read this Section 10.3(a) and the condition set forth in this Section 10.3(a) has been satisfied.

(b) Performance of Obligations of Buyer. Buyer shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date.

ARTICLE XI

Termination

11.1 Termination by Mutual Consent. This Agreement may be terminated and the Transactions may be abandoned at any time prior to the Closing by mutual written consent of the Company and Buyer by action of their respective boards of directors.

11.2 Termination by Either Buyer or the Company. This Agreement may be terminated and the Transactions may be abandoned at any time prior to the Closing by action of the board of directors of either Buyer or the Company if (i) the Transactions shall not have been consummated by October 31, 2001 (the "Termination Date"), whether such date is before or after the adoption of this Agreement by holders of Company Shares, (ii) the Company shall not have obtained the Company Requisite Vote upon a vote taken at a meeting of the

Company stockholders duly convened therefor or at any adjournment or postponement thereof or as a result of a solicitation of consents pursuant to the DGCL and, to the extent applicable, the federal proxy rules, or (iii) any Order permanently restraining, enjoining or otherwise prohibiting consummation of the Transactions shall become final and non-appealable; provided that the right to terminate this Agreement pursuant to clause (i) above shall not be available to any party that has breached in any material respect its obligations under this Agreement in any manner that shall have contributed to the occurrence of the failure of the Transactions to be consummated.

11.3 Termination by the Company. This Agreement may be terminated and the Transactions may be abandoned at any time prior to the Closing, whether before or after the authorization of the Transactions by holders of a majority of Company Shares entitled to vote thereon referred to in Section 10.1(a), by action of the Board of Directors of the Company:

(a) prior to the effectiveness of the Company Requisite Vote, if (i) the Board of Directors of the Company authorizes the Company, subject to complying with the terms of this Agreement, to enter into a binding written agreement concerning a Business Acquisition Proposal or Company Acquisition Proposal that constitutes a Superior Proposal and the Company notifies the Buyer that it intends to enter into such an agreement, (ii) Buyer does not make, within three business days of receipt (not counting the day of receipt) of the Company's written notification of its intention to enter into a binding agreement for such Superior Proposal, an offer that the Board of Directors of the Company determines, in good faith after consultation with its financial advisors, is at least as favorable, from a financial point of view, to the stockholders of the Company as such Superior Proposal and (iii) as a condition to termination pursuant to this Section 11.3 the Company upon such termination pays to the Buyer in immediately available funds any fees required to be paid pursuant to Section 11.5(b);

(b) if there has been a material breach by Buyer of any representation, warranty, covenant or agreement contained in this Agreement that is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by the Company to the Buyer and as a result of any such breach or breaches either of the conditions set forth in Section 10.3(a) or (b) would not

be satisfied at the Closing; or

(c) (i) if the Merger Agreement has been terminated in accordance with the terms thereof (other than pursuant to Section 8.3(a) of the Merger Agreement to enter into a binding written agreement concerning a Healthcare Acquisition Proposal) or (ii) within 10 Business Days after the termination of the Merger Agreement pursuant to such Section 8.3(a), the Company has not entered into a new agreement with respect to a Healthcare Acquisition Proposal that Buyer is required to accept as a Substitute Merger Agreement pursuant to Section 8.11(c).

11.4 Termination by Buyer. This Agreement may be terminated and the Transactions may be abandoned at any time prior to the Closing by action of the Board of Directors of Buyer:

(a) if the Board of Directors of the Company shall have withdrawn or adversely modified its approval or recommendation of this Agreement or after an Acquisition Proposal has been made failed to reconfirm its recommendation of this Agreement within five Business Days after a written request by Buyer to do so; or

(b) if there has been a material breach by the Company of any representation, warranty, covenant or agreement contained in this Agreement (other than any representation and warranty set forth in Section 6.5(d) or (e)) that is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by Buyer to the Company, and as a result of any such breach or breaches either of the conditions set forth in Section 10.2(a) or (b) would not be satisfied at the Closing; or

(c) if (i) the Merger Agreement is terminated in accordance with the terms thereof (other than pursuant to Section 8.3(a) of the Merger Agreement to enter into a binding agreement concerning a Healthcare Acquisition Proposal that constitutes a Superior Proposal) or (ii)

within 10 Business Days after the termination of the Merger Agreement pursuant to such Section 8.3(a), the Company has not entered into a new agreement with respect to a Healthcare Acquisition Proposal that Buyer is required to accept as a Substitute Merger Agreement pursuant to Section 8.11(c);

(d) at any time during the ten days following the delivery by the Company to the Buyer of the financial statements described in clause (v) of the first sentence of Section 8.7(a), if either of the representations and warranties set forth in Section 6.5(d) or (e) is not true and accurate in all respects as of the date of such termination; or

(e) at any time between June 23, 2001 and July 3, 2001 (or such later date as may be agreed by the Parties in writing), if any of the financial statements required to be delivered by the Company pursuant to clauses (i) through (v) of Section 8.7(a) are not delivered to Buyer on or prior to June 22, 2001.

11.5 Effect of Termination and Abandonment. (a) In the event of termination of this Agreement and the abandonment of the Transactions pursuant to this Article XI, this Agreement (other than as set forth in Sections 12.1, 12.2 and this Section 11.5) shall become void and of no effect with no liability on the part of any party hereto (or of any of its directors, officers, employees, agents, legal and financial advisors or other representatives); provided that the agreements contained in the last sentence of Section 8.2(a) and in Sections 11.5 and 11.6 and in Article XII of this Agreement shall survive termination.

(b) In the event that this Agreement is terminated (i) by the Company

pursuant to Section 11.3(a) or (ii) by Buyer pursuant to Section 11.4(a) or (b) or (iii) by either Party pursuant to Section 11.2(ii), in the case of this clause (iii), if the Voting Agreement has not been terminated pursuant to Section 8(b)(i)(z) thereof at the time of such vote, then the Company shall promptly, but in no event later than two Business Days after the date of such termination, pay Buyer a termination fee of $22,000,000 and shall promptly, but in no event later than two days after being notified of such by Buyer, pay all of the charges and expenses incurred by Buyer in connection with this Agreement and the Transactions up to a maximum amount of $4,000,000,

in each case payable by wire transfer of same day funds. Notwithstanding the foregoing, in the event that this Agreement is terminated by either party pursuant to Section 11.2(ii) and the Voting Agreement has been terminated pursuant to Section 8(b)(i)(z) thereof at the time of such vote, the Company shall promptly, but in no event later than two days after being notified of such by Buyer, pay all of the reasonable and customary charges and expenses incurred by Buyer in connection with this Agreement and the Transactions up to a maximum amount of $5,000,000, payable by wire transfer of same day funds. The Company's payment shall be the sole and exclusive remedy of Buyer against the Company and any of its Subsidiaries and their respective directors, officers, employees, agents, advisors or other representatives with respect to the breach of any covenant or agreement set forth in this Agreement. The Company acknowledges that the agreements contained in this Section 11.5(b) are an integral part of the Transactions, and that, without these agreements, Buyer and the Company would not enter into this Agreement; accordingly, if the Company fails to promptly pay the amount due pursuant to this Section 11.5(b), and, in order to obtain such payment, the Buyer commences a suit which results in a judgment against the Company for the fee, charges or expenses set forth in this Section 11.5(b), the Company shall pay to the Buyer its reasonable costs and expenses (including reasonable attorney's fees) in connection with such suit, together with interest on the amount so owing at the prime lending rate of Citibank, N.A. in effect on the date such payment was required to be made.

11.6 Return of Information. If for any reason whatsoever this Agreement is terminated, the Buyer shall promptly return to the Company all books, Contracts, records and data room contents and other written information related to the Business and all copies or summaries thereof furnished by the Company or its Subsidiaries or any of their respective agents, employees, or representatives (including all copies, if any, thereof), and shall not use or disclose the information contained in such books and records or other documents for any purpose or make such information available to any other entity or person. The foregoing obligations of Buyer shall be in addition to Buyer's obligations under the Confidentiality Agreements.

ARTICLE XII

Miscellaneous and General

12.1 Survival. Only this Article XII and Articles II, III, IV, V and IX and Sections 8.6 (Equitable Assignment), 8.9 (Publicity), 8.10 (No Solicitation and No Hiring), 8.14 (Sofibel S.A.R.L. Conversion) and 11.6 (Return of Information) shall survive the Closing. Only this Article XII and the agreements of Buyer and the Company contained in the last sentence of Section 8.2(a) (Access) and in Sections 8.4 (Proxy Statement), 11.5 (Effect of Termination and

Abandonment) and 11.6 (Return of Information) and the Confidentiality Agreements shall survive the termination of this Agreement. All other representations, warranties, covenants and agreements in this Agreement shall not survive the Closing or the termination of this Agreement.

12.2 Expenses. (a) Except to the extent otherwise expressly provided herein, whether or not the Transactions are consummated, all costs and expenses incurred in connection with this Agreement and the Transactions shall be paid by the party incurring such expense.

(b) Notwithstanding the provisions of Section 12.2(a), in the event that this Agreement is terminated pursuant to Section 11.4(d) or (e), then the Company shall promptly, but in no event later than two days after the date of such termination, pay all of the charges and expenses incurred by Buyer in connection with this Agreement and the Transactions up to a maximum amount of $2,500,000, payable by wire transfer of same day funds.

(c) Notwithstanding the provisions of Section 12.2(a), in the event that any of (i) the Merger Agreement is terminated pursuant to Section 8.3(b) thereof or Section 8.4(a) or (b) thereof, or (ii) this Agreement is terminated pursuant to Section 11.4(c)(ii) as a result of the termination of the Merger Agreement pursuant to Section 8.3(a) of the Merger Agreement, or (iii) the Buyer and its debt and equity financing sources have executed and delivered to the Company the Closing Agreement stating that all conditions to the Closing (other than the execution and delivery of the Closing Agreement by the other parties thereto) have been or will be satisfied or waived by Buyer

(other than Section 10.1(c), which cannot be waived for this purpose) and this Agreement is thereafter terminated pursuant to Section 11.3(c) or 11.4(c), then, in any such case, the Company shall promptly, but in no event later than two days after the date of such termination, pay all of the charges and expenses incurred by Buyer in connection with this Agreement and the Transactions up to a maximum amount of $5,000,000, payable by wire transfer of same day funds.

(d) In the event that the Company shall reimburse Buyer's expenses pursuant to any of the first sentence of Section 11.5(b), the second sentence of Section 11.5(b), Section 12.2(b) or Section 12.2(c) (any of such four provisions, a "Specified Provision"), payments made in respect of the reimbursement of expenses pursuant to any Specified Provision will be credited against any payment required to be made pursuant to any other Specified Provision.

12.3 Modification or Amendment. Subject to the provisions of applicable Law, at any time prior to the Closing, the parties hereto may modify or amend this Agreement, by written agreement executed and delivered by duly authorized officers of Buyer and the Company.

12.4 Waiver of Conditions. The conditions to each of the parties' obligations to consummate the Transactions are for the sole benefit of such party and may be waived by such party in whole or in part to the extent permitted by applicable Law.

12.5 Counterparts. This Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

12.6 GOVERNING LAW AND VENUE; WAIVER OF JURY TRIAL. (a) THIS AGREEMENT AND ANY DISPUTES, CLAIMS OR CONTROVERSIES ARISING FROM OR RELATING TO THIS AGREEMENT SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW PRINCIPLES THEREOF,

EXCEPT TO THE EXTENT THAT DELAWARE LAW IS REQUIRED TO BE APPLICABLE UNDER APPLICABLE CHOICE OF LAW PRINCIPLES. The parties hereby irrevocably submit to the jurisdiction of the courts of the State of New York and the Federal courts of the United

States of America located in the County of New York, New York solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement (unless otherwise provided therein), and in respect of the Transactions, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all Claims shall be heard and determined in such a New York State or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such Claim by certified mail in the manner provided in Section 12.7 or in such other manner as may be permitted by law shall be valid and sufficient service thereof.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.6.

12.7 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the others shall be in writing and delivered personally or sent by registered or certified mail return receipt requested, postage prepaid, by overnight courier, or by facsimile:

if to Buyer

Armkel, LLC
c/o Kelso & Company
320 Park Avenue, 24th Floor
New York , NY 10022
Attention: General Counsel
fax: (212) 555-1212
(with copies to:

Church & Dwight Co., Inc.
469 North Harrison Street
Princeton, N.J. 08543
Attention: General Counsel

fax: (609) 555-1212

Ronald Beard
Gibson, Dunn & Crutcher LLP
4 Park Plaza
Irvine, CA 92614
Tel: (949) 451-4089
Fax: (949) 475-4730

Steven P. Buffone
Barbara L. Becker
Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166
Tel: (212) 351-4000
Fax: (212) 351-4035

and

Lou Kling
Eileen T. Nugent
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036
Tel: (212) 735-2770
Fax: (917) 777-2770)

if to the Company at or prior to Closing

1345 Avenue of the Americas
New York, N.Y.
Attention: Stephen R. Lang
Fax: (212) 339-5074

(with copies to James C. Morphy,
Sullivan & Cromwell, 125 Broad Street, New York,
New York 10004 (Facsimile 212-558-3588) and
Matthew G. Hurd, Sullivan & Cromwell,
1870 Embarcadero Road, Palo Alto, California 94303
(Facsimile: 650-461-5700).)

if to the Company at or after Closing

C/o MedPointe Capital Partners, L.L.C.
51 JFK Parkway
First Floor, West
Short Hills, N.J. 07078
Attention: Tony Wild
fax: (973) 218-2704

(with a copy to William E. Curbow, Simpson Thacher
& Bartlett, 425 Lexington Avenue, New York, New
York 10017 (Facsimile: (212) 455-2502).)

or to such other persons or addresses as may be designated in writing by the party to receive such notice as provided above. Notice shall be deemed given on the date of actual delivery to the appropriate address. Delivery receipts and records issued by postal authorities and overnight air couriers shall be conclusive evidence of delivery dates for deliveries by such entities.

12.8 Entire Agreement; NO OTHER REPRESENTATIONS. (a) This Agreement (including the Ancillary Agreements and any other exhibits hereto), the Disclosure Letter, the Confidentiality Agreements and any agreement between the Company and Buyer making specific reference to this Section 12.8 constitute the entire agreement, and supersede all other prior agreements, understandings, representations and warranties both written and oral, among the parties, with respect to the subject matter hereof.

(b) EACH PARTY HERETO AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLES VI and VII IN THIS AGREEMENT, NEITHER THE COMPANY NOR THE BUYER MAKES ANY OTHER REPRESENTATIONS OR WARRANTIES (INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS), AND EACH HEREBY DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES MADE BY ITSELF OR ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, FINANCIAL AND LEGAL ADVISORS OR OTHER REPRESENTA-

TIVES, WITH RESPECT TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT OR THE TRANSACTIONS, NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO THE OTHER OR THE OTHER'S REPRESENTATIVES OF ANY DOCUMENTATION OR OTHER INFORMATION WITH RESPECT TO ANY ONE OR MORE OF THE FOREGOING.

12.9 Severability. It is the intention of the parties that the provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. It is the intention of the parties that if any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

12.10 Assignment. (a) Subject to Section 9.3(b), this Agreement shall not be assignable by operation of law or otherwise and any assignment made in contravention of this Section shall be null and void.

(b) From and after Closing, in the event Buyer or the Company or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets relating to the Business, in the case of Buyer, and relating to the business of the Company, in the case of the Company, to any Person, then, and in each case, proper provision shall be made so that such successors and assigns of Buyer or the Company, as the case may be, expressly agree to assume and honor the obligations of Buyer or the Company, as applicable, set forth in this Agreement. Notwithstanding anything herein to the contrary, Buyer may assign all or any portion of its rights, obligations or other interests under this Agreement to purchase one or more Transferred Subsidiaries to one or more Subsidiaries of Buyer, provided that Buyer shall remain obligated hereunder.

12.11 No Third-Party Beneficiary Rights. Except with respect to Sections 9.1(e), 9.1(f), 9.1(h)(i), 9.1(i)(ii), (iii) and (v), 9.1(j), 9.3(b)

and 9.3(c), this Agreement is not intended to confer upon any Person other than the Parties any rights or remedies hereunder or in connection herewith.

12.12 Bulk Transfers. The Parties waive compliance with the requirements of the bulk sales laws of any jurisdiction in connection with the Transactions.

12.13 Further Assurances. Following the date of this Agreement, and continuing during the period after the Closing, the Company and Buyer will use reasonable best efforts to identify Excluded Assets and Excluded Liabilities held by the Transferred Subsidiaries or by Buyer and its Affiliates and Purchased Assets and Assumed Liabilities held by the Company and its Affiliates. From time to time, whether at or after the Closing, (a) the Company will execute and deliver such further instruments of conveyance, transfer and assignment and take such other action as Buyer may reasonably require to more effectively convey and transfer to Buyer any of the Purchased Assets as contemplated hereunder and to have the Company retain the Excluded Liabilities as contemplated hereunder, and (b) Buyer will execute and deliver such further instruments and take such other action as the Company may reasonably require to more effectively assume the Assumed Liabilities as contemplated hereunder.

12.14 Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms. It is accordingly agreed that the parties shall be entitled to specific performance of the terms hereof, this being in addition to any other remedy to which they are entitled at law or in equity.

IN WITNESS WHEREOF, the parties hereby have caused this Agreement to be executed by their proper officers, duly authorized so to do all as of the date of this Agreement.

ARMKEL, LLC

By: Church & Dwight Co., Inc.

By: /s/ Robert A. Davies, III

Name: Robert A. Davies, III
Title: Chief Executive Officer

By: Kelso & Company, L.P.

By: Kelso & Companies, Inc.
its general partner

By: /s/ James J. Connors, II

Name: James J. Connors, II
Title: V.P. & General Counsel

CARTER-WALLACE, INC.

By: /s/ Ralph Levine

Name: Ralph Levine
Title: Chairman and Chief Executive

EXHIBIT A

Bill of Sale

A-94

Exhibit 10(h)

February 2, 2001

Mr. Jon Finley
6393 Oxbow Bend
Chanhassen, MN 55317

Dear Jon,

The Board and Executive Management Team are excited about you joining the Company. More importantly, we all are enthused about a long future with you as President and COO, and CEO. I feel that working in partnership with you, together we will be able to transform Church & Dwight. The enclosed documents outline our offer for the position of President and Chief Operating Officer for Church & Dwight Co., Inc. This letter and attachments, when signed by you, represent our mutual agreement with respect to your employment with Church & Dwight Co., Inc.

We would like you to start on or before April 1, 2001. I know you are concerned about the prospects of moving your family and in the end not being promoted to Chief Executive Officer. To help you make this transition given the uncertainty, Church & Dwight is willing to take several important steps in order to mitigate your concerns. Assuming the Board makes its final decision that you are to be the Company's next CEO, our intention is to make that move at the Annual Stockholders Meeting in May of 2002. The decision to transfer the CEO role to you may be made earlier than May 2002. In order to address your concerns and demonstrate our commitment, we will be:

- Communicating to Wall Street by September 15, 2001 of our decision to promote you to CEO. As CEO Elect, you will focus on completing the transition of authority from Bob Davies.

- Willing to incur significant financial penalty as part of the Terms of Employment Agreement. Church & Dwight Co., Inc. will pay the attached including 2.5 times your base salary and full target bonus (100% of base salary) in the event that after September 15, 2001 Church & Dwight decides not to execute the agreed promotion to the CEO position by June 30, 2002 and you have separated from the Company.

- Church & Dwight also agrees to pay the attached including 1.5 times your annual base salary and a full target bonus (100% of base salary) in the event it is decided not to make you CEO Elect on or before September 15th 2001 resulting in your separation from the Company.

- You will be a Director on the Church & Dwight Co., Inc. Board the first day you start employment

On April 1st 2001, you will take responsibility for the Arm & Hammer Consumer Products Business. Bob Davies's role will immediately move from leading the A&H division to transitioning leadership of the division to you. Bob's responsibility will be to:

- Manage the overall issues for the corporation, including your successful transition to CEO

- Introduce you to Wall Street, customers, partners, bankers and other outsiders

- Lead, with you and Zvi, the work required on major acquisitions

- Transfer to you, Bob's breadth of knowledge about the Company and the industries in which we compete

- Lead the Specialty Products Division until its transfer to you planned for October 1, 2001

- Bob Davies will work himself out of the day-to-day management of the Arm & Hammer business.

I am pleased to offer you this position and an attractive package of both direct and indirect benefits. The terms of our employment offer are detailed within the attached documents, which outline our proposed Employment Terms for this position. The offer is contingent upon a satisfactory completion of a drug screening.

I hope you see how clearly committed we are to preparing you to be a very successful Chief Executive Officer of Church & Dwight Co., Inc. I look forward to further discussing this opportunity with you at your earliest convenience.

Sincerely,

/s/ Steven P. Cugine

Steven P. Cugine
Vice President, Human Resources

SPC:tms
Enclosures

Agreed: /s/ Jon Finley

Date: 2/15/01

Church & Dwight Co., Inc.

Employment Agreement for Jon Finley

	Proposed Agreement
Position	o President and Chief Operating Officer of Church & Dwight Co., Inc.
Salary	o At commencement of employment base salary of $350,000 per annum o On January 1, 2002 your base salary will be increased to $375,000
Annual Incentive	o Minimum: 0% of salary o Target: 100% of salary o Maximum: 200% of salary o Paid On: _____ Each year
Deferred sign-on Bonus	o 100,000 stock options at fair market value on grant date: 1st date of employment - 34,000 will vest when the stock price hits $25 per share - 33,000 will vest when the stock price hits $27.50 per share - 33,000 will vest when the stock price hits $30 per share - The stock price must be equal to if not greater than the vesting price for at least twenty consecutive trading days for the options to vest - If price targets are not satisfied, options will vest at the conclusion of three years, and will run for a ten year term - If employment is terminated for any reason, options will vest on such termination. You will be required to exercise those options at the earlier to occur of 3 years from the date of termination, or the date at which the current market price for the stock is $10 greater than the option price. The stock price is defined as the highest price for twenty consecutive trading days.

Long-term Incentives	o	Participation in the 2001 Church & Dwight Co., Inc. Stock Option Grant which will provide 50,000 options at fair market value on grant date, vesting at conclusion of three years, and will run for a ten year term.
	o	Your 2002 stock option grant will be no less than 100,000 options at fair market value on grant date, vesting at conclusion of three years, and will run for a ten year term. Ongoing option grant amount will be determined based on the results of the Long-term Incentive competitive market study.
Benefits, etc.	o	Participation in all company plans and programs (see plan documents-attached)
	o	Relocation expense reimbursement (see program documents-attached)
Termination without "Cause" by C&D, or for "Good Reason" by Executive unrelated to CIC, Within Six Months of Hire Date	o	Base salary to date of termination
	o	Base salary continuation for eighteen months
	o	Annual incentive at target (100% of base salary or $350,000)
	o	Settlement of deferred compensation
	o	Continued health and life insurance for twenty-four months (or the company will pay the after-tax cost of securing similar benefits)
	o	Long-term Incentive options are governed by Grant Agreements and Plans, to the extent, not provided for herein
	o	Immediate vesting of benefits (including Company contributions) in Profit

		Sharing and Saving Plans
	o	Relocation expenses back to Minneapolis including all lease termination penalties or real estate expenses of local home sale
Termination without "Cause" by C&D, or for "Good Reason" by Executive prior to CIC, After Six Months of Hire Date	o	Base salary to date of termination
	o	Base salary continuation for thirty months
	o	Annual incentive at target (100% of base salary)
	o	Settlement of deferred compensation
	o	Continued health and life insurance for twenty-four months (or the company will pay the after-tax cost of securing similar benefits)
	o	Long-term incentive options are governed by Grant Agreements and Plans, to the extent not provided for herein
	o	Immediate vesting of benefits (including Company contributions) in Profit Sharing and Savings Plans
	o	Relocation expenses back to Minneapolis including all lease termination penalties or real estate expenses of local home sale
Termination Due to Death	o	Base salary to date of death
	o	Pro rata annual incentive at target
	o	Options continue to vest and are exercisable for three years (but no longer than the term)
	o	Options that vest based on stock price will vest at death regardless of the stock price
	o	Settlement of deferred compensation
	o	Immediate vesting of benefits (including Company contributions) in Profit Sharing and Savings Plans
Termination Due to Disability	o	Base salary through date of Disability
	o	60% of salary (policy to be purchased by Company for you) to earlier of age 65 or receipt of Deferred Compensation or Profit Sharing (see plan documents)
	o	Pro rata annual incentive for year of termination at target
	o	Retains employee status regarding benefits and deferral until earlier of age 65 or receipt of Deferred Compensation or Profit Sharing (see plan documents) o If recovers from Disability and not offered previous positions, treated as terminated without "Cause"
	o	If offered previous position and refuses, without good cause, assuming timing is adjusted for the length of disability, treated as "Quit"
	o	Options continue to vest pursuant to the plan
Termination for Cause	o	Base salary through date of termination
	o	Settlement of deferred compensation
	o	Vested options exercisable for 30 days
	o	Forfeiture of unexercised options and other outstanding awards
	o	Subject to clawback of option profits other than Deferred Sign-On Bonus realized (a) within two years prior to or after termination if violation of restrictive covenants (including non-compete) which occurs after

	termination, or (b) within two years prior to or after violation of restrictive covenants (including non-compete) occurs while employed.
Quit without Good Reason	o Treated the same as a termination for "Cause" o Subject to post-termination clawback if Executive violates restrictive covenants
Within Two Years Following CIC Termination without "Cause" by C&D or for "Good Reason" by Executive	o Base salary to date of termination o 2.0x sum of base salary plus target bonus o Pro rata annual incentive at target o Immediate vesting of all stock options o Settlement of deferred compensation o Immediate vesting of benefits (including Company contributions) in Profit Sharing and Savings Plans o Continue medical, health and life insurance for 24 months (or the company will pay the after-tax cost of securing similar benefits)

Definitions

Good Reason Within Six Months	o Failure to make public by September 15th, 2001 our intention to promote you to Chief Executive Officer o Decrease in salary or target annual incentive below 100% o Material breach of this agreement by Company o CIC, requiring relocation more than 35 miles from C&D headquarters o Other good cause as set out below
Good Reason After Six Months	o Failure by C&D to promote to Chief Executive Officer by June 30, 2002 unless executive agrees to an extension. o Decrease in salary or target annual incentive below 100% o Material breach of this agreement by Company o CIC, requiring relocation more than 35 miles from C&D headquarters o Other good cause as set out below
Change in Control	o Any person acquires 50% or more of issued and outstanding voting equity o Director composition change of 50% or more over any 24 month period (unapproved by 2/3's of "Incumbent Directors") o Merger, consolidation, sale of all or substantially all assets or other transaction approved by shareholders unless 50% or more continuing ownership
Cause	o Termination due to dishonesty, fraud, insubordination, willful misconduct, or refusal to attempt to perform services (any reason other than illness or incapacity) or breach of the executives fiduciary responsibility

Church & Dwight Co., Inc.

Employment Agreement for Jon Finley

Competition	o Any business within a company or corporation which sells products that competes with the products sold by the Company or any subsidiary or division thereof and for which Executive would perform substantially similar employment functions to those performed at the Company o Specific company list to be supplied by the Company
Executive's Obligations	o Unlimited non-disclosure of confidential information, agreement terms and employee information o Unlimited availability for litigation support with after-tax expense reimbursement o Non-compete as specified for 24 months if terminated without "Cause" o Non-compete as specified for 24 months if terminated for "Cause", and for the remaining Term of Employment if retired o Non-solicitation of employees for 24 months o Non-disparagement (Mutual) o All company materials must be returned prior to final day of employment o Subject to clawback of option profits if violation of restrictive covenants occurs while employed or within 24 months after termination date o Injunctive relief
Dispute Resolution	o Arbitration o New Jersey courts/laws o Your legal costs reimbursed unless action determined to be in bad faith or frivolous
Indemnification	o As provided in by-laws o D&O coverage and total indemnification provided in by-laws for Officers and Directors. In addition, the company has purchased an insurance policy coverage of $25 million with company paying excess over coverage.
Other	o Executive to execute written release in exchange for all severance payments

Exhibit 10(i)

EXECUTION COPY

SUPPLEMENTAL EMPLOYMENT AGREEMENT

This Supplemental Employment Agreement ("Supplemental Agreement"), made this _____ day of September, 2001, between Church & Dwight Co., Inc., a Delaware corporation (hereinafter "Employer"), having a principal place of business at 469 North Harrison Street, Princeton, New Jersey 08543, and Jon L. Finley (hereinafter the "Employee").

WITNESSETH:

WHEREAS, Employee was employed by Employer from April 1, 2001 to July 15, 2001; and

WHEREAS, Employer and Employee entered into an Employment Agreement dated as of April 1, 2001 (the "Employment Agreement"), which provides for, among others, the terms and conditions applicable upon Employee's resignation from the Employer, and

WHEREAS, Employee tendered his resignation from his position with Employer, as President and Chief Operating Officer, effective on July 15, 2001, and

WHEREAS, Employer has accepted such resignation, and

WHEREAS, Employer and Employee are desirous of clarifying and supplementing the terms and conditions of the Employment Agreement relating to Employee's resignation from Employer, by entering into this Supplemental Agreement.

NOW, THEREFORE, in consideration of the mutual agreements and commitments contained herein, the parties hereby agree as follows:

1. Employee's resignation from service with the Employer is effective on July 15, 2001, (the "Resignation Date"). Consideration to be paid to Employee shall be the same as that enumerated in the section of the Employment Agreement designated as "Resignation for Good Reason within six-months", including the following terms. Commencing on the Resignation Date and for a period of nineteen (19) months thereafter, (July 16, 2001 through February 15, 2003) Employer agrees to continue Employee's base salary (to be paid in accordance with Employer's regular payroll) computed at Employee's current annual salary rate of $350,000 per year, as consideration for and, together with all additional consideration provided for herein and in the Employment Agreement, in full settlement of any and all claims which Employee may have against Employer now or in the future arising from Employee's employment relationship with Employer, including, but not limited to, the terms and conditions of this Supplemental Agreement or the Employment Agreement. In addition, and provided that Employee does not obtain similar coverage from another source, during this nineteen-month period of time, and for an additional period of five (5) months (February 15, 2003 through July 15, 2003), Employee will continue to be covered by Employer's medical, dental and life insurance employee benefit plans, ("Employee Benefit Plan Coverage"), which in no event will provide lesser coverage or higher contributions than on the date of resignation, except that Employee will be subject to changes made to such benefit plans which changes apply generally to all Plan participants. Except as provided herein, or in the Employment Agreement, participation by Employee in all other Employer benefit plans shall terminate on the Resignation Date. Employee shall also be eligible for continuation of health care coverage, if available, as provided in the Consolidated Omnibus Reconciliation Act of 1985 ("COBRA"). In addition to all other compensation provided for in this Paragraph 1, Employee shall receive distribution of all vested accounts Employee has in Employer's savings plan, profit sharing

plan and deferred compensation plan, as provided for pursuant to each respective plan, and/or in the Employment Agreement. Such distribution will be made in the normal course of administration of such plans. Attached to this Agreement as Exhibit A is a letter addressed to Employee from Employer's Human Resource Department indicating the specific amounts vested in each respective plan.

2. The parties acknowledge that any matching contributions earned by Employee as a result of his contributions to Employer's savings plan would not be vested, pursuant to the terms of that plan, and, therefore, could not be distributed to Employee. Employer hereby agrees to pay to Employee, as soon as practicable following execution of this Supplemental Agreement, an amount equal to the value of the 86.807 shares of Employer's stock credited to Employee's account on the date of distribution, less applicable payroll withholdings, as additional compensation in lieu of such Employer match. The value of such shares as of August 27, 2001 was $2,288.23.

3. Notwithstanding the provisions of Employer's 1998 Stock Option Plan ("Plan"), the stock option award granted to Employee on April 1, 2001, with rights to purchase 100,000 shares of Employer's stock, at a purchase price of $22.715 per share, is 100% vested as of July 15, 2001. Employee agrees to exercise such options at the earlier to occur of July 15, 2004 or the date at which the then current market price for Employer's stock is $10 greater than the option price for 20 consecutive trading days. Any options not so exercised will be forfeited. All other stock options granted to Employee are hereby forfeited.

4. The parties acknowledge that Employee is entitled to an incentive compensation award for 2001 in the gross amount of $350,000. Such amount, less applicable tax withholdings, shall be paid to Employee in a manner consistent with Employer's Incentive Compensation Program, but in no event later than February 15, 2002.

5. Employer agrees to pay to Employee certain unpaid relocation expenses incurred by Employee in connection with his commencement of employment. Employer further agrees to provide Employee a gross-up payment with respect to any non-tax-deductible relocation payment made to Employee, and included in Employee's income. The gross-up payment shall be an amount sufficient to enable Employee to have an adequate amount of after-tax dollars to pay his income taxes on the non-tax-deductible relocation payments (the "Gross-up"). The total amount to be paid, exclusive of any Gross-Up, is $9,839.77 as follows:

Minnesota House Payments - Interest	
5/1/01 - 6/28/01	$2,835.54
Minnesota House Payments - Property Tax	
5/1/01 - 6/28/01	$2,004.23
Miscellaneous Expense Allowance	$5,000.00
	$9,839.77

Employee agrees to accept this payment in full settlement of all claims relating to relocation costs in connection with Employee's commencement of employment. Said amount shall be paid to Employee as soon as practicable following execution of this Supplemental Agreement.

6. Employer agrees to reimburse Employee for certain expenses incurred by Employee in connection with his possible relocation from Princeton, New Jersey to a new location of Employee's choice anywhere in the continental United States, provided that such relocation occurs by July 15, 2002, and, further provided, that Employee is not otherwise reimbursed for such expenses by a third party. Such relocation reimbursements shall be subject to the Gross-up procedure described in Section 5 above. Expenses subject to reimbursement are:

(i) actual cost of physical relocation of Employee, his family and his personal possessions.

(ii) real estate commission on sale of Princeton residence.

(iii) any other reasonable and customary real estate expenses in connection with the sale of Employee's Princeton residence.

7. In exchange for the consideration described above, and for other good and valuable consideration, Employee:

a. hereby releases and forever discharges Employer, its officers, directors, employees, successors, and assigns of and from any and all actions or causes of action, suits, claims, charges or complaints which Employee may have against Employer, for all claims, including but not limited to, claims alleging discrimination under the Age Discrimination in Employment Act (ADEA), as amended, or unfair employment practices of any type arising from Employee's employment with or resignation from Employer. The Employee does not waive

any rights or claims that may arise after the effective date of this Supplemental Agreement. Moreover, Employee affirms that he will not cause, nor permit to be filed on his behalf, any charge, complaint or action before any court or administrative agency alleging discrimination or any unfair employment practice except that Employee may bring a claim under the ADEA to challenge this Supplemental Agreement; and

b. agrees not to engage, directly or indirectly, for a period of nineteen months from the Resignation Date (July 16, 2001 through February 15, 2003), in any business activity, including but not limited to, participation as an employee, agent, consultant, owner, principal, investor, or the like, where such business activity competes directly or indirectly with the manufacture, marketing or sale of Employer's products. Notwithstanding anything to the contrary contained elsewhere in this paragraph or in this Supplemental Agreement, Employee may become affiliated with any organization he chooses including those organizations which contain Business Units which compete directly or indirectly with the manufacturing, marketing or sale of Employer's products; provided, however, that Employee shall not be affiliated in any manner, as described above, with such competing Business Unit. For purposes of this Section 7(b), "Business Unit(s)" shall be defined as any business group, department, division or the like, engaged in the manufacturing, marketing or sale of laundry products, toothpastes or dentifrices, mouthwash, or oral care gums.

c. Notwithstanding the provisions of Section 7(b) above, should Employee engage directly or indirectly in a competing activity otherwise prohibited by the

provisions of Section 7(b), then, in that event, Employer's obligation to provide continuation of Employee's base salary and medical, dental and life insurance benefits, as provided in Section 1 above, shall cease effective as of the date of commencement of such activity. Any base salary paid to Employee for periods prior to such effective date shall be retained by Employee. Any base salary paid to Employee for periods following such effective date shall be returned to Employer by Employee immediately after such effective date.

8. Employee hereby resigns his position as a member of Employer's Board of Directors, effective on the Resignation Date.

9. The parties acknowledge that Employee has returned to Employer any property of Employer that was in the possession of Employee.

10. Both parties agree to hold confidential and not disclose to any third party, except Employee's immediate family, and legal, accounting and financial advisors, the terms of this Supplemental Agreement, or the Employment Agreement.

11. The parties mutually agree that each will not deprecate, disparage or otherwise comment adversely upon the other to any person or entity; provided, however, that this provision shall not prohibit either party from responding to questions asked of him or a representative of Employer at a deposition, trial or other legal or administrative proceedings; and, further provided, that should either party be called upon to participate in any such activity, the party so called upon will give the other party as much advance notice of such participation

as is reasonable under the circumstances, to enable such other party to take any legally permissible action such other party may deem appropriate to seek to enjoin such participation. Employer and Employee have reached agreement on a statement of reference to be provided in response to third party inquiries regarding Employee's tenure with Employer. Such statement is attached hereto as Exhibit B. Employer further agrees that all such third party inquiries shall be referred to Employer's Vice President Human Resources for response. Employer further agrees to instruct its appropriate employees regarding the proper handling of such third party inquiries.

12. Employee shall have no less than twenty-one (21) days to consider this Supplemental Agreement before execution. This Supplemental Agreement may be revoked by Employee at any time up to seven (7) days immediately following the execution of this Supplemental Agreement by both parties by delivering written notification of such revocation to Employer's General Counsel. This Supplemental Agreement shall not become effective or enforceable until such revocation period has expired.

13. Employee represents and warrants that, during the course of his employment with Employer, he conducted himself in a manner consistent with the "Guidelines for Personal Business Conduct", as disseminated to employees from time to time, and that all acts he performed were within the scope of his employment with Employer.

14. This written agreement, together with the Employment Agreement, contain the entire agreement with respect to the subject matter of this Supplemental Agreement between the parties, provided, however, that if there is any conflict between the provisions of this

Supplemental Agreement and the Employment Agreement, then, in that event, the provisions of this Supplemental Agreement shall control. The parties acknowledge and agree that neither of them has made any representation with respect to the subject matter of this Supplemental Agreement or any representations inducing the execution and delivery hereof, except such representations as are specifically set forth herein and each of the parties hereto acknowledge that he or it has relied on his or its own judgment in entering into same. The parties hereto further acknowledge that any statements or representations that may have been made heretofore by either of them to the other are void and of no effect and that neither of them has relied thereon in connection with his or its dealings with the other. Employee is advised to seek the advice of legal counsel prior to entering into this Supplemental Agreement, and acknowledges that Employer has afforded him ample time and opportunity to do so, at his own expense.

15. The parties mutually agree that if there is a material breach or intended material breach by either party to this Supplemental Agreement, the Employment Agreement, or of the Confidential Information and Inventions Agreement dated April 1, 2001 (Exhibit C attached hereto and made a part hereof), the non-breaching party's remedies at law will be inadequate and said party shall be entitled to seek redress by court proceedings in the form of an injunction restraining the breaching party and/or providing for specific performance without any bond or other security being required. Nothing herein shall be construed as preventing the non-breaching party from pursuing, or seeking any damages at law or in equity which it may have, and the non-breaching party shall, in any event, be entitled upon any such material breach to terminate this Supplemental Agreement, or the Employment Agreement.

16. The parties hereby agree that Employee shall be entitled to avail himself of the indemnity protections afforded officers of Employer as provided in Article IX of Employer's By-Laws, a copy of which is attached hereto as Exhibit D and incorporated herein.

17. All disputes relating to employment of Employee, including disputes relating to the Employment Agreement or this Supplemental Agreement, shall be resolved through arbitration and in accordance with the rules of the American Arbitration Association for employment disputes except as modified herein. Notice of demand for arbitration shall be filed in writing with the other party and the American Arbitration Association. The arbitration decision shall be binding and conclusive provided that the decision is consistent with the laws of the State of New Jersey and the factual decision(s) is not against the weight of the evidence. Both parties shall have a right to appeal the arbitrator's decision in accordance with the aforesaid standard. The award rendered by the arbitrator shall be final, and judgment may be entered upon it in accordance with the applicable law in New Jersey and as limited by the right of appeal described herein.

If either party should require relief in the form of a temporary restraining order, a preliminary injunction or other emergency order, the party may proceed directly to court without the need to seek relief by way of arbitration initially.

18. The parties hereto agree that it is their intention that this agreement is to be construed in accordance with the laws of the State of New Jersey, and agree to submit any formal court proceeding to the applicable court of the State of New Jersey.

19. This Agreement shall be binding on and inure to the benefit of the respective parties hereto, their successors and assigns.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the date and year first above written. CHURCH & DWIGHT CO., INC.

/s/ Steven P. Cugine 10/5/01

Steven P. Cugine Date
Vice President Human Resources

/s/ Jon L. Finley 10/3/01

Jon L. Finley Date

Exhibit 10(j)

January 3, 2002

Joseph A. Sipia, Jr.
1620 Thistlewood Drive
Washington Crossing, PA 18977

Dear Joe:

The executive management team is excited about the prospect of you joining the company. We are just as enthused about your long-term future with Church & Dwight Co., Inc. This letter will confirm our offer for the position of President and Chief Operating Officer, Specialty Products Division; reporting directly to Robert Davies, Chief Executive Officer.

We are offering an attractive package of both direct and indirect benefits. Some of the major highlights of our employment offer are detailed below:

- Your starting base salary will be $10,416.67 semi-monthly ($250,000 annually).

- You will participate in the Church & Dwight Incentive Compensation program that pays out a target of 55% of base salary with a range of 0 to 200% of target depending on performance.

- You will be enrolled in the company's Stock Option plan. Options are annually distributed in the May time-frame. You will receive stock options equal in number to those received by other employees at your level. Your two grants, which you will receive shortly after your first day of employment, will be for 17,300 and 7,700 options and you will have an exercise price equal to the average of the high and low on your start date (details surrounding these grants are outlined in the attached term sheets.).

- Vacation Entitlement -You will receive 20 vacation days and 2 personal days in 2002.

- You will participate in Church & Dwight's comprehensive health, welfare and retirement programs. In order to help offset the reduction in your existing retirement plan, we are prepared to offer the following:

  - An additional 10% of cash compensation to the annual profit sharing program
  - Increase your stock option base multiple from 1.8 to 2.1, which at today's price would equal an additional 2,900 stock options

- Your anticipated start date will be February 1, 2002.

Kathy McAleer of the Human Resources Department will be contacting you to schedule a full benefits orientation shortly after your start date. In the interim, the attached "Summary of Benefits" should provide a helpful outline of our benefits programs. Your benefits become active on the first day of the month following 30 days of active employment.

This offer is contingent upon the satisfactory completion of a drug screening, as well as verification of your eligibility to work in the United States (I-9). Call Martin Hayes (609-279-7313) to setup an appointment for your drug screening. Please do not hesitate to contact me with regard to the specifics of this offer and/or related benefit programs.

Sincerely,

/s/Steven P. Cugine

Steven P. Cugine
Vice President, Human Resources

Accepted by: /s/ Joseph A. Sipia, Jr. 1/8/02
Joseph A. Sipia, Jr Date

Enclosures

Church & Dwight Co., Inc.

Employment Terms for Joseph A. Sipia, Jr.

		Agreement
Position	o	President & Chief Operating Officer, Specialty Products Division
Salary	o	At commencement of employment base salary of $250,000 per annum
Annual Incentive	o	Minimum: 0% of salary
	o	Target: 55% of salary
	o	Maximum: 110% of salary
Long-term Incentives	o	An initial grant of 17,300 Church & Dwight Co., Inc. stock options at fair market value on grant date, vesting in their entirety upon conclusion of three years, and exercisable over a ten-year term
	o	Ongoing option grant amount will be determined based on the existing Long-term Incentive Plan; eligible to participate in May 2002 option grant
Benefits, etc.	o	Participation in all company plans and programs (see plan documents-attached)
	o	Additional benefits - An additional 10% of cash compensation (base and bonus) paid in cash to the annual profit sharing program - Increase your stock option multiple of base salary from 1.8x to 2.1x at face value ("Incremental Grant"), which, at CHD's current market price would equal approximately 2,900 additional stock options - At age 61, Incremental Grant eliminated and the profit sharing premium is reduced to 7% at age 62, 4% at age 63 and to 0% at age 64 and beyond - A special grant of 7,700 CHD stock options ("Special Grant") at fair market value on grant date - Incremental Grant and Special Grant to be granted with vesting and exercise rights for up to three years post-retirement or termination by the Company without Cause or by Executive for Good Reason. Grant agreements and applicable plans govern all other options held by Executive
Termination without "Cause" by C&D, or for "Good Reason" by Executive	o	Employment is at will
	o	Base salary to date of termination
	o	Base salary and annual incentive (at target) Payable monthly pursuant to following schedule ("payment Continuation Period"): - 1st 12 months = 3x base and target annual incentive - 2nd 12 months = 2.5x base and target annual incentive - 3rd 12 months = 2x base and target annual incentive - 4th 12 months = 1.5x base and target annual incentive - 5th and ongoing = 1x base and target annual incentive
	o	Payout subject to 50% mitigation (dollar-for-dollar) for any income received by Executive during Payment Continuation Period

Church & Dwight Co., Inc.

Employment Terms for Joseph A. Sipia, Jr.

	o	Settlement of deferred compensation arrangements
	o	Continued health and life insurance for 12 months (or the Company will, at its

		option, pay the after-tax cost of securing similar benefits), subject to full offset upon Executive receiving benefits coverage from subsequent employer
	o	Long-term Incentive options are governed by individual grant agreements and applicable plans, to the extent not provided for herein
	o	Immediate vesting of benefits (including Company contributions) in Profit Sharing and Saving Plans
	o	Ability to continue vesting and exercise Incremental Grant and Special Grant for up to three years (designed to help offset the decline in pension benefits payable from prior employer)
Termination	o	Base salary to date of death
Due to Death	o	Pro rata annual incentive for year of termination at target
	o	All options held by Executive will continue to vest and remain exercisable for up to three years by Executive's designated heirs or estate (but no longer than the remaining term)
	o	Settlement of deferred compensation arrangements
	o	Immediate vesting of benefits (including Company contributions) in Profit Sharing and Savings Plans
Termination Due to	o	Base salary through date of Disability
Disability	o	Pro rata annual incentive for year of termination at target
	o	Retains employee status regarding benefits and deferral until earlier of age 65 or receipt of Deferred Compensation or Profit Sharing (see plan documents)
	o	If recovers from Disability and not offered previous positions, treated as termination without "Cause"
	o	If offered previous position and refuses without Good Reason, treated as "Quit"
	o	Incremental Grant and Special Grant continue to vest and remain exercisable for up to three years (but no longer than remaining term); other options continue to vest and be exercised pursuant to the grant agreement and applicable plan
Termination for Cause	o	Base salary through date of termination
	o	Settlement of deferred compensation arrangements
	o	Vested options exercisable for 30 days
	o	Forfeiture of unexercised options and other outstanding awards
Quit without Good Reason	o	Treated the same as a termination for "Cause"
Executive's Obligations	o	Unlimited non-disclosure of "confidential information", employment terms and employee information
	o	Non-compete as specified for 24 months if terminated without "Cause", may be waived by Company upon written request by Executive and not unreasonably withheld by Company
	o	Non-compete as specified for 24 months if terminated for "Cause"
	o	Non-solicitation of CHD employees for 24 months
	o	Non-disparagement (mutual)

Employment Terms for Joseph A. Sipia, Jr.

	o	All company materials must be returned prior to final day of employment
	o	Injunctive relief in addition to other available remedies at law
Dispute Resolution	o	Mandatory arbitration
	o	New Jersey courts/laws
	o	Your legal costs reimbursed unless action determined to be in bad faith or frivolous
Indemnification	o	As provided in the Company's by-laws - D&O coverage and total indemnification provided in by-laws for Officers and Directors
Other	o	Executive to execute written release in form and substance satisfactory to the Company in exchange for all severance payments

Definitions

Good Reason	o	Decrease in base salary or target annual incentive below 55%
	o	Any required relocation more than 35 miles from CHD headquarters (or then current work location)
	o	After a change in control has occurred, any demotion in title
	o	Material breach of this agreement by Company after receipt of written notice from Executive and which remains uncured for 15-day period o Executive must act within 60 days of event giving rise to Good Reason
Change in Control	o	Any person, group or entity acquires 50% or more of CHD's issued and outstanding voting equity
	o	Director composition change of 50% or more over any 24-month period (unapproved by 2/3's of "Incumbent Directors")
	o	Merger, consolidation, sale of all or substantially all assets or other transaction approved by shareholders unless 50% or more continuing ownership
	o	Sale or spin-off of the Specialty Products Division from Church & Dwight Co., Inc.
	o	The terms of employment specified herein shall survive a Change in Control.

Cause	o	Termination due to Executive's dishonesty, fraud, willful misconduct, or failure to substantially perform services (for any reason other than illness or incapacity) or breach of Executive's fiduciary responsibilities to the Company
Competition	o	Any business within a company or corporation which sells any product that competes with the products sold by the Company or any subsidiary or division thereof and for which Executive would perform substantially similar employment functions to those performed at CHD
Confidential Information	o	All information concerning the business of CHD or any subsidiary or division thereof relating to any of their products, product development, trade secrets, customers, suppliers, finances, and business plans and strategies other than information which properly becomes part of the public domain

Exhibit 10(k)

February 26, 2002

Mr. Bradley Casper
8265 Hopewell Rd.
Cincinnati, Ohio 45242

Dear Brad:

The executive management team is excited about the prospect of you joining the company. We are just as excited about your long-term future with ARMKEL, LLC., and Church & Dwight, Co., Inc. This letter will confirm our offer for the position of President, Personal Products Division, reporting directly to Robert Davies, Chief Executive Officer.

As discussed, we are offering an attractive package of both direct and indirect benefits. While more specific information can be found in the attached Employment Agreement, below you will find some of the major highlights of our employment offer:

- Your starting base salary will be $13,333.33 semi-monthly ($320,000 annually).

- Vacation Entitlement - You will receive eighteen days vacation and two personal days in 2002. For 2003 you will receive four weeks vacation and two personal days.

- As a President, you will participate in the Church & Dwight Incentive Compensation Program with a target bonus of 55% (range of 0 - 110%) of base salary earned during the year. Your first award will be due in February 2003, and will be pro-rated based on time worked during 2002.

- You will participate in the Company's Stock Option plan. Details of your participation are included on the attached Employment Agreement.

- You will be eligible to receive relocation assistance to cover the costs of your move to this area. More details are available in the attached relocation policy. Please call me if you have further questions.

- You will participate in our comprehensive health, welfare and retirement programs. Kathy McAleer of the HR Department will be contacting you to schedule a full benefits orientation shortly after your start date. In the interim, the attached "Summary of Benefits" should

provide a helpful outline of our benefits programs.

This offer is contingent upon the satisfactory completion of reference checking and drug screening, as well as verification of your eligibility to work in the United States (I-9). Please sign one copy of this letter, complete the enclosed documents and return them to the Human Resources Department as soon as possible.

The Human Resources Department will arrange for a drug-screening test at a facility located in your area. Please contact Martin Hayes in the Human Resources Department at 609-279-7313 to schedule a pre-employment drug screening. Martin will need your date of birth as well as social security number in order to arrange for this screening.

Brad, I look forward to your joining Church & Dwight Co., Inc. and ARMKEL, LLC and believe you will have a successful, rewarding career with us. I am particularly enthusiastic about you and the powerful things that we will be able

to accomplish together.

Please do not hesitate to contact me at 609-683-7414 with regard to the specifics of this offer and/or related benefit programs.

Sincerely,

/s/ Steven P. Cugine

_____
Steven P. Cugine
Vice President, Human Resources

Accepted By: /s/ Bradley A. Casper 3/11/02

Bradley Casper Date

Enclosures

	Agreement
Position	o President, Personal Products Division o President, ARMKEL Domestic
Salary	o At commencement of employment, base salary of $320,000 per annum o Sign-on bonus of $40,000 to be paid within the first 30 days of employment
Annual Incentive	o Minimum: 0% of salary o Target: 55% of salary o Maximum: 110% of salary o For 2002, the annual incentive payable to Executive will be no less than $176,000
Long-term Incentives	o An initial grant of 20,000 Church & Dwight Co., Inc. ("C&D") stock options at fair market value on the grant date, vesting in their entirety upon conclusion of three years, and exercisable over a ten-year term o Ongoing option grant amount will be determined based on CHD's existing Long-Term Incentive Plan; eligible to participate in CHD's May 2002 option grant and receive no less than 9,500 options at then fair market value on the grant date o Immediate participation in the ARMKEL Long-Term Incentive program (see attachment for details)
Benefits, etc.	o Participation in all Company plans and programs (see plan documents-attached) on similar terms and conditions as the Company's other senior executives
Termination without "Cause" by C&D, or for "Good Reason" by Executive	o Employment is at will o Base salary to date of termination o 1.5x Base salary and annual incentive (at target), payable in 18 equal monthly installments o Settlement of deferred compensation arrangements o Continued health and life insurance for 12 months (or the Company will, at its option, pay the after-tax cost of securing similar benefits), subject to full offset upon Executive receiving benefits coverage from subsequent employer o Immediate vesting of benefits (including Company contributions) in Profit Sharing and Saving Plans o If termination occurs within the first three years of Executive's employment then all unvested options will immediately vest and become exercisable. These vested options will be exercisable for 30 days after the date of termination o If termination of Executive's employment occurs prior to the sale of Kelso and Co.'s interest in ARMKEL ("Kelso Interest"), then Executive will retain a vested prorated portion of the ARMKEL Long Term Incentive benefit, if any. The calculation for determining the prorated benefit is the number of full months Executive is employed with the Company divided by 36. This vested prorated benefit will be paid to Executive within a reasonable time period after any sale of the Kelso Interest o Outplacement assistance for up to one year

	Agreement
Termination Due to Death	o Base salary to date of death o Pro rata annual incentive for year of termination at target o Settlement of deferred compensation arrangements o Immediate vesting of benefits (including Company contributions) in Profit Sharing and Savings Plans o Options vest and may be exercised pursuant to terms of the grant agreement and

		applicable plan
Termination Due to Disability	o	Base salary through date of Disability
	o	Pro rata annual incentive for year of termination at target
	o	Retains employee status regarding benefits and deferral until earlier of age 65 or receipt of Deferred Compensation or Profit Sharing (see plan documents)
	o	If recovers from Disability and not offered previous positions, treated as termination without "Cause"
	o	If offered previous position and refuses without Good Reason, treated as "Quit"
	o	Options vest and may be exercised pursuant to the terms of the grant agreement and applicable plan
Termination for Cause	o	Base salary through date of termination
	o	Settlement of deferred compensation arrangements
	o	Vested options exercisable for 30 days
	o	Forfeiture of unexercised options and other outstanding awards
Quit without Good Reason	o	Treated the same as a termination for "Cause"
Executive's Obligations	o	Unlimited non-disclosure of "confidential information", employment terms and employee information
	o	Non-compete as specified for 24 months if terminated without "Cause", may be waived by Company upon written request by Executive and not unreasonably withheld by Company
	o	Non-compete as specified for 24 months if terminated for "Cause"
	o	Non-solicitation of CHD employees for 24 months
	o	Non-disparagement (mutual)
	o	All company materials must be returned prior to final day of employment
	o	Injunctive relief in addition to other available remedies at law
Dispute Resolution	o	Mandatory arbitration
	o	New Jersey courts/laws
	o	Executive's legal costs reimbursed unless action determined to be in bad faith or frivolous
Indemnification	o	As provided in the Company's by-laws - D&O coverage and total indemnification provided in by-laws for Officers and Directors
Other	o	Executive to execute written release in form and substance satisfactory to the Company in exchange for all severance payments

Definitions

Good Reason	o	Decrease in base salary or target annual incentive below 55%
	o	Any required relocation more than 35 miles from CHD headquarters (or then current work location)
	o	After a Change in Control has occurred, any demotion in your title
	o	Material breach of this agreement by Company after receipt of written notice from Executive and which remains uncured for 15-day period
	o	Executive must act within 60 days of event giving rise to Good Reason
Change in Control	o	Any person, group or entity acquires 50% or more of CHD's issued and outstanding voting equity
	o	Director composition change of 50% or more over any 24-month period (unapproved by 2/3's of "Incumbent Directors")
	o	Merger, consolidation, sale of all or substantially all assets or other transaction approved by shareholders unless 50% or more continuing ownership
	o	The terms of employment specified herein shall survive a Change in Control
Cause	o	Termination due to Executive's dishonesty, fraud, willful misconduct, or failure to substantially perform services (for any reason other than illness or incapacity) or breach of Executive's fiduciary responsibilities to the Company
Competition	o	Executive prohibited from employment with any business within a company or corporation which sells any products (i) which represent (in the aggregate) 20% or more of such business' revenues and (ii) which compete with any products sold by the Company or any subsidiary or division thereof for which Executive was directly employed, and (iii) for which Executive would perform substantially similar employment functions to those performed at CHD
Confidential Information	o	All information concerning the business of CHD or any subsidiary or division thereof relating to any of their products, product development, trade secrets, customers, suppliers, finances, and business plans and strategies other than information which properly becomes part of the public domain
Disability	o	Executive qualifies as disabled under the C&D Long Term Disability or other applicable plan, program or policy

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
EXHIBIT 11 - Computation of Earnings Per Share
(In thousands except per share amounts)

	2001	2000	1999
BASIC:			
Net Income	$46,984	$33,559	$45,357
Weighted average shares outstanding	38,879	38,321	38,792
Basic earnings per share	$1.21	$0.88	$1.17
DILUTED:			
Net Income	$46,984	$33,559	$45,357
Weighted average shares outstanding	38,879	38,321	38,792
Incremental shares under stock option plans	1,940	1,612	2,251
Adjusted weighted average shares outstanding	40,819	39,933	41,043
Diluted earnings per share	$1.15	$0.84	$1.11

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
EXHIBIT 21
LIST OF THE COMPANY'S SUBSIDIARIES

1) Church & Dwight Ltd./Ltee
Incorporated in Canada

2) C & D Chemical Products, Inc.
Incorporated in the State of Delaware,
D/B/A Armand Products Company, a Partnership

3) Brotherton Speciality Products Ltd.
Incorporated in the United Kingdom

4) Quimica Geral do Nordeste S.A. (QGN)
Incorporated in Brazil (85% Interest)

5) Biovance Technologies, Inc.
Incorporated in the state of Delaware

The Company's remaining subsidiaries, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of December 31, 2001.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 33-60149, 33-60147, 33-24553, 33-6150 and 33-44881 on Form S-8 of our reports dated March 11, 2002 included in the Annual Report on Form 10-K of Church & Dwight Co., Inc. for the year ended December 31, 2001.

Deloitte & Touche LLP
Parsippany, New Jersey
March 11, 2002

EXHIBIT 99

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) discusses the Company's performance for 2001 and compares it to previous years. This MD&A is an integral part of the Annual Report and should be read in conjunction with all other sections.

2001 Compared to 2000

Net Sales

Net sales increased by $285.1 million or 35.8% to $1080.9 million, compared to $795.7 million in the previous year. The majority of this increase was due to growth in the Consumer Products business.

Consumer Products were up 43.2% primarily due to the addition of the Xtra Laundry Detergent and Nice'N Fluffy Fabric Softener brands as part of the USA Detergents acquisition earlier in 2001, and the addition of the Arrid Anti-Perspirant and Lambert Kay Pet Care businesses as part of the Carter-Wallace acquisition in the fourth quarter. Excluding these acquisitions, sales of existing consumer products were about 3% above last year, with higher sales of deodorizing and laundry products more than offsetting lower oral care and cleaning products sales.

Specialty Products increased 6.9% reflecting higher sales of animal nutrition products and the higher sales of QGN, the Company's 85% owned Brazilian subsidiary.

Operating Costs

The Company's gross margin decreased to 37.1% from 43.4% in the prior year. The acquisition of the lower margin USA Detergents brands has affected the Company's overall margin structure and accounts for most of the more than six point reduction in gross margin since last year. However, these brands, which are sold on an "everyday low price" basis, require lower marketing and sales support, which largely offsets the effect of the lower gross margin. To a lesser extent, gross margin was also adversely impacted by lower personal care brand sales, higher off-invoice allowances and start-up costs associated with new brands.

Advertising, consumer and trade promotion expenses increased $17.3 million to $196.0 million. This increase is mainly due to the addition of the brands acquired from USA Detergents and Carter-Wallace mentioned earlier in this report.

Selling, general and administrative expenses increased $19.1 million. Major factors contributing to this increase included higher personnel costs, which included a $3.5 million increase in the deferred compensation expense, from a $1.0 million gain in 2000 to a $2.5 million charge in 2001, as well as the ongoing and transitional costs resulting from the aforementioned acquisitions. Other factors contributing to this increase included goodwill and intangible amortization costs related to the USA Detergents acquisition, and a higher bad debt reserve.

During the third quarter of 2000, as a step in implementing the ARMUS joint venture, the Company announced that it would close its Syracuse plant in early 2001, and recorded a pre-tax charge of $21.9 million. In 2001, the Company recorded a $.7 million recovery of expected costs from the plant closure.

Other Income and Expenses

The decrease in equity in earnings of affiliates is due mostly to the inclusion of a $10 million net loss in the fourth quarter from the Company's new

affiliate, Armkel LLC.

On September 28, the Company completed the acquisition of the consumer products business of Carter-Wallace in a partnership with the private equity group, Kelso & Company. As part of this transaction, The Company purchased outright the Arrid Anti-Perspirant business in the United States and Canada and the Lambert Kay pet care business. Armkel LLC, a 50/50 joint venture with Kelso, purchased the remainder of Carter-Wallace's domestic and international consumer products business, including Trojan condoms, Nair depilatories and First Response pregnancy kits. Armkel reported fourth quarter sales of $95.4 million and a net loss of $15.6 million. The major reason for this loss was an accounting charge related to a step-up in the value of opening inventories in accordance with purchase accounting principles. As these inventories are sold, the step-up is charged to current operations. The total step-up was approximately $23.3 million, of which $13.7 million was charged in the fourth quarter and the balance will be charged in 2002. Other factors contributing to the loss included integration costs, and a build-up in trade inventories immediately prior to the acquisition, which shifted sales and profit from the fourth quarter to the predecessor company.

Under the partnership agreement with Kelso, the Company is allocated 50% of all losses up to $10 million, and 100% of such losses above that level. As a result, the Company recorded a loss of $10 million on its investment in Armkel.

This Armkel loss was partially offset by equity in earnings of affiliates from the Armand Products Company, and by an increase in profitability from the ArmaKleen Company. The ArmaKleen Company is a 50/50 joint venture with the Safety-Kleen Company, the latter of which filed for chapter 11 during the second quarter of 2000. This caused the ArmaKleen Company to record a $1.4 million charge, half of which resulted in a reduction in our profitability during 2000. Should the Safety-Kleen Company be unable to emerge from Chapter 11, the results of operations and financial position of the ArmaKleen Company would be adversely affected.

Investment income was relatively unchanged from the prior year.

Interest expense increased approximately $6.7 million as a result of the debt incurred to finance the USA Detergents acquisition at the end of May, and the Carter-Wallace acquisition at the end of September.

Minority interest expense is primarily the 35% of the earnings generated by the ARMUS joint venture through the month of May that accrued to USA Detergents.

Taxation

The effective tax rate for 2001 was 36.4%, compared to 35.3% in the previous year. The higher effective rate in 2001 is primarily due to the impact of a relatively lower level of tax depletion deductions and other tax credits on higher pre-tax income.

Net Income and Earnings Per Share

The Company's net income for 2001 was $47.0 million, equivalent to diluted earnings of $1.15 per share, compared to $33.6 million or $.84 per share in 2000.

2000 Compared to 1999

Net Sales

Net sales increased by $55.5 million or 7.5% to $795.7 million, compared to $740.2 million in the previous year. The majority of this increase was due to growth in the Consumer Products business.

These net sales had been impacted by the Company adopting EITF 00-10, "Accounting for Shipping and Handling Fees and Costs" which resulted in an increase in net sales and cost of sales for the full year 2000 and 1999 of $9.9 million and $10.1 million, respectively. The EITF, however, did not affect net income for either period.

Consumer Products were up 8.0% led by the addition of the CLEAN SHOWER and SCRUB FREE brands acquired in late 1999, and strong growth in cat litters and liquid laundry detergent. These sales gains were partially offset by lower deodorant and gum sales. The prior year's results reflected a 4.8% increase from strong growth in ARM & HAMMER SUPER SCOOP Cat litter, increased sales for the first full year of ARM & HAMMER ADVANCE WHITE toothpaste, partially offset by lower sales of ARM & HAMMER DENTAL CARE Gum.

Specialty Products were up 5.5% due largely to the first full year consolidation of QGN, the Company's majority owned Brazilian subsidiary. Last year's sales increased 15.7% due to the partial year consolidation of QGN and strong sales of animal nutrition products that were partially offset by the de-consolidation of the Specialty Cleaners business, which is accounted for on the equity method in 1999 following the formation of the ArmaKleen Company as a 50% owned affiliate.

Operating Costs

The Company's gross margin decreased to 43.4% from 44.0% in the prior year. Major favorable factors included cost efficiencies obtained through the consolidation of personal care product manufacturing following the Greenville plant shutdown in 1999; the elimination of co-packers to meet higher than expected order requirements in 1999; and more direct plant shipments which reduced overall distribution costs. This favorable margin improvement, however, was more than offset by approximately $ 2 million of additional depreciation and inventory and equipment relocation costs associated with the Syracuse plant shutdown following the announcement of the formation of the ARMUS joint venture with USA Detergents; higher raw and packaging materials for consumer products; and, a less favorable product mix.

Advertising, consumer and trade promotion expenses increased $2.5 million to $178.6 million. Higher advertising of deodorizing products, particularly for cat litter, together with higher trade promotion expenses associated with the bathroom cleaners acquired late in 1999, were partially offset by lower consumer promotion expenses.

Selling, general and administrative expenses increased $5.7 million. Major factors contributing to this increase included higher personnel and outside service costs in support of new business initiatives, the latter of which primarily involved higher information systems work in preparation for electronic commerce capabilities; the full year amortization of intangibles relating to the bathroom cleaners acquisitions, and the full year inclusion of the Brazilian subsidiary. These increases were partially offset by lower selling expenses as the Company combined its sales force with USA Detergents as a first step in making ARMUS operational, supported by a single national broker organization, and a lower deferred compensation liability.

During the third quarter of 2000, as a step in implementing the ARMUS joint venture, the Company announced that it would close its Syracuse plant in early 2001, and record a pre-tax charge of $21.9 million.

Other Income and Expenses

The decrease in equity in earnings of affiliates was due to lower competitive pricing on higher unit volume of Armand Products which combined with higher costs, resulted in a $2 million reduction in our profitability. The remaining decrease was mostly attributable to the ArmaKleen Company, a 50/50 joint venture with the Safety-Kleen Company, which filed for chapter 11 during

the second quarter of 2000. This caused the ArmaKleen Company to record a $1.4 million charge, half of which resulted in a reduction in our profitability. Should the Safety-Kleen Company be unable to emerge from Chapter 11, the results of operations and financial position of the ArmaKleen Company would be adversely affected.

Investment income increased mostly due to the receipt of interest on an outstanding note receivable, which was collected mid-year.

Although the Company substantially reduced its outstanding debt position during the year, following the bathroom cleaners acquisition in late 1999, higher average outstanding debt coupled with higher interest rates in 2000 resulted in an increase in interest expense.

Taxation

The effective tax rate for 2000 was 35.3%, compared to 37.2% in the previous year. The lower effective rate in 2000 was primarily due to a lower effective state rate and lower taxes related to foreign activity.

Net Income and Earnings Per Share

The Company's net income for 2000 was $33.6 million, equivalent to diluted earnings of $.84 per share, compared to $45.4 million or $1.11 per share in 1999.

Liquidity and Capital Resources

The Company had outstanding long-term debt of $406.6 million, and cash less short-term debt of $40.9 million, for a net debt position of $365.7 million at December 31, 2001. This compares to $9.4 million at December 31, 2000.

The Company financed its investment in Armkel, the acquisition of USA Detergents and the Anti-perspirant and Pet Care businesses from Carter-Wallace with a $510 million credit facility consisting of $410 million in 5 and 6 year term loans, all of which were drawn at closing and a $100 million revolving credit facility which remains fully un-drawn. The term loans pay interest at 200 and 250 basis points over LIBOR, depending on the ratio of EBITDA to total debt. Financial covenants include a leverage ratio and an interest coverage ratio, which if not met, could result in an event of default and trigger the early termination of the credit facility, if not remedied within a certain period of time. EBITDA, as defined by the Company's loan agreement, which includes an add-back of certain acquisition related costs, was approximately $129 million. The leverage ratio, per the loan agreement, therefore, was 3.2 versus the agreement's maximum 4.0, and the interest coverage ratio was 5.0 versus the agreement's minimum of 4.0.

In 2001, operating cash flow was $41.6 million. Major factors contributing to the cash flow from operating activities included higher operating earnings before non-cash charges for depreciation and amortization, and the aforementioned impact from the loss in earnings of affiliates. Operating cash flow was used to meet an increase in working capital needs to support the higher sales stemming from the two acquisitions during the year, and to fund the related transitional activities. Operating cash together with net proceeds from long-term borrowings, were used to consummate the two acquisitions made in the year, and to finance the Company's investment in Armkel. To a lesser extent available cash was used to finance additions to property, plant and equipment, to make investments in notes receivable, and to pay cash dividends.

Commitments as of December 31, 2001. The table below summarizes the Company's material contractual obligations and commitments as of December 31, 2001.

	Payments Due By Period (Thousands of dollars)				
	Total	2002	2003 to 2005	2006 to 2007	After 2007
Principal payments on borrowings:					
Long-term debt					
Syndicated Financing Loans	$ 410,000	$ 7,675	$ 83,550	$ 318,775	$ --
Various Debt from Brazilian Banks	3,384	3,220	164	--	--
Industrial Revenue Bonds	4,760	685	2,055	1,370	650
Other commitments:					
Operating Leases Obligations	$ 106,039	$ 30,252	$ 44,545	$ 7,389	$ 23,853
Letters of Credit	2,583	2,583			
Guarantees	1,828	1,828			
Surety/Performance bonds	1,069	1,069			
Raw Materials	6,399	6,399			
Joint Venture Agreement	111,750	--	--	--	111,750
Total	$ 647,812	$ 53,711	$ 130,314	$ 327,534	$ 136,253

The Company generally relies on operating cash flows supplemented by borrowings to meet its financing requirements. Our diverse product offerings, strong brand names and market positions have provided a stable base of cash flow. Our diverse product line is marketed through multiple distribution channels, reducing our dependence on any one category or type of customer. Similar to other basic consumer products, we believe that consumers purchase our products largely independent of economic cycles. However, the Company's ability to meet its financial obligations depends on successful financial and operating performance. The Company cannot guarantee that its business strategy will succeed or that it will achieve the anticipated financial results. The Company's financial and operational performance depends upon a number of factors, many of which are beyond its control. These factors include:

- Competitive conditions in our segments of the consumer products industry;
- Operating difficulties, operating costs or pricing pressures we may experience;
- Passage of legislation or other regulatory developments that affects us adversely; and
- Delays in implementing any strategic projects we may have.

The Company cannot give assurance that it will generate sufficient cash flow from operations or that it will be able to obtain sufficient funding to satisfy all its obligations, including those noted above. If the Company is unable to pay its obligations, it will be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring indebtedness or raising additional equity capital. However, the Company cannot give assurance that any alternative strategies will be feasible or prove adequate.

The Company has a total debt-to-capital ratio of approximately 60%. At December 31, 2001 the Company had $100 million of additional domestic borrowing capacity available through its revolving credit agreement. Capital expenditures in 2002 are expected to be moderately higher than the level of the prior year. Management believes that operating cash flow, coupled with the Company's access to credit markets, will be sufficient to meet the anticipated cash requirements for the coming year.

In 2000, operating cash flow was an exceptionally strong $102.8 million. Major factors contributing to the cash flow from operating activities included higher operating earnings before non-cash charges for depreciation and amortization, and the non-cash write-off costs associated with the Syracuse plant shutdown. Operating cash flow was further enhanced by a reduction of working capital in a year where sales increased by 7.5%. Operating cash flow was used for financing activities to reduce outstanding debt, purchase approximately

1.2 million shares of treasury stock, and pay cash dividends. Operating cash flow was also used to invest in USA Detergents common stock, and to fund capital expenditures.

Armkel

The Armkel venture was initially financed with $229 million in equity contributions, of which approximately $112 million was contributed by the Company, and an additional $445 million of debt.

Armkel LLC had outstanding long-term debt of $440 million, and cash less short-term and related party debt of $37 million, for a net debt position of $403 million at year-end. In addition, Armkel had unused revolving credit bank lines of $85 million. Any debt on Armkel's balance sheet is without recourse to the Company.

Under the terms of its joint venture agreement with Kelso, the Company has a call option to acquire Kelso's interest in Armkel in three to five years after the closing, at fair market value subject to a floor and a cap. If the Company does not exercise its call option, then Kelso may request the Company to purchase its interest. If the Company elects not to purchase Kelso's interest, then Kelso's and the Company's equity in the joint venture may be offered to a third party. If such a sale should occur, depending on the proceeds received, the Company may be required to make a payment to Kelso up to an amount of approximately $112 million. Kelso also may elect to have the Company purchase its interest for $112 million. This amount is not payable until the eighth year from the formation of the venture. Finally, Kelso may require the Company to purchase its interest upon a change in control as defined in the joint venture agreement. The venture's Board has equal representation from both the Company and Kelso.

OTHER ITEMS

Market Risk

Concentration of Risk

As part of the USA Detergents merger agreement, the Company divested USA Detergents non-laundry business and other non-core assets to former USA Detergents executives under the new company name of USA Metro, Inc. ("USAM"), subsequently renamed USA Detergents.

The Company has a concentration of risk with USAM at December 31, 2001 in the form of trade accounts receivable of $3.4 million, a 20% equity interest in USAM of $0.2 million and a note receivable for other assets of $2.0 million-payments start with the beginning of the third year. This note has a carrying value of approximately $1.4 million using an effective interest rate of 17%.

Should USAM be unable to meet these obligations, the impact would have an adverse effect on the Company's Consolidated Statement of Income.

Interest Rate Risk

The Company's primary domestic borrowing facility is made up of a $ 510 million credit agreement of which $410 million was utilized as of December 31, 2001; and $100 million of a revolving credit agreement all of which was un-drawn at December 31, 2001. The weighted average interest rate on these borrowings at December 31, 2001, excluding deferred financing costs and commitment fees, was approximately 5.5% including hedges. The Company entered into interest rate swap agreements to reduce the impact in interest rates on this debt, as required by the credit agreement. The swap agreements are contracts to exchange floating rate for fixed interest rate payments periodically over the life of the agreements without the exchange of the underlying notional amounts. As of

December 31, 2001, the Company entered into agreements for a notional amount of $200 million, swapping debt with a one- month and three- month LIBOR rate for a fixed rate that averages 6.4 %. As a result, the swap agreements eliminate the variability of interest expense for that portion of the Company's debt. A drop of 10% in interest rates would result in a $.9 million payment under the swap agreement in excess of what would have been paid based on the variable rate. Under these circumstances, this payment would be entirely offset by a nearly equal amount of reduced interest expense on the $210 million of variable debt not hedged. However, a 10% increase in interest rates would result in a $.9 million increase in interest expense on the debt not hedged.

The Company's domestic operations and its Brazilian subsidiary have short and long term debts that are floating rate obligations. If the floating rate was to change by 10% from the December 31, 2001 level, annual interest expense associated with the floating rate debt would be immaterial.

Foreign Currency

The Company is subject to exposure from fluctuations in foreign currency exchange rates, primarily U.S. Dollar/British Pound, U.S. Dollar/Japanese Yen, U.S. Dollar/Canadian Dollar and U.S. Dollar/Brazilian Real.

The Company, from time to time, enters into forward exchange contracts to hedge anticipated but not yet committed sales denominated in the Canadian dollar, the British pound and the Japanese Yen. The terms of these contracts are for periods of under 12 months. The purpose of the Company's foreign currency hedging activities is to protect the Company from the risk that the eventual dollar net cash inflows from the sale of products to foreign customers will be adversely affected by changes in exchange rates. The Company did not have any forward exchange contracts outstanding at December 31, 2001, and the amount outstanding at

December 31, 2000 was immaterial. At December 31, 2000, the Company had an immaterial unrealized gain. Had there been a 10% change in the value of the underlying foreign currency at December 31, 2000, the effect on these contracts would still have been immaterial.

The Company is also subject to translation exposure of the Company's foreign subsidiary's financial statements. A hypothetical 10% change in the exchange rates for the U.S. Dollar to the Canadian Dollar, the British Pound and the Brazilian Real from those at December 31,2001 and 2000, would result in an annual currency translation gain or loss of approximately $.4 million in 2001 and $.3 million in 2000.

Related Party Transactions

The Company believes that substantial synergies can be achieved by combining certain of its operations with those of Armkel, particularly in the areas of sales, manufacturing and distribution, and most service functions. Armkel will retain its core marketing, research & development, and financial planning capabilities, and will continue to manufacture condoms, but will purchase virtually all the support services it requires for it U.S. domestic business from the Company under a management services agreement, which has a term of five years with possible renewal. As a first step, the Company merged the two sales organizations during the fourth quarter of 2001. In early 2002, the Company plans to begin transferring production of antiperspirants and depilatories from the former Carter-Wallace plant at Cranbury, NJ, to the Company's plant at Lakewood, NJ, which is a more efficient producer of antiperspirants and other personal care products. This process will take six to nine months and should be completed in third quarter 2002. During early 2002, the Company will also integrate the planning and purchasing, accounting and management information systems, and other service functions.

During 2001, the Company invoiced Armkel $2.1 million for administrative

services, and purchased $8.4 million of deodorant anti-perspirant inventory produced by Armkel at its cost. Armkel invoiced the Company $1.4 million of transition administrative services. The Company has an open receivable from Armkel at December 31, 2001 of approximately $12.0 million that primarily related to cash collected by Armkel on behalf of the Company for open accounts receivable, partially offset by amounts owed for inventory.

As noted in the Concentration of Risk section of this review, the Company divested USA Detergents non-laundry business and other non-core assets to former USA Detergents executives concurrent with the merger agreement. The Company has a 20% ownership interest in the newly formed company USAM. The Company supplies USAM with certain laundry and cleaning products it produces to meet the needs of the markets USAM is in at cost plus a mark-up. Alternatively, USAM provides for the supply of cleaners and other products manufactured by USAM to the Company for re-sale under a similar pricing agreement. In addition, the Company leases manufacturing and office space to USAM under a separate agreement, which is believed to be at arms- length.

During 2001, the Company purchased $4.6 million of candle and cleaner product inventory from USAM, and sold $20.0 million of laundry and cleaning products to USAM. Furthermore, the Company billed USAM $.4 million for leased space. For open amounts receivable at December 31, 2001, see Concentration of Risk section of this review.

Significant Accounting Policies

Our significant accounting policies are more fully described in Note 1 to our consolidated financial statements. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. Our significant accounting policies include:

Promotional and Sales Returns Reserves.

The reserves for consumer and trade promotion liabilities, and sales returns are established based on our best estimate of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. We use historical trend experience and coupon redemption provider input in arriving at coupon reserve requirements, and we use forecasted appropriations, customer and sales organization inputs, and historical trend analysis in arriving at the reserves required for other promotional reserves and sales returns. While we believe that our promotional reserves are adequate and that the judgment applied is appropriate, such amounts estimated to be due and payable could differ materially from what will actually transpire in the future.

Valuation of Long-lived Assets and Investments.

We periodically review the carrying value of our long-lived assets and investments for continued impairment. This review is based upon our projections of anticipated future cash flows. While we believe that our estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect our evaluations.

Recent Accounting Pronouncements

The EITF issued EITF 00-14, "Accounting for Certain Sales Incentives". This issue addresses the income statement classification for offers by a vendor directly to end consumers that are exercisable after a single exchange transaction in the form of coupons, rebate offers, or free products or services disbursed on the same date as the underlying exchange transaction. The issue

requires the cost of these items to be accounted for as a reduction of revenues, not included as a marketing expense as the Company did previously. This reclassification is expected to reduce sales by approximately 2% annually. The EITF will be effective January 1, 2002 and there is no net income impact.

The EITF also issued EITF No. 00-25, "Vendor Income Statement Characterization of Consideration from a Vendor to a Retailer". This issue outlines required accounting treatment of certain sales incentives, including slotting or placement fees, cooperative advertising arrangements, buydowns and other allowances. The Company currently records such costs as marketing expenses. EITF 00-25 will require the Company to report the paid consideration expense as a reduction of sales, rather than marketing expense. The Company is required to implement EITF 00-25 for the quarter beginning January 1, 2002. The Company estimates this reclassification to be approximately 9% to 10% of sales but in any case, implementation will not have an effect on net income.

During the first quarter of 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities." Under this statement, all derivatives, whether designated as hedging instruments or not, are required to be recorded on the balance sheet at fair value. Furthermore, changes in fair value of derivative instruments not designated as hedging instruments are recognized in earnings in the current period.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations" which establishes new standards for accounting and reporting requirements for business combinations and will require that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interests method will be prohibited. The Company adopted this statement for transactions that occurred after June 30, 2001. Management does not believe that SFAS No. 141 will have a material impact on the Company's consolidated financial statements.

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets," which supersedes APB Opinion No. 17, "Intangible Assets". Under its changes, SFAS No. 142 establishes new standards for goodwill acquired in a business combination and eliminates amortization of goodwill and instead sets forth methods to periodically evaluate goodwill for impairment. The Company adopted this statement upon its effective date. If effective for all acquisitions made prior to June 30, 2001, there would have been a reduction of amortization expense of approximately $4.0 million in 2001.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company is currently assessing but has not yet determined the impact of SFAS No. 143 on its financial position and results of operations. The effective date for the Company is January 1, 2003.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", for the disposal of a business (as previously defined in that Opinion). This statement also amends ARB No. 51, "Consolidated Financial Statements", to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. The Company is in the process of evaluating the impact of the SFAS No. 144. The adoption of this Statement is not expected to have a material impact on the Company's consolidated financial statements.

Competitive Environment

The Company operates in highly competitive consumer-product markets, in which cost efficiency and innovation are critical to success.

Most of the Company's laundry and household cleaning products are sold as value brands, which makes their cost position most important. To stay competitive in this category, the Company announced in 2000 that it was forming a joint venture with USA Detergents, which combined both laundry detergent businesses. The new venture, named Armus LLC, encompassed Church & Dwight's ARM & HAMMER Powder and Liquid Laundry Detergents and USA Detergents' XTRA Powder and Liquid Detergents and NICE `N FLUFFY Liquid Fabric Softener brands. The Armus joint venture became operational on January 1, 2001, and was dissolved when the Company purchased USA Detergents outright on May 25, 2001. This combination increased the Company's laundry product sales to over $400 million a year, making it the third largest entity in the $7 billion U.S. laundry detergent business. The Company expects the synergies from the combination to potentially reach an annual rate of $15 million a year once the integration is completed. In 2002, the Company expects to gain the full-year benefit of the manufacturing, distribution and back office integration programs completed in the back half of the previous year. In addition, about mid-year 2002, the Company plans to implement a series of packaging and formulation changes designed to more fully integrate the two product lines. Based on this activity, the Company expects to significantly increase the contribution from the laundry business in 2002, and to be operating at or above its target synergy levels by year-end.

The Company has been successful in recent years in entering the oral care and personal care and deodorizing businesses using the unique strengths of its ARM & HAMMER trademark and baking soda technology. These are highly innovative markets, characterized by a continuous flow of new products and line extensions, and requiring heavy advertising and promotion.

In the toothpaste category, after two years of leading its category in growth, driven by the success of ARM & HAMMER ADVANCE WHITE toothpaste, the Company's share dropped in 2001 mainly as a result of competitive new products and aggressive spending by other manufacturers in the category.

In the personal care category, several new products and line extensions in oral care were expanded during the final quarter of the year, in particular ARM & HAMMER Advance Breath Care, a line of oral deodorization products including mouthwash, mints and toothpaste. Because of the continued sell-in of these products, along with the re-launch of its deodorant anti-perspirant with the introduction of ARM & HAMMER UltraMax Deodorant Anti-Perspirant, the Company anticipates marketing spending levels will remain high in 2002.

Early in 2002, the Company began transferring production of Arrid and Lady's Choice deodorant anti-perspirants from the former Carter-Wallace plant at Cranbury, New Jersey, to the more efficient Company plant at Lakewood, New Jersey. The Company expects to complete this process, as well as the full integration of the supply chain and other systems, during the third quarter of 2002.

In the final quarter of 2000, the Company introduced a line extension in the deodorizing area: ARM & HAMMER Shaker Baking Soda, and in early 2001, ARM & HAMMER Vacuum Free Foam Carpet Deodorizer, a companion product to ARM & HAMMER Carpet & Room Deodorizer. The latter of these introductions enabled the Company to lead the category growth in carpet deodorizers. In the final quarter of 2001, the Company introduced another deodorizing line extension: ARM & HAMMER Crystal Blend, a scoopable cat litter with silica gel crystals and baking soda for superior deodorization These introductions usually involve heavy marketing costs in the year of launch, and the eventual success of these line extensions will not be known for some time.

In the Specialty Products business, competition within the two major

product categories, sodium bicarbonate and potassium carbonate, remained intense in 2001. Sodium bicarbonate sales have been impacted for several years by a nahcolite-based sodium bicarbonate manufacturer, which has been operating at the lower end of the business and is making an effort to enter the higher end. Furthermore, late in 2000, another major competitor, which is an affiliate of an energy services company entered the sodium bicarbonate market using a new nahcolite manufacturing technology process. To strengthen its competitive position, the Company has completed the modernization of its Green River facility to provide better availability of specialized grades, and has increased its production capacity at Old Fort. The Company is also increasing its R & D spending on health care, food processing and other high-end applications, as well as alternative products to compete with the lower end of the market. As for potassium carbonate, the Company expects imports of video glass and production from foreign suppliers to affect U.S. demand in 2002 as it did in 2001.

During the year, the Company continued to pursue opportunities to build a specialized industrial cleaning business using our aqueous-based technology. In early 1999, the Company extended its alliance with Safety-Kleen Corp. to build a specialty cleaning products business based on our technology and their sales and distribution organization. The second year of this alliance was impacted by Safety-Kleen's financial difficulties leading to a Chapter 11 filing in June of 2000, and a major reorganization implemented

during the second half of that year. While this opportunity has demonstrated more stability in 2001 and continues to hold great promise, the outcome will not be known for some time.

Cautionary Note on Forward-Looking Statements

This report contains forward-looking statements relating, among others, to financial objectives, sales growth and cost improvement programs. These statements, including the statements above as to the impact of the USAD and Carter-Wallace acquisition on sales and earnings, represent the intentions, plans, expectations and beliefs of Church & Dwight, and are subject to risks, uncertainties and other factors, many of which are outside the Company's control. These factors, which include the ability of Church & Dwight to successfully integrate the operations of the consumer products business of Carter-Wallace into the Armkel joint venture and Church & Dwight, and assumptions as to market growth and consumer demand (including the effect of recent political and economic events on consumer purchases), and the outcome of contingencies, including litigation, environmental remediation and the divestiture of assets, could cause actual results to differ materially from such forward-looking statements. With regard to new product introductions, there is particular uncertainty related to trade, competitive and consumer reactions. For a description of additional cautionary statements, see Church & Dwight's quarterly and annual reports filed with the SEC, as well as Carter-Wallace's historical SEC reports.

	2001			2000		
Common Stock Price Range and Dividends	Low	High	Dividend	Low	High	Dividend
1st Quarter	$ 19.56	$ 24.99	$ 0.07	$ 14.69	$ 27.75	$ 0.07
2nd Quarter	21.73	27.00	0.07	16.00	20.88	0.07
3rd Quarter	23.54	28.44	0.075	15.63	19.63	0.07
4th Quarter	24.35	27.18	0.075	17.00	23.56	0.07
Full Year	$ 19.56	$ 28.44	$ 0.29	$ 14.69	$ 27.75	$ 0.28

Based on composite trades reported by the New York Stock Exchange.

Approximate number of holders of Church & Dwight's Common Stock as of December 31, 2001: 10,000.

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share data)	Year ended December 31, 2001	2000	1999
Net Sales	$ 1,080,864	$ 795,725	$ 740,181
Cost of sales	680,211	450,321	414,486
Gross Profit	400,653	345,404	325,695
Advertising, consumer and trade promotion expenses	195,960	178,614	176,123
Selling, general and administrative expenses	111,832	92,718	87,047
Impairment and other items	(660)	21,911	6,617
Gain on sale of mineral rights	--	--	(11,772)
Income from Operations	93,521	52,161	67,680
Equity in earnings (loss) of affiliates	(6,195)	3,011	6,366
Investment earnings	2,224	2,032	1,216
Other income (expense)	(269)	(187)	201
Interest expense	(11,537)	(4,856)	(2,760)
Income before minority interest and taxes	77,744	52,161	72,703
Minority interest	3,889	287	525
Income before taxes	73,855	51,874	72,178
Income taxes	26,871	18,315	26,821
Net Income	$ 46,984	$ 33,559	$ 45,357
Weighted average shares outstanding (in thousands)-- Basic	38,879	38,321	38,792
Weighted average shares outstanding (in thousands)-- Diluted	40,819	39,933	41,043
Net Income Per Share--Basic	$ 1.21	$ .88	$ 1.17
Net Income Per Share--Diluted	$ 1.15	$ .84	$ 1.11

See Notes to Consolidated Financial Statements.

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share data)	December 31, 2001	2000
Assets		
Current Assets		
Cash and cash equivalents	$ 52,446	$ 21,573
Short-term investments	--	2,990
Accounts receivable, less allowances of $3,666 and $2,052	106,291	64,958
Inventories	101,214	55,165
Deferred income taxes	19,849	11,679
Note receivable and current portion of long-term note receivable	5,803	--
Prepaid expenses	7,604	4,136
Total Current Assets	293,207	160,501
Property, Plant and Equipment (Net)	231,449	168,570
Notes Receivable	11,951	--
Equity Investment in Affiliates	115,121	19,416
Long-term Supply Contracts	7,695	8,152
Tradenames	136,934	29,699
Goodwill	127,320	53,140
Other Assets	25,408	16,154

Total Assets	$ 949,085	$ 455,632
Liabilities and Stockholders' Equity		
Current Liabilities		
Short-term borrowings	$ 3,220	$ 13,178
Accounts payable and accrued expenses	176,176	129,268
Current portion of long-term debt	8,360	685
Income taxes payable	8,260	6,007
Total Current Liabilities	196,016	149,138
Long-term Debt	406,564	20,136
Deferred Income Taxes	27,032	17,852
Deferred and Other Long-term Liabilities	19,164	15,009
Nonpension Postretirement and Postemployment Benefits	15,880	15,392
Minority Interest	2,126	3,455
Commitments and Contingencies		
Stockholders' Equity		
Preferred Stock-$1.00 par value		
Authorized 2,500,000 shares, none issued	--	--
Common Stock-$1.00 par value		
Authorized 100,000,000 shares, issued 46,660,988 shares	46,661	46,661
Additional paid-in capital	28,414	22,514
Retained earnings	312,409	276,700
Accumulated other comprehensive (loss)	(9,728)	(9,389)
	377,756	336,486
Common stock in treasury, at cost:		
7,518,105 shares in 2001 and 8,283,086 shares in 2000	(95,453)	(101,836)
Total Stockholders' Equity	282,303	234,650
Total Liabilities and Stockholders' Equity	$ 949,085	$ 455,632

See Notes to Consolidated Financial Statements.

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW

(Dollars in thousands)	Year ended December 31, 2001	2000	1999
Cash Flow From Operating Activities			
Net Income	$ 46,984	$ 33,559	$ 45,357
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	27,843	23,454	19,256
Disposal of assets	--	15,266	5,490
(Equity) loss in earnings of affiliates	6,195	(3,011)	(6,366)
Deferred income taxes	7,295	(4,067)	1,888
Gain on sale of mineral rights	--	--	(11,772)
Other	93	(151)	403
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(25,518)	(923)	2,661
(Increase) decrease in inventories	(14,544)	17,110	(5,601)
(Increase) in prepaid expenses	(2,161)	(618)	(1,235)
(Decrease) increase in accounts payable	(12,232)	20,377	4,513
Increase in income taxes payable	5,669	291	3,426
Increase in other liabilities	2,021	1,472	6,025
Net Cash Provided by Operating Activities	41,645	102,759	64,045
Cash Flow From Investing Activities			
Decrease (increase) in short-term investments	2,990	1,009	(1,958)
Additions to property, plant and equipment	(34,086)	(21,825)	(33,112)
Purchase of USA Detergent common stock	(100,707)	(10,384)	--
Distributions from affiliates	6,350	4,132	3,354
Investment in affiliates, net of cash acquired	(108,250)	(360)	(9,544)
Purchase of other assets	(2,568)	(2,321)	(4,404)
Proceeds from notes receivable	3,087	3,000	6,869
Other	(1,019)	(442)	--
Proceeds from sale of mineral rights	--	--	16,762
Proceeds from sale of fixed assets	2,530	--	--
Purchase of new product lines	(129,105)	--	(54,826)
Investment in notes receivable	(16,380)	--	--
Net Cash Used in Investing Activities	(377,158)	(27,191)	(76,859)
Cash Flow From Financing Activities			
(Repayments) proceeds from short-term borrowing	(10,792)	(12,166)	5,349
(Repayments) of long-term borrowings	(171,114)	(37,831)	--
Proceeds from stock options exercised	9,168	7,465	6,679
Purchase of treasury stock	--	(20,484)	(9,116)
Payment of cash dividends	(11,275)	(10,744)	(10,090)

Deferred financing costs	(9,601)	--	--
Proceeds from long-term borrowing	560,000	--	23,568
Net Cash Provided by (Used in) Financing Activities	366,386	(73,760)	16,390
Net Change in Cash and Cash Equivalents	30,873	1,808	3,576
Cash and Cash Equivalents at Beginning of Year	21,573	19,765	16,189
Cash and Cash Equivalents at End of Year	$ 52,446	$ 21,573	$ 19,765
Cash paid during the year for:			
Interest (net of amounts capitalized)	$ 9,948	$ 4,838	$ 2,831
Income taxes	15,292	22,404	21,524
Acquisitions in which liabilities were assumed are as follows:			
Fair value of assets	$ 293,402	$ --	$ 22,699
Cash paid for stock and product lines	(229,812)	--	(9,034)
Liabilities assumed	$ 63,590	$ --	$ 13,665

See Notes to Consolidated Financial Statements.

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years ended December 31, 2001, 2000, and 1999

	Number of Share		Amounts					
(In thousands)	Common Stock	Treasury Stock	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Due From Shareholder
January 1, 1999	46,661	(8,039)	$ 46,661	$ (82,281)	$ 13,171	$ 218,618	$ (782)	$ (549)
Net Income	--	--	--	--	--	45,357	--	--
Translation adjustments	--	--	--	--	--	--	(3,817)	--
Comprehensive Income								
Cash dividends	--	--	--	--	--	(10,090)	--	--
Stock option plan transactions including related income tax benefit	--	649	--	4,311	5,028	--	--	--
Purchase of treasury stock	--	(424)	--	(9,116)	--	--	--	--
Other stock issuances	--	9	--	65	157	--	--	--
December 31, 1999	46,661	(7,805)	46,661	(87,021)	18,356	253,885	(4,599)	(549)
Net Income	--	--	--	--	--	33,559	--	--
Translation adjustments	--	--	--	--	--	--	(1,599)	--
Available for sale securities	--	--	--	--	--	--	(3,191)	--
Comprehensive Income								
Cash dividends	--	--	--	--	--	(10,744)	--	--
Stock option plan transactions including related income tax benefit	--	702	--	5,629	4,081	--	--	--
Purchase of treasury stock	--	(1,185)	--	(20,484)	--	--	--	--
Other stock issuances	--	5	--	40	77	--	--	--
Repayment of shareholder loan	--	--	--	--	--	--	--	549
December 31, 2000	46,661	(8,283)	46,661	(101,836)	22,514	276,700	(9,389)	--
Net Income	--	--	--	--	--	46,984	--	--
Translation adjustments	--	--	--	--	--	--	(2,163)	--
Available for sale securities	--	--	--	--	--	--	3,191	--
Interest rate swap agreements	--	--	--	--	--	--	(1,367)	--
Comprehensive Income								
Cash dividends	--	--	--	--	--	(11,275)	--	--
Stock option plan transactions including related income tax benefit	--	757	--	6,311	5,769	--	--	--
Other stock issuances	--	8	--	72	131	--	--	--
December 31, 2001	46,661	(7,518)	$ 46,661	$ (95,453)	$ 28,414	$ 312,409	$ (9,728)	$ --

	Amounts	
(In thousands)	Due From Shareholder	Comprehensive Income
January 1, 1999	$ (549)	
Net Income	--	45,357
Translation adjustments	--	(3,817)
Comprehensive Income		41,540
Cash dividends	--	
Stock option plan transactions including related income tax benefit	--	
Purchase of treasury stock	--	
Other stock issuances	--	

December 31, 1999	(549)	
Net Income	--	33,559
Translation adjustments	--	(1,599)
Available for sale securities	--	(3,191)
Comprehensive Income		28,769
Cash dividends	--	
Stock option plan transactions including related income tax benefit	--	
Purchase of treasury stock	--	
Other stock issuances	--	
Repayment of shareholder loan	549	
December 31, 2000	0	
Net Income	--	46,984
Translation adjustments	--	(2,163)
Available for sale securities	--	3,191
Interest rate swap agreements		(1,367)
Comprehensive Income		46,645
Cash dividends	--	
Stock option plan transactions including related income tax benefit	--	
Other stock issuances	--	
December 31, 2001	$ 0	

See Notes to Consolidated Financial Statements.

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. accounting policies

Business

The Company's principal business is the manufacture and sale of sodium carbonate-based products. It sells its products, primarily under the ARM & HAMMER trademark, to consumers through supermarkets, drug stores and mass merchandisers; and to industrial customers and distributors. In 2001, Consumer Products represented approximately 84% and Specialty Products 16% of the Company's net sales. The Company does approximately 90% of its business in the United States.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. The Company's 50% interest in its Armand Products Company joint venture, the ArmaKleen Company joint venture and Armkel LLC have been accounted for under the equity method of accounting. During 2001, the Company increased its ownership of QGN, its Brazilian subsidiary from 75% to approximately 85%. The Brazilian subsidiary has been consolidated since May 1999 and was previously accounted for under the equity method. All material intercompany transactions and profits have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates.

Promotional and Sales Returns Reserves.

The reserves for consumer and trade promotion liabilities, and sales returns are established based on our best estimate of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. We use historical trend experience and coupon redemption provider input in

arriving at coupon reserve requirements, and we use forecasted appropriations, customer and sales organization inputs, and historical trend analysis in arriving at the reserves required for other promotional reserves and sales returns. While we believe that our promotional reserves are adequate and that the judgment applied is appropriate, such amounts estimated to be due and payable could differ materially from what will actually transpire in the future.

Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In such situations, long-lived assets are considered impaired when estimated future cash flows (undiscounted and without interest charges) resulting from the use of the asset and its eventual disposition are less than the asset's carrying amount. While we believe that our estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect our evaluations.

Foreign Currency Translation

Financial statements of foreign subsidiaries are translated into U.S. dollars in accordance with SFAS No. 52. Gains and losses are recorded in Other Comprehensive Income. Gains and losses on foreign currency transactions were recorded in the Consolidated Statement of Income and were not material.

Cash Equivalents

Cash equivalents consist of highly liquid short-term investments, which mature within three months of purchase.

Inventories

Inventories are valued at the lower of cost or market. Approximately 50% and 89% of the inventory at December 31, 2001 and 2000, respectively, were valued using the last-in, first-out (LIFO) method. The remaining inventory was valued using the first-in, first-out (FIFO) method.

Property, Plant and Equipment

Property, plant and equipment and additions thereto are stated at cost. Depreciation and amortization are provided by the straight-line method over the estimated useful lives of the respective assets.

Software

Starting in 1998, the Company accounted for software in accordance with Statement of Position (SOP) 98-1 "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The SOP requires companies to capitalize certain costs of developing computer software. Amortization is provided by the straight-line method over the estimated useful lives of the software.

Long-Term Supply Contracts

Long-term supply contracts represent advance payments under multi-year contracts with suppliers of raw materials and finished goods inventory. Such advance payments are applied over the lives of the contracts using the straight-line method.

Derivatives

Derivatives designated as hedges are either (1) a hedge of the fair value of a recognized asset or liability ("fair value" hedge), or (2) a hedge of the

variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge).

- Changes in the fair value of derivatives that are designated and qualify as fair value hedges, along with the gain or loss on the hedged asset or liability that is attributable to the hedged risk, are recorded in current period earnings.

- Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Other comprehensive loss until earnings are affected by the variability of cash flows of the hedged asset or liability. Any ineffectiveness related to these hedges are recorded directly in earnings.

Goodwill and Tradenames

The Company adopted SFAS No. 142 "Goodwill and Other Intangible Assets" upon its effective date. Goodwill recorded prior to November 1, 1970 was not being amortized, as management believed there had been no diminution in carrying value. Goodwill and tradenames, recorded as part of the Brillo and related brand acquisitions, the investment in QGN, the bathroom cleaner product lines acquired in 1999 and the USAD acquisition was being amortized over 20-30 years using the straight-line method. The Goodwill and tradenames acquired as part of the anti-perspirant and pet care acquisition was not amortized based on the provisions of SFAS 142. Starting in 2002, all Goodwill and indefinite lived tradenames will not be amortized.

Selected Operating Expenses

Research & development costs in the amount of $21,803,000 in 2001, $19,363,000 in 2000 and $17,921,000 in 1999, were charged to operations as incurred.

Earnings Per Share

Basic EPS is calculated based on income available to common shareholders and the weighted-average number of shares outstanding during the reported period. Diluted EPS includes additional dilution from potential common stock issuable pursuant to the exercise of stock options outstanding. Antidilutive stock options, in the amounts of 129,000, 547,000 and 21,000 for 2001, 2000 and 1999, have been excluded. In 1999, the Company announced a 2 for 1 stock split. Financial information contained elsewhere in these financial statements has been adjusted to reflect the impact of the stock split.

Income Taxes

The Company recognizes deferred income taxes under the liability method; accordingly, deferred income taxes are provided to reflect the future consequences of differences between the tax bases of assets and liabilities and their reported amounts in the financial statements.

Recent Accounting Pronouncements

The EITF issued EITF 00-14, "Accounting for Certain Sales Incentives". This issue addresses the income statement classification for offers by a vendor directly to end consumers that are exercisable after a single exchange transaction in the form of coupons, rebate offers, or free products or services disbursed on the same date as the underlying exchange transaction. The issue requires the cost of these items to be accounted for as a reduction of revenues, not included as a marketing expense as the Company did previously. This reclassification is expected to reduce sales by approximately 2% annually. The EITF will be effective January 1, 2002 and there is no net income impact.

The EITF also issued EITF No. 00-25, "Vendor Income Statement

Characterization of Consideration from a Vendor to a Retailer". This issue outlines required accounting treatment of certain sales incentives, including slotting or placement fees, cooperative advertising arrangements, buydowns and other allowances. The Company currently records such costs as marketing expenses. EITF 00-25 will require the Company to report the paid consideration expense as a reduction of sales, rather than marketing expense. The Company is required to implement EITF 00-25 for the quarter beginning January 1, 2002. The Company estimates this reclassification to be approximately 9% to 10% of sales but in any case, implementation will not have an effect on net income.

During the first quarter of 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities." Under this statement, all derivatives, whether designated as hedging instruments or not, are required to be recorded on the balance sheet at fair value. Furthermore, changes in fair value of derivative instruments not designated as hedging instruments are recognized in earnings in the current period.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations" which establishes new standards for accounting and reporting requirements for business combinations and will require that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interests method will be prohibited. The Company adopted this statement for transactions that occurred after June 30, 2001. Management does not believe that SFAS No. 141 will have a material impact on the Company's consolidated financial statements.

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets," which supersedes APB Opinion No. 17, "Intangible Assets". Under its changes, SFAS No. 142 establishes new standards for goodwill acquired in a business combination and eliminates amortization of goodwill and instead sets forth methods to periodically evaluate goodwill for impairment. The Company adopted this statement upon its effective date. If effective for all acquisitions made prior to June 30, 2001, there would have been a reduction of amortization expense of approximately $4.0 million in 2001.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company is currently assessing but has not yet determined the impact of SFAS No. 143 on its financial position and results of operations. The effective date for the Company is January 1, 2003.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", for the disposal of a business (as previously defined in that Opinion). This statement also amends ARB No. 51, "Consolidated Financial Statements", to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. The Company is in the process of evaluating the impact of the SFAS No. 144. The adoption of this Statement is not expected to have a material impact on the Company's consolidated financial statements.

Reclassification

Certain prior year amounts have been reclassified in order to conform with the current year presentation.

2. fair value of financial instruments and risk management

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2001 and 2000. Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments," defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

	2001		2000	
(In thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Short-term investments	$ --	$ --	$ 2,990	$ 2,990
Note receivable and current portion of note receivable	5,803	5,803	--	--
Long-term notes receivable	11,951	11,789	--	--
Financial Liabilities:				
Short-term borrowings	3,220	3,220	13,178	13,178
Current portion of long-term debt	8,360	8,360	685	685
Long-term debt	406,564	406,564	20,136	20,136
Interest rate swap contracts	2,192	2,192	--	--

The following methods and assumptions were used to estimate the fair value of each class of financial instruments reflected in the Consolidated Balance Sheets:

Short-term Investments

The cost of the investments (trading securities) can be specifically identified and its fair value is based upon quoted market prices at the reporting date. At December 31, 2000 both the cost and market value of the investments approximated each other.

Notes Receivable

The cost of notes receivable are initially recorded at their face value and are then discounted using an interest factor management believes appropriate for the credit risk involved at the date of acquisition. The market value of the notes receivable reflects what management believes is the appropriate interest factor at December 31, 2001, based on similar risks in the market.

Short-term Borrowings

The amounts of unsecured lines of credit equal fair value because of short maturities and variable interest rates.

Long-term Debt and Current Portion of Long-term Debt

The Company estimates that based upon the Company's financial position and the variable interest rate, the carrying value approximates fair value.

Interest Rate Swap Contracts

The fair values are estimated amounts the Company would receive or pay to terminate the agreements at the balance sheet date, taking into account current interest rates.

Foreign Currency

The Company is subject to exposure from fluctuations in foreign currency exchange rates, primarily U.S. Dollar/British Pound, U.S. Dollar/Japanese Yen, U.S. Dollar/Canadian Dollar and U.S. Dollar/Brazilian Real.

The Company, from time to time, enters into forward exchange contracts to hedge anticipated but not yet committed sales denominated in the Canadian dollar, the British pound and the Japanese Yen. The terms of these contracts are for periods of under 12 months. The purpose of the Company's foreign currency

hedging activities is to protect the Company from the risk that the eventual dollar net cash inflows from the sale of products to foreign customers will be adversely affected by changes in exchange rates. The Company did not have any forward exchange contracts outstanding at December 31,

2001, and the amount outstanding at December 31, 2000 was immaterial. At December 31, 2000, the Company had an immaterial unrealized gain.

Interest Rate Risk

The Company's primary domestic borrowing facility is made up of a $ 510 million credit agreement of which $410 million was utilized as of December 31, 2001; and $100 million of a revolving credit agreement all of which was un-drawn at December 31, 2001. The weighted average interest rate on these borrowings at December 31, 2001, excluding deferred financing costs and commitment fees, was approximately 5.5% including hedges. The Company entered into interest rate swap agreements to reduce the impact in interest rates on this debt as required by the credit agreement. The swap agreements are contracts to exchange floating rate for fixed interest rate payments periodically over the life of the agreements without the exchange of the underlying notional amounts. As of December 31, 2001, the Company entered into agreements for a notional amount of $200 million, swapping debt with a one-month and three-month LIBOR rate for a fixed rate that averages 6.4 %.

3. inventories

Inventories are summarized as follows:

(In thousands)	2001	2000
Raw materials and supplies	$ 28,869	$ 18,696
Work in process	651	25
Finished goods	71,694	36,444
	$101,214	$ 55,165

Inventories valued on the LIFO method totaled $49,944,000 and $49,226,000 at December 31, 2001 and 2000, respectively, and would have been approximately $2,759,000 and $2,922,000 higher, respectively, had they been valued using the first-in, first-out (FIFO) method.

4. property, plant and equipment

Property, plant and equipment consist of the following:

(In thousands)	2001	2000
Land	$ 6,503	$ 5,546
Buildings and improvements	92,577	78,781
Machinery and equipment	253,749	214,926
Office equipment and other assets	25,037	15,664
Software	5,652	5,355
Mineral rights	257	304
Construction in progress	17,593	6,463
	401,368	327,039
Less accumulated depreciation, depletion and amortization	169,919	158,469
Net property, plant and equipment	$231,449	$168,570

Depreciation, depletion and amortization of property, plant and equipment amounted to $18,968,000, $18,469,000 and $16,594,000 in 2001, 2000 and 1999, respectively. Interest charges in the amount of $432,000, $284,000 and $421,000 were capitalized in connection with construction projects in 2001, 2000 and 1999, respectively.

5. acquisitions

a. In 1997, the Company acquired a 40% interest in QGN. The investment, costing approximately $10.4 million, was financed internally and included goodwill of approximately $3.3 million. The Company exercised its option to increase its interest to 75% during the second quarter of 1999. The additional 35% ownership cost approximately $9.1 million and included goodwill of approximately $4.8 million. During the second quarter of 2001, the Company increased its ownership position to approximately 85% at a cost of $2.6 million of which $1.7 million was allocated to Goodwill. Pro forma comparative results of operations are not presented because they are not materially different from the Company's reported results of operations.

b. During the fourth quarter of 1999, the Company entered the bathroom cleaner category with the acquisition of two major brands, CLEAN SHOWER and SCRUB FREE. As part of the Scrub Free transaction, the Company also acquired the DELICARE fine fabric wash brand. The combined purchase price of both transactions was approximately $54.8 million, was financed by the use of the Company's lines of credit and included goodwill and other intangibles of approximately $50.2 million.

c. USAD Acquisition and Non-Core Business Divestiture

On May 25, 2001, the Company and USA Detergents, Inc. ("USAD") closed on its previously announced merger agreement under which the Company acquired USAD, its partner in the previously announced ARMUS LLC joint venture, for $7 per share in an all-cash transaction. The acquisition is accounted for under the purchase method. Results of operations are included in the accompanying financial statements from May 25, 2001.

The Company and USAD formed the ARMUS joint venture to combine their laundry products businesses in June 2000. Under its terms, the Company had management control of the venture and an option to buy USAD's interest in five years.

The venture became operational on January 1, 2001, and was dissolved when the Company purchased USAD outright.

As part of the ARMUS venture, the Company had already acquired 2.1 million shares or 15% of USAD's stock for $15 million or $7 a share. The acquisition agreement extended the same offer price to USAD's remaining stockholders. The Company estimates the total transaction cost, including the assumption of debt, and the initial stock purchase, to be approximately $125 million after disposal of unwanted assets. The Company financed the acquisition with a short term bridge loan, which subsequently was refinanced as part of the Carter-Wallace acquisition.

The Company divested USAD's non-laundry business, which accounted for less than 20% of USAD's sales in 2000, and other non-core assets to former USAD executives.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

(in thousands)

Current assets	$ 14,795
Property, plant and equipment	46,591
Tradenames	57,890
Goodwill	42,438
Other long-term assets	9,424
Total assets acquired	171,138
Current liabilities	(54,836)
Long-term debt	(5,425)
Net assets acquired	$ 110,877

The Goodwill and tradenames were amortized until December 31, 2001, using the straight-line method over 30 years.

As noted, the Company divested USAD's non-laundry business and other non-core assets to former USAD executives concurrent with the merger agreement. The Company has a 20% ownership interest in the newly formed company and contributed $200,000. The new company, USA Metro, Inc. (USAM), purchased inventory and other assets for a total of $5,087,000, in the form of two notes receivable. The inventory note of $3,087,000 was secured by a lien on the inventory. The note was due on December 31, 2001 and bore interest at 8% for the first ninety days and 10% thereafter. It was paid on time. The note for all the other assets of $2,000,000 has a maturity of five years and bear interest at 8% for the first two years, 9% for the third year, 10% for the fourth year and 11% for the fifth year and is carried at approximately $1,400,000 using an effective interest rate of 17%.

There shall be interest only payments for the first two years. Commencing with the start of the third year the principal and accrued interest shall be paid monthly based upon a five-year amortization. The unpaid principal and accrued interest as of the maturity date shall be payable in a lump sum at such time. In the event the unpaid principal and interest is not paid as of the maturity date, the interest rate shall increase by 300 basis points. In the case of default by USAM that is not remedied as provided in the note, the Company may convert the note to additional ownership in USAM.

d. Carter-Wallace Acquisition

On September 28, 2001, the Company acquired the consumer products business of Carter-Wallace, Inc. in a partnership with the private equity group, Kelso & Company, for a total negotiated price of approximately $739 million, including the assumption of certain debt plus transaction costs. Under the terms of its agreements with Carter-Wallace and Kelso, the Company acquired Carter-Wallace's U.S. anti-perspirant and pet care businesses outright for a negotiated price of approximately $128 million; and Armkel, LLC, a 50/50 joint venture between the Company and Kelso, acquired the rest of Carter-Wallace's domestic and international consumer products business for a negotiated price of approximately $611 million. The Company accounts for its interest in Armkel on the equity method. (See note 6)

The reason the Company made the acquisition was to increase its personal care product lines and to improve the cost structure of these products.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed (related to the anti-perspirant and pet care businesses acquired directly by the Company) at the date of acquisition:

(in thousands)

Current assets	$ 41,668
Property, plant and equipment	5,795
Tradenames	52,153
Goodwill	38,838
Total assets acquired	138,454
Current liabilities	(9,349)
Net assets acquired	$ 129,105

The results of operations are included in the accompanying financial statements from September 28, 2001.

An appraisal is currently in process and the purchase price allocation will be modified based on its results. Goodwill and tradenames are not being amortized, based on the provisions of SFAS 142 "Goodwill and Other Intangible Assets." All the Goodwill is expected to be deductible for tax purposes and will be included in the consumer products segment.

e. Pro forma results - unaudited

The following pro forma 2000 and 2001 income statements reflect the impact as though the Company purchased USAD, its share of Armkel and the anti-perspirant and pet care businesses as of the beginning of the period indicated. Pro forma adjustments include the elimination of intercompany sales, inventory set-up adjustments, additional interest expense, depreciation and amortization charges and the related income tax impact.

(Dollars in thousands, except per share data)

	2001		2000	
	Historical CHD	Pro forma Results	Historical CHD	Pro forma Results
Net Sales	$1,080.9	$1,188.9	$795.7	$1,167.8
Income from Operations	93.5	82.8	52.2	51.1
Equity Income	(6.2)	12.2	3.0	9.8
Net Income	47.0	43.5	33.6	21.2
EPS - Basic	$1.21	$1.12	$.88	$.55
EPS - Diluted	$1.15	$1.07	$.84	$.53

f. Early in 2002, the Company acquired Biovance Technologies, Inc., a small Oskaloosa, Iowa-based producer of specialty feed ingredients, which complement our existing range of animal nutrition products. The purchase price paid in 2002 was $8.0 million and included the assumption of debt. Additional payments will be required based on future operating performance.

6. Armkel equity investment

The following table summarizes financial information for Armkel LLC. The Company account for its 50% interest under the equity method.

(in thousands) 2001

Income statement data:	
Net sales	$ 95,417
Gross profit	38,625
Net income (loss)	(15,648)
Equity in affiliate (loss)	(10,009)
Balance sheet data:	
Current assets	$ 225,104
Noncurrent assets	587,489
Short-term debt	5,671
Current liabilities (excluding short-term debt)	135,057
Long-term debt	439,750
Other long-term liabilities	28,711
Partners' equity	203,404

The venture's Board has equal representation from the Company and Kelso.

The Armkel venture is financed with $229 million in initial equity contributions from the Company and Kelso and an additional $445 million in debt. Armkel entered into a syndicated bank credit facility and also issued senior subordinated notes to finance its investment in the acquisition of Carter-Wallace. The long-term $305 credit facility consists of $220 million in 6 and 7-year term loans, all of which were drawn at closing and an $85 million revolving credit facility, which remained fully undrawn at December 31, 2001. Armkel issued $225 million of 9.5% senior debt notes due in eight years with interest paid semi-annually, therefore, Armkel had $445 million of total debt utilized as of December 31, 2001. The weighted average interest rate on the credit facility borrowings at December 31, 2001, excluding deferred financing costs and commitment fees, was approximately 5.5% including hedges. Any debt on Armkel's balance sheet is without recourse to the Company.

Under the partnership agreement with Kelso, the Company is allocated 50% of all book and tax profits. If there are losses, the Company is allocated 50% of all book and tax losses up to $10 million and 100% of such losses above that level for the period starting September 29, 2001, the date of the acquisition. As a result, the Company recorded a loss of approximately $10.0 million on its investment in Armkel.

The Company believes that substantial synergies can be achieved by combining certain of its operations with those of Armkel, particularly in the areas of sales, manufacturing and distribution, and most service functions. Armkel will retain its core marketing, research & development, and financial planning capabilities, and will continue to manufacture condoms, but will purchase virtually all the support services it requires for its U.S. domestic business from the Company under a management services agreement, which has a term of five years with possible renewal. As a first step, the Company merged the two sales organizations during the fourth quarter of 2001. In early 2002, the Company plans to begin transferring production of antiperspirants and depilatories from the former Carter-Wallace plant at Cranbury, NJ, to the Company's plant at Lakewood, NJ, which is a more efficient producer of antiperspirants and other personal care products. This process will take six to nine months and should be completed in third quarter 2002. During early 2002, the Company will also integrate the planning and purchasing, accounting and management information systems, and other service functions.

During 2001, the Company invoiced Armkel $2.1 million for administrative services, and purchased $8.4 million of deodorant antiperspirant inventory produced by Armkel at its cost. Armkel invoiced the Company $1.4 million of transition administrative services. The Company has an open receivable from Armkel at December 31, 2001 of approximately $12.0 million that primarily related to cash collected by Armkel on behalf of the Company for open accounts receivable, partially offset by amounts owed for inventory.

Under the terms of its joint venture agreement with Kelso, the Company has a call option to acquire Kelso's interest in Armkel in three to five years after the closing, at fair market value as defined in the joint venture agreement subject to a floor and cap. If the Company does not exercise its call

option, then Kelso may request the Company to purchase its interest. If the Company elects not to purchase Kelso's interest, then Kelso's and the Company's equity in the joint venture may be offered to a third party. If a third party sale should occur, depending on the proceeds received, the Company may be required to make a payment to Kelso up to an amount of approximately $112 million. Kelso also may elect to have the

Company purchase its interest for $112 million. This amount is not payable until the eighth year from the formation of the venture. Finally, Kelso may require the Company to purchase its interest upon a change in control as defined in the joint venture agreement.

Simultaneous with this transaction, Carter-Wallace and its pharmaceutical business merged into a newly formed company set up by pharmaceutical industry executives and backed by two well-known private equity firms. While the Company and Armkel are not affiliated with the pharmaceutical venture, Armkel has agreed to provide certain transitional services to help this venture with the start-up of its operations at Carter-Wallace's main Cranbury, New Jersey, facility.

7. accounts payable and accrued expenses

Accounts payable and accrued expenses consist of the following:

(In thousands)	2001	2000
Trade accounts payable	$ 97,238	$ 52,452
Accrued marketing and promotion costs	50,148	50,121
Accrued wages and related costs	12,645	10,305
Accrued pension and profit-sharing	7,450	6,881
Other accrued current liabilities	8,695	9,509
	$ 176,176	$ 129,268

8. short-term borrowings and long-term debt

The Company entered into a syndicated bank loan to finance its investment in Armkel, the acquisition of USA Detergents and the Anti-perspirant and Pet Care business from Carter Wallace. The Company extinguished all the short-term unsecured lines of credit as a result of last year's acquisitions. This long-term $510 million credit facility consists of $410 million in 5 and 6-year term loans and a $100 million revolving credit facility, which remained fully undrawn. The weighted average interest rate on these borrowings at December 31, 2001 and 2000 exclusive of deferred financing costs and commitment fees were approximately 5.5% and 6.6%, respectively, including hedges.

In addition, the Company's Brazilian subsidiary has lines of credit which allow it to borrow in its local currency. This amounts to $8 million, of which approximately $3 million was utilized as of December 31, 2001 and 2000, respectively. The weighted average interest rate on these borrowings at December 31, 2001 and 2000 was approximately 9.0% and 15.0%, respectively.

Long-term debt and current portion of long-term debt consist of the following:

(In thousands)	2001	2000
Syndicated Financing Loan due September 30, 2006	$ 125,000	$ --
Amount due 2002 $ 6,250		

Amount due 2003 $ 12,500		
Amount due 2004 $ 25,000		
Amount due 2005 $ 37,500		
Amount due 2006 $ 43,750		
Syndicated Financing Loan due September 30, 2007	285,000	--
Amount due 2002 $ 1,425		
Amount due 2003 $ 2,850		
Amount due 2004 $ 2,850		
Amount due 2005 $ 2,850		
Amount due 2006 $ 30,637		
Thereafter $ 244,388		
Three-year Unsecured Revolving Credit Loan due December 29, 2002	--	24,000
Various Debt from Brazilian Banks		
$3,220 due in 2002, $135 in 2003 and $29 in 2004	3,384	4,554
Industrial Revenue Refunding Bond		
Due in installments of $685 from 2002-2007 and $650 in 2008	4,760	5,445
Total debt	418,144	33,999
Less: current maturities	11,580	13,863
Net long-term debt	$ 406,564	$ 20,136

The principal payments required to be made are as follows:

(In thousands)

2002	$ 11,580
2003	16,170
2004	28,564
2005	41,035
2006	75,072
2007 and subsequent	245,723
	$ 418,144

The Company entered into interest rate swap agreements, which are considered derivatives, to reduce the impact of changes in interest rates on its floating rate debt as required by the credit agreement. The swap agreements are contracts to exchange floating interest payments for fixed interest payments periodically over the life of the agreements without the exchange of the underlying notional amounts. As of December 31, 2000, the Company had swap agreements with a notional amount of $20 million, and as of December 31, 2001, the Company had swap agreements in the amount of $200 million, swapping debt with either a one or a three-month libor rate for a fixed interest rate. These swaps, of which $20 million expire in May 2002 with the remaining $180 million declining at various points in time and expiring February 2004, were recorded as a liability in the amount of $2.2 million. These instruments are designated as cash flow hedges as of December 31, 2001 and any changes in value are recorded in other comprehensive income. The majority of the balance of the $2.2 million loss included in other comprehensive loss related to cash flow hedges that are expected to be reclassified to earnings over the next 12 months.

The Industrial Revenue Refunding Bond carries a variable rate of interest determined weekly, based upon current market conditions for short-term tax-exempt financing. The average rate of interest charged in 2001 and in 2000 was 3.9% and 4.0%, respectively.

QGN's long-term debt is at various interest rates that are determined by several inflationary indexes in Brazil.

The term loans pay interest at 200 and 250 basis points over LIBOR, depending on the ratio of EBITDA to total debt. Financial covenants include

EBITDA to total debt and interest coverage, which if not met, could result in an event of default and trigger the early termination of the credit facility, if not remedied within a certain period of time. All assets of the Company are pledged as collateral.

9. income taxes

The components of income before taxes are as follows:

(In thousands)	2001	2000	1999
Domestic	$ 68,255	$ 47,675	$ 66,740
Foreign	5,600	4,199	5,438
Total	$ 73,855	$ 51,874	$ 72,178

The following table summarizes the provision for U.S. federal, state and foreign income taxes:

(In thousands)	2001	2000	1999
Current:			
U.S. federal	$ 16,222	$ 18,734	$ 19,395
State	2,037	2,918	3,531
Foreign	1,317	730	2,007
	$ 19,576	$ 22,382	$ 24,933
Deferred:			
U.S. federal	$ 6,033	$ (3,801)	$ 1,552
State	663	(1,047)	358
Foreign	599	781	(22)
	$ 7,295	$ (4,067)	$ 1,888
Total provision	$ 26,871	$ 18,315	$ 26,821

Deferred tax liabilities/(assets) consist of the following at December 31:

(In thousands)	2001	2000
Current deferred tax assets:		
Marketing expenses, principally coupons	$ (6,121)	$ (5,382)
Reserves and other liabilities	(5,015)	(2,676)
Accounts receivable	(5,708)	(3,380)
Net operating loss	(1,700)	--
Capitalization of inventory costs	(802)	(387)
Other	(503)	146
Total current deferred tax assets	(19,849)	(11,679)
Nonpension postretirement and postemployment benefits	(6,120)	(5,787)
Capitalization of items expensed	(5,697)	(5,307)
Reserves and other liabilities	(3,175)	(6,927)
Investment valuation difference	(824)	(1,923)
Loss carryfoward of foreign subsidiary(1)	(4,401)	(3,248)
Foreign exchange translation adjustment	(3,143)	(2,330)
Valuation allowance	7,544	5,578
Depreciation and amortization	44,895	36,828
Net operating loss carryforward	(5,563)	--
Difference between book and tax loses of equity investment	3,014	--
Other	502	968
Net noncurrent deferred tax liabilities	27,032	17,852
Net deferred tax liability	$ 7,183	$ 6,173

The difference between tax expense and the "expected" tax which would

result from the use of the federal statutory rate is as follows:

(In thousands)	2001	2000	1999
Statutory rate	35%	35%	35%
Tax which would result from use of the federal statutory rate	$ 25,849	$ 18,156	$ 25,262
Depletion	(416)	(398)	(466)
Research & development credit	(300)	(350)	(200)
State and local income tax, net of federal effect	1,765	1,216	2,528
Varying tax rates of foreign affiliates	(169)	(87)	(103)
Other	142	(222)	(200)
	1,022	159	1,559
Recorded tax expense	$ 26,871	$ 18,315	$ 26,821
Effective tax rate	36.4%	35.3%	37.2%

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(1) The loss carryfoward existed at the date of acquisition. Any recognition of this benefit will be an adjustment to Goodwill.

The net operating loss carryforwards for federal, foreign and state amounted to $20.8, $16.3 and $11.2 million, respectively. These NOL's expire on various dates through December 31, 2020.

10. pension and nonpension postretirement benefits

The Company has defined benefit pension plans covering certain hourly employees. Pension benefits to retired employees are based upon their length of service and a percentage of qualifying compensation during the final years of employment. The Company's funding policy, is consistent with federal funding requirements.

The Company maintains unfunded plans, which provide medical benefits for eligible domestic retirees and their dependents. The Company accounts for these benefits in accordance with Statement of Financial Accounting Standards No. 106 (SFAS 106), "Employers' Accounting for Postretirement Benefits Other than Pensions." This standard requires the cost of such benefits to be recognized during the employee's active working career.

The following table provides information on the status of the plans at December 31:

	Pension Plans		Nonpension Postretirement Benefit Plans	
(In thousands)	2001	2000	2001	2000
Change in Benefit Obligation:				
Benefit obligation at beginning of year	$ 18,317	$ 14,676	$ 10,217	$ 9,654
Service cost	426	433	436	397
Interest cost	1,268	1,090	734	682
Plan amendments	--	2,172(1)	--	--
Actuarial (gain) loss	(79)	704	(22)	(66)
Benefits paid	(2,405)	(758)	(319)	(450)
Benefit obligation at end of year	$ 17,527	$ 18,317	$ 11,046	$ 10,217
Change in Plan Assets:				
Fair value of plan assets at beginning of year	$ 18,930	$ 20,311	$ --	$ --
Actual return on plan assets (net of expenses)	(1,571)	(688)	--	--
Employer contributions	65	65	319	450
Benefits paid	(2,405)	(758)	(319)	(450)
Fair value of plan assets at end of year	$ 15,019	$ 18,930	$ --	$ --
Reconciliation of the Funded Status:				
Funded status	$ (2,508)	$ 614	$(11,046)	$(10,217)
Unrecognized prior service cost (benefit)	29	147	(619)	(950)
Unrecognized actuarial gain	747	(2,627)	(3,073)	(3,209)
Loss due to currency fluctuations	76	52	--	--
Net amount recognized at end of year	$ (1,656)	$ (1,814)	$(14,738)	$(14,376)

Amounts recognized in the statement of financial position consist of:

(In thousands)	2001	2000	2001	2000
Prepaid benefit cost	$ 1,120	$ 977	$ --	$ --
Accrued benefit liability	(2,776)	(2,791)	(14,738)	(14,376)
Net amount recognized at end of year	$ (1,656)	$ (1,814)	(14,738)	$(14,376)
Weighted-average assumptions as of December 31:				
Discount rate	7.25%	7.25%	7.25%	7.25%
Rate of compensation increase	5.00%	5.00%	--	--
Expected return on plan assets	9.25%	9.25%	--	--

Net Pension and Net Postretirement Benefit Costs consisted of the following components:

	Pension Costs			Postretirement Costs		
(In thousands)	2001	2000	1999	2001	2000	1999
Components of Net Periodic Benefit Cost:						
Service cost	$ 426	$ 433	$ 440	$ 436	$ 397	$ 477
Interest cost	1,268	1,090	1,008	734	682	647
Expected return on plan assets	(1,713)	(1,843)	(1,433)	--	--	--
Amortization of transition obligation	--	3	4	--	--	--
Amortization of prior service cost	29	30	29	(105)	(105)	(105)
Recognized actuarial (gain) or loss	(130)	(334)	(27)	(158)	(212)	(144)
FAS 88 expense	--	--	--	(226)	--	--
Net periodic benefit cost (income)	$ (120)	$ (621)(1)	$ 21	$ 681	$ 762	$ 875

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(1) The benefit obligation for the plan amendment referred to in the table on the previous page relates to the offering to Syracuse plant employees a cash balance benefit in connection with the Syracuse plant shutdown in 2000. Accordingly, the related expense of $2,172 thousand is included in Impairment and other items in the accompanying statement of income. See note 13.

The pension plan assets primarily consist of equity mutual funds, fixed income funds and a guaranteed investment contract fund. The accumulated postretirement benefit obligation has been determined by application of the provisions of the Company's medical plans including established maximums and sharing of costs, relevant actuarial assumptions and health-care cost trend rates projected at 8.0% in 2001, and ranging to 5.0% in 2007. The Company has a maximum annual benefit based on years of service for those over 65 years of age.

(In thousands)	2001	2000
Effect of 1% increase in health-care cost trend rates on:		
Postretirement benefit obligation	$ 739	$ 708
Total of service cost and interest cost component	93	85
Effect of 1% decrease in health-care cost trend rates on:		
Postretirement benefit obligation	(657)	(627)
Total of service cost and interest cost component	(82)	(74)

The Company also maintains a defined contribution profit-sharing plan for salaried and certain hourly employees. Contributions to the profit-sharing plan charged to earnings amounted to $3,099,000, $3,628,000 and $4,481,000 in 2001, 2000 and 1999, respectively.

The Company also has an employee savings plan. The Company matches 50% of each employee's contribution up to a maximum of 6% of the employee's earnings. The Company's matching contributions to the savings plan were $1,675,000, $1,342,000 and $1,327,000 in 2001, 2000 and 1999, respectively.

11. stock option plans

The Company has options outstanding under three plans. Under the 1983 Stock Option Plan and the 1994 Incentive Stock Option Plan, the Company may grant options to key management employees. The Stock Option Plan for Directors authorizes the granting of options to non-employee directors. Options outstanding under the plans are issued at market value, vest and are exercisable on the third anniversary of the date of grant, and must be exercised within ten years of the date of grant. A total of 7,000,000 shares of the Company's common stock is authorized for issuance for the exercise of stock options.

Stock option transactions for the three years ended December 31, 2001 were as follows:

	Number of Shares	Weighted Avg. Exercise Price
Outstanding at January 1, 1999	5,036,410	11.52
Grants	579,000	20.94
Exercised	649,116	10.29
Cancelled	83,500	12.84
Outstanding at December 31, 1999	4,882,794	12.78
Grants	783,850	17.23
Exercised	701,847	10.64
Cancelled	24,900	16.95
Outstanding at December 31, 2000	4,939,897	13.69
Grants	835,576	24.15
Exercised	756,591	12.11
Cancelled	112,825	21.98
Outstanding at December 31, 2001	4,906,057	15.55

At December 31, 2001, 2000 and 1999, 3,001,131 options, 2,985,147 options and 3,499,380 options were exercisable, respectively.

The table below summarizes information relating to options outstanding and exercisable at December 31, 2001.

	Options Outstanding			Options Exercisable	
Exercise Prices	Options Outstanding	Weighted Average Exercise Price	Weighted Avg. Remaining Contractual Life	Options Exercisable	Weighted Average Exercise Price
$7.50-$10.00	360,985	8.76	3.0	360,985	8.76
$10.01-$12.50	1,364,371	10.78	3.8	1,364,371	10.78
$12.51-$15.00	976,600	13.57	4.9	968,375	13.57
$15.01-$17.50	842,500	16.88	6.5	192,600	16.07
$17.51-$25.00	1,283,950	22.51	7.6	104,800	22.63
$25.01-$35.00	77,651	26.42	9.2	10,000	27.81
	4,906,057	$ 15.55	5.5	3,001,131	$ 12.24

The fair-value of options granted in 2001, 2000 and 1999 is $6,540,014, $5,626,000, and $4,447,000, respectively and the weighted average fair-value per share of options granted in 2001, 2000 and 1999 is $7.83, $7.18 and $7.68, respectively.

The fair-value of options granted in 2001, 2000 and 1999 is estimated on the date the options are granted based on the Black Scholes option-pricing model with the following weighted-average assumptions:

	2001	2000	1999
Risk-free interest rate	5.1%	6.6%	6.0%
Expected life	6.5 years	6.0 years	6.0 years
Expected volatility	25.0%	38.8%	30.0%
Dividend yield	1.2%	1.6%	1.2%

The Company accounts for costs of stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," rather than the fair-value based method in Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-Based Compensation." No compensation cost has been recognized for the Company's stock option plans. Had compensation cost been determined based on the fair values of the stock options at the date of grant in accordance with SFAS 123, the Company would have recognized additional compensation expense, net of taxes, of $2,670,000, $2,577,000 and $2,037,000 for 2001, 2000 and 1999, respectively. The Company's pro forma net income and pro forma net income per share for 2001, 2000 and 1999 would have been as follows:

(In thousands, except for per share data)	2001	2000	1999
Net Income			
As reported	$ 46,984	$ 33,559	$ 45,357
Pro forma	44,314	30,982	43,320
Net Income per Share: basic			
As reported	$ 1.21	$ .88	$ 1.17
Pro forma	1.14	.81	1.12
Net Income per Share: diluted			
As reported	$ 1.15	$ .84	$ 1.11
Pro forma	1.09	.78	1.06

12. gain on the sale of mineral rights

The Company sold most of its trona mineral leases in Wyoming for approximately $22.5 million to Solvay Minerals, Inc., resulting in a gain of approximately $11.8 million. The terms of the note recorded as part of the sale included annual payments beginning on January 5, 1999 and concluding on January 5, 2011. The Company received its initial payment of $3.0 million and assigned and sold the note for the present value of the remaining payments net of expenses for approximately $13.8 million. During 2001, as part of the Company's debt refinancing, the Company purchased the note for $11.4 million from the original assignee.

13. impairment and other items

During 2000, the Company recorded a pre-tax charge of $21.9 million relating to three major elements: a $14.3 million write-down of the Company's Syracuse N.Y. manufacturing facility, a $2.1 million charge for potential carrying and site clearance costs, and a $5.5 million severance charge (including $2.2 million pension plan amendment) related to both the Syracuse

shutdown and the sales force reorganization. The Company also incurred depreciation and other charges of $1.8 million in 2000 and $1.4 million in 2001 relating to a plant and warehouses that were shutdown. This brings the total one-time cost to approximately $25 million. The cash portion of this one-time

cost, however, was less than $5 million after tax.

During 1999, the Company recorded a pre-tax charge of $6.6 million for impairment and certain other items relating to a planned plant shutdown which included the rationalization of both toothpaste and powder laundry detergent production.

In 2001, the Company recorded pre-tax income of $.7 million primarily related to the sale of fixed assets located in the Syracuse plant.

Components of the outstanding reserve balance included in accounts payable and accrued expenses consist of the following:

	Reserve at Dec. 31, 2000	Adjustments Payments	Reserves at Dec. 31, 2001
Severance and other charges.....	$ 5,239	$ (4,477)(1)	$ 762
Fixed asset write-down and demolition.....	2,129	(943)	1,186
	$ 7,368	$ (5,420)	$ 1.948

The severance charge in 2000 was for approximately 140 people and 74 people in 1999.

As of December 31, 2001, there was no liability related to the 1999 impairment charge.

(1) The $2.2 million pension plan amendment reserve was reclassified and is included in Deferred and Long-term Liabilities in the Company's balance sheet. (See note 10)

14. common stock voting rights and rights agreement

Effective February 19, 1986, the Company's Restated Certificate of Incorporation was amended to provide that every share of Company common stock is entitled to four votes per share if it has been beneficially owned continuously by the same holder (1) for a period of 48 consecutive months preceding the record date for the Stockholders' Meeting; or (2) since February 19, 1986. All other shares carry one vote. (Specific provisions for the determination of beneficial ownership and the voting of rights of the Company's common stock are contained in the Company's Notice of Annual Meeting of Stockholders and Proxy Statement-unaudited).

On August 27, 1999, the Board of Directors adopted a Shareholder Rights Plan (the Plan) that essentially reinstates a Shareholder Rights Plan originally enacted in 1989, which had terminated. In connection with the adoption of the Plan, the Board declared a dividend of one preferred share purchase right for each outstanding share of Company Common Stock. Each right, which is not presently exerciseable, entitles the holder to purchase one one-hundredth of a share of Junior Participating Preferred Stock at an exercise price of $200.00. In the event that any person acquires 20% or more of the outstanding shares of Common Stock, each holder of a right (other than the acquiring person or group) will be entitled to receive, upon payment of the exercise price, that number of shares of Common Stock having a market value equal to two times the exercise price. In order to retain flexibility and the ability to maximize shareholder value in the event of unknown future transactions, the Board of Directors retains the power to redeem the rights for a set amount.

The rights were issued on September 13, 1999, payable to shareholders of record at the close of business on that date. The rights will expire on September 13, 2009.

15. commitments and contingencies

a. Rent expense amounted to $5,048,000 in 2001, $2,794,000 in 2000 and

$2,715,000 in 1999. The Company is obligated for minimum annual rentals under non-cancelable long-term operating leases as follows:

(In thousands)

2002	$ 30,252
2003	29,592
2004	7,643
2005	7,310
2006	7,389
2007 and thereafter	23,853
Total future minimum lease commitments	$ 106,039

b. In December 1981, the Company formed a partnership with a supplier of raw materials which mines and processes sodium mineral deposits owned by each of the two companies in Wyoming. The partnership supplies the Company with the majority of its sodium raw material requirements. This agreement terminates upon two years' written notice by either company.

c. The Company has a raw material purchase commitment for an animal feed additive of $6.4 million for 2002.

d. Certain former shareholders of Carter-Wallace have brought legal action against the company that purchased the pharmaceutical business of Carter-Wallace regarding the fairness of the consideration these shareholders received. Pursuant to various indemnification agreements, Armkel could be liable for damages up to $12 million, and the Company could be liable directly to Armkel for an amount up to $2 million.

The Company believes that the consideration offered was fair to the former Carter-Wallace shareholders, and it cannot predict with certainty the outcome of this litigation.

e. The Company, in the ordinary course of its business, is the subject of, or party to, various pending or threatened legal actions. The Company believes that any ultimate liability arising from these actions will not have a material adverse effect on its financial position or results of operation.

16. segments

Segment Information

The Company has two operating segments: Consumer Products and Specialty Products. The Consumer Products segment comprises packaged goods primarily sold to retailers. The Specialty Products segment includes chemicals sold primarily to industrial and agricultural markets.

Measurement of Segment Results and Assets

The accounting policies of the segments are generally the same as those described in the summary of significant accounting policies with the exception of:

a. The Companies' portion of the Armand Products and ArmaKleen joint ventures are consolidated into the Specialty Products segment results. Accordingly, they are not accounted for by the equity method.

b. The administrative costs of the production planning and logistics functions are included in segment SG&A expenses, but are elements of cost of goods sold in the Company's Consolidated Statement of Income.

The Company evaluates performance based on operating profit. There are no intersegment sales.

Factors used to Identify Segments

The Company's segments are strategic business units with distinct differences in product application and customer base. They are managed by separate sales and marketing organizations.

	Unconsolidated					(3)	
	Consumer	Specialty	Subtotal	Affiliates	Corporate	Adjustments	Total
Net Sales							
2001	$908,067	$196,010	$1,104,077	$(23,213)	--	--	$1,080,864
2000	634,119	186,637	820,756	(25,031)	--	--	795,725
1999	586,944	179,719	766,663	(26,482)	--	--	740,181
Gross Profit							
2001	358,679	58,212	416,891	(6,933)	--	(9,305)	400,653
2000	302,555	55,907	358,462	(7,807)	--	(5,251)	345,404
1999	285,036	57,346	342,382	(10,175)	--	(6,512)	325,695
Advertising, Consumer and Trade Promotion Expenses							
2001	193,109	3,098	196,207	(247)	--	--	195,960
2000	175,829	3,108	178,937	(323)	--	--	178,614
1999	173,856	2,647	176,503	(380)	--	--	176,123

Selling, General and Administrative Expenses							
2001	95,054	29,429	124,483	(3,346)	--	(9,305)	111,832
2000	73,974	28,181	102,155	(4,186)	--	(5,251)	92,718
1999	69,628	27,311	96,939	(3,380)	--	(6,512)	87,047
Operating Profit							
2001	70,517	26,118	96,635	(3,774)	--	660	93,521
2000	52,753	24,252	77,005	(2,933)	--	(21,911)	52,161
1999	41,554	27,254	68,808	(6,283)	--	5,155	67,680
Identifiable Assets(1) (2)							
2001	720,066	142,565	862,631	--	86,454	--	949,085
2000	282,678	143,112	425,790	--	29,842	--	455,632
1999	309,366	139,831	449,197	--	27,109	--	476,306
Capital Expenditures							
2001	21,955	12,131	34,086	--	--	--	34,086
2000	13,744	8,081	21,825	--	--	--	21,825
1999	23,526	9,586	33,112	--	--	--	33,112
Depreciation, Depletion and Amortization(4)							
2001	19,757	6,768	26,525	--	1,318	--	27,843
2000	16,371	7,083	23,454	--	--	--	23,454
1999	12,988	6,268	19,256	--	--	--	19,256

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(1) The Specialty Products segment's identifiable assets include equity of investments in affiliates in the amounts of $16,880,000, $19,416,000 and $20,177,000 for 2001, 2000 and 1999, respectively. The Consumer Products segment's identifiable assets include equity of investment in affiliate of $98,241,000 in 2001.

(2) Corporate assets include excess cash, investments, notes receivable, deferred financing costs and deferred income taxes not used for segment operating needs.

(3) Adjustments reflect reclassification of production planning and logistics administrative costs between gross profit and SG&A expenses, in 1999 the gain on sale of mineral reserves and the impairment and other items charges, and in 2000 and 2001 the Syracuse shutdown and other charges.

(4) Corporate depreciation, depletion and amortization relate to amortization of deferred financing costs.

Product line net sales data is as follows:

	Laundry and Household Cleaners	Oral and Personal Care	Deodorizing and Cleaners	Specialty Chemicals	Animal Nutrition	Specialty Cleaners	Unconsolidated Affiliates	Total
2001	$458,010	$170,778	$279,279	$111,539	$76,081	$8,390	$(23,213)	$1,080,864
2000	229,507	155,782	248,830	110,671	67,880	8,086	(25,031)	795,725
1999	223,104	159,782	204,058	105,499	64,423	9,797	(26,482)	740,181

Geographic Information

Approximately 90% of net sales in 2001, 88% in 2000 and 89% in 1999 were to customers in the United States, and approximately 92% of long-lived assets in 2001, 88% in 2000 and 89% in 1999 were located in the U.S.

Customers

A group of three Consumer Products customers accounted for approximately 20% of consolidated net sales in 2001, including a single customer which accounted for approximately 13%. A group of three customers accounted for approximately 21% of consolidated net sales in 2000 including a single customer which accounted for approximately 13%. This group accounted for 20% in 1999.

17. unaudited quarterly financial information

The unaudited quarterly results of operations are prepared in conformity with generally accepted accounting principles and reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the results of operations for the periods presented. Adjustments are of a normal, recurring nature, except as discussed in Notes 12 and 13.

(in thousands, except for per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2001					
Net sales	$ 256,527	$ 257,095	$ 270,627	$ 296,615	$1,080,864
Gross profit	94,098	96,999	104,103	105,453	400,653
Income from operations	20,952	22,505	25,835	24,229	93,521
Equity in earnings (loss) of affiliates	1,032	1,151	886	(9,264)	(6,195)
Net income	12,147	13,478	15,246	6,113	46,984
Net income per share--basic	$ .32	$ .35	$ .39	$ .16	$ 1.21
Net income per share--diluted	$ .30	$ .33	$ .37	$ .15	$ 1.15
2000					
Net sales	$ 193,939	$ 202,415	$ 202,451	$ 196,920	$ 795,725
Gross profit	84,477	89,842	90,144	80,941	345,404
Income (loss) from operations	18,664	19,341	(1,694)	15,850	52,161
Equity in earnings of affiliates	854	324	855	978	3,011
Net income (loss)	11,732	12,375	(1,236)	10,688	33,559
Net income (loss) per share--basic	$ .30	$ .32	$ (.03)	$ .28	$ .88
Net income (loss) per share--diluted	$ .29	$ .31	$ (.03)	$ .27	$ .84
1999					
Net sales	$ 177,116	$ 189,029	$ 188,521	$ 185,515	$ 740,181
Gross profit	77,118	83,912	84,974	79,691	325,695
Income from operations	17,974	14,976	17,563	17,167	67,680
Equity in earnings of affiliates	2,020	1,929	1,372	1,045	6,366
Net income	12,365	10,456	11,379	11,157	45,357
Net income per share--basic	$ .32	$ .27	$ .29	$ .29	$ 1.17
Net income per share--diluted	$ .30	$ .26	$ .28	$ .27	$ 1.11

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors of
Church & Dwight Co., Inc.
Princeton, New Jersey

We have audited the accompanying consolidated balance sheets of Church & Dwight Co., Inc., and subsidiaries (the Company) as of December 31, 2001 and 2000, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company'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 of America. 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, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP
Parsippany, New Jersey
March 11, 2002

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
ELEVEN-YEAR FINANCIAL REVIEW

(Dollars in millions, except per share data)

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Operating Results											
Net sales:											
Consumer Products	$ 908.1	634.1	586.9	560.2	459.0	417.6	380.6	393.0	410.4	409.3	386.1
Specialty Products	172.8	161.6	153.3	132.5	124.6	119.0	114.4	106.4	104.9	94.7	87.1
Total	1,080.9	795.7	740.2	692.7	583.6	536.6	495.0	499.4	515.3	504.0	473.2
Marketing	$ 196.0	178.6	176.1	182.2	148.3	136.3	120.0	131.3	126.3	123.0	94.9
Research & development	$ 21.8	19.4	17.9	16.4	15.8	17.8	18.5	20.6	21.2	17.8	13.4
Income from operations ..	$ 93.5	52.2	67.7	42.5	30.6	27.3	8.4	1.5	35.6	37.7	34.0
% of sales	8.7%	6.6%	9.1%	6.1%	5.2%	5.1%	1.7%	.3%	6.9%	7.5%	7.2%
Net income	$ 47.0	33.6	45.4	30.3	24.5	21.2	10.2	6.1	26.3	29.5	26.5
Net income per share--basic	$ 1.21	.88	1.17	.78	.63	.55	.26	.16	.65	.73	.65
Net income per share--diluted	$ 1.15	.84	1.11	.76	.61	.54	.26	.16	.64	.71	.65
Financial Position											
Total assets	$ 949.1	455.6	476.3	391.4	351.0	308.0	293.2	294.5	281.7	261.0	244.3
Total debt	418.1	34.0	84.4	48.8	39.5	7.5	12.5	32.5	9.6	7.7	7.8
Stockholders' equity	282.3	234.7	226.7	194.8	179.3	165.3	153.7	153.9	169.4	159.1	139.2
Total debt as a % of total capitalization ..	60%	13%	27%	20%	18%	4%	8%	17%	5%	5%	5%
Other Data											
Average common shares outstanding-basic (In thousands)	38,879	38,321	38,792	38,734	38,922	39,068	39,134	39,412	40,446	40,676	39,662
Return on average stockholders' equity ..	18.2%	14.5%	21.5%	16.2%	14.2%	13.3%	6.6%	3.8%	16.0%	19.8%	20.5%
Return on average capital	11.2%	12.7%	17.0%	13.8%	12.8%	12.7%	6.2%	3.6%	15.3%	19.0%	18.5%
Cash dividends paid	$ 11.3	10.7	10.1	9.3	9.0	8.6	8.6	8.7	8.5	7.7	6.7
Cash dividends paid per common share	$ .29	.28	.26	.24	.23	.22	.22	.22	.21	.19	.17
Stockholders' equity per common share	$ 7.26	6.12	5.84	5.05	4.62	4.25	3.94	3.94	4.22	3.91	3.43

Additions to property, plant and equipment ...	$ 34.1	21.8	33.1	27.1	9.9	7.1	19.7	28.4	28.8	12.5	19.3
Depreciation and amortization	$ 27.8	23.5	19.3	16.5	14.2	13.6	13.1	11.7	10.6	9.8	9.5
Employees at year-end ...	2,099	1,439	1,324	1,127	1,137	937	941	1,028	1,096	1,092	1,081
Statistics per employee:* (In thousands)											
Sales	$ 568	650	643	615	513	573	526	486	470	462	438

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*2001, 2000 and 1999 results reflect sales for U.S. operations only.