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

FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002 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 (Address of principal executive offices)	08543-5297 (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. | |

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes |X| No | |

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of June 28, 2002 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $1,203 million. For purposes of determining this number, 1,388,993 shares of Common Stock held by affiliates were excluded. For purposes of making this calculation only, the registrant included all directors, certain executive officers and beneficial owners of more than ten percent of the Common Stock of the Company as affiliates. The aggregate market value is based on the closing price of such stock on the New York Stock Exchange on June 28, 2002.

As of March 21, 2003, 40,009,034 shares of Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain provisions of the registrant's definitive proxy statement to be filed not later than April 30, 2003 pursuant to Regulation 14A are incorporated by reference in Items 10 through 13 of Item III of this Annual Report on Form 10-K.

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CAUTIONARY NOTE ON FORWARD LOOKING INFORMATION

This Annual Report contains forward-looking statements relating to, among other things, short- and long-term financial objectives, sales growth, cash flow and cost improvement programs. These statements represent the intentions, plans, expectations and beliefs of the Company, and are subject to risk, uncertainties and other factors, many of which are outside the Company's control and could cause actual results to differ materially from such forward-looking statements. The uncertainties include assumptions as to market growth and consumer demand (including the effect of political and economic events on consumer demand), raw material and energy prices, the financial condition of major customers, and the Company's determination and ability to exercise its option to acquire the remaining 50% interest in Armkel LLC. With regard to the new product introductions referred to in this report, there is particular uncertainty relating to trade, competitive and consumer reactions. Other factors, which could materially affect the results, include the outcome of contingencies, including litigation, pending regulatory proceedings, environmental remediation and the acquisition or divestiture of assets.

The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our filings with the U.S. Securities and Exchange Commission. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

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PART I

ITEM 1. BUSINESS.

GENERAL; RECENT DEVELOPMENTS

The Company, founded in 1846, develops, manufactures and markets a broad range of consumer and specialty products under its well-recognized ARM & HAMMER brand name and other familiar brand names such as ARRID, BRILLO and XTRA. The Company is the world's leading producer of sodium bicarbonate, popularly known as baking soda. Baking soda is a versatile chemical which cleans, deodorizes, leavens and buffers. The Company's Consumer Products include Deodorizing and Household Cleaning Products, such as baking soda and cat litter; Laundry Products, such as detergent and fabric softeners; and Personal Care Products, such as antiperspirants and toothpaste. The Company's Specialty Products include, in addition to sodium bicarbonate, sodium sesquicarbonate, ammonium bicarbonate, and a rumen bypass fat product, which are used in a variety of industrial, animal nutrition, and food products. In 2002, Consumer Products represented approximately 83% and Specialty Products represented approximately 17% of the Company's sales. Approximately 92% of the Company's sales revenues were derived from sales in the United States.

In January 2002, the Company acquired Biovance Technologies, Inc., a small Oskaloosa, Iowa based producer of specialty animal feed ingredients which complement the Company's existing range of animal nutrition products. The purchase price paid in 2002 was approximately $7.8 million (exclusive of cash acquired) and included the assumption of debt. An additional earn-out payment of $3.4 million was paid in February 2003 based upon Biovance's 2002 operating performance. A final earn-out payment (not to exceed $8.6 million) will be required next year based upon Biovance's 2003 operating performance.

During 2002, the Company completed the integration of the XTRA and NICE'N FLUFFY laundry brands that were obtained in the acquisition of USA Detergents, Inc. in 2001. The integration began in the fourth quarter of 2000, prior to the acquisition, with the consolidation of sales organizations, continued after the acquisition through the integration of manufacturing and distribution and concluded with the standardization of formulations and packaging in 2002.

Also during 2002, the Company continued the integration of the consumer products business purchased in 2001 from Carter Wallace by the Company and Armkel, LLC, a 50/50 joint venture with Kelso & Company. The integration began in the fourth quarter of 2001 with the consolidation of sales organizations, continued through the integration of manufacturing and distribution and was materially completed with the shut down of the former Carter-Wallace facility in Cranbury, New Jersey in the third quarter of 2002.

The Company financed the acquisition of USA Detergents, the acquisition of the antiperspirant and pet care businesses from Carter-Wallace and its investment in Armkel with a $510 million credit facility originally issued in 2001. In January 2003, the Company entered into a receivables purchase agreement with PNC Bank in order to refinance $60 million of this credit facility. This was done to reduce expenses associated with the credit facility and to lower the Company's financing costs by accessing the commercial paper market. These financing transactions are described in detail under the heading "Liquidity and Capital Resources" in Exhibit 99.1 to this Annual Report on Form 10-K.

The Company maintains a web site at www.churchdwight.com and makes available free of charge on this web site the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after the Company electronically files these materials with, or furnishes it to, the Securities and Exchange Commission. The information presented in the Company's web site is not a part of this report.

FINANCIAL INFORMATION ABOUT SEGMENTS

The Company's business is organized into two segments, Consumer Products and Specialty Products. Neither of these segments is seasonal. Information concerning the net sales, operating income and identifiable assets of each of the segments is set forth in Note 17 to the consolidated financial statements included in Exhibit 99.1 to this Form 10-K which is incorporated herein by reference. All sales percentages, presented in the following Consumer Products and Specialty Products paragraphs, are exclusive of unconsolidated affiliates.

CONSUMER PRODUCTS

PRINCIPAL PRODUCTS

The Company's founders first marketed baking soda in 1846 for use in home baking. 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 specializes in baking soda-based products, as well as other products which use the same raw materials or technology or are sold in the same markets. The following table sets forth the principal products of the Company's Consumer Products division.

TYPE OF PRODUCT	KEY BRAND NAMES
Deodorizing and Cleaning	ARM & HAMMER Pure Baking Soda
	ARM & HAMMER Fridge-n-Freezer
	ARM & HAMMER Carpet & Room Deodorizer
	ARM & HAMMER VACUUM-FREE Foam Carpet Deodorizer
	ARM & HAMMER Cat Litter Deodorizer
	ARM & HAMMER SUPER SCOOP Clumping Cat Litter
	ARM & HAMMER SUPER CLAY Cat Litter
	ARM & HAMMER CRYSTAL BLEND Cat Litter
	LAMBERT KAY Pet Care Products
	BRILLO Soap Pads
	BRILLO SCRUB'N TOSS Disposable Cleaning Pads
	SCRUB FREE Bathroom Cleaners
	CLEAN SHOWER Daily Shower Cleaner
	CAMEO Aluminum & Stainless Steel Cleaner
	SNO BOL Toilet Bowl Cleaner
	PARSONS' Ammonia
Laundry	ARM & HAMMER FABRICARE Powder Laundry Detergent
	ARM & HAMMER Liquid Laundry Detergent
	XTRA Liquid Laundry Detergent
	XTRA Powder Laundry Detergent
	NICE'N FLUFFY Liquid Fabric Softener
	ARM & HAMMER FRESH'N SOFT Fabric Softener Sheets
	ARM & HAMMER FRESH'N SOFT Liquid Fabric Softener
	DELICARE Fine Fabric Wash
	ARM & HAMMER Super Washing Soda
Personal Care	ARM & HAMMER DENTAL CARE Toothpaste, Gum and Powder
	ARM & HAMMER PEROXICARE Toothpaste
	ARM & HAMMER ADVANCE WHITE Toothpaste, Gum
	ARM & HAMMER ADVANCE BREATH CARE Toothpaste, Gum, Mouthwash, Breathmints
	ARM & HAMMER COMPLETE CARE Toothpaste
	ARM & HAMMER ULTRAMAX Deodorant & Antiperspirants
	ARRID Antiperspirants
	LADY'S CHOICE Antiperspirants

The following table sets forth the principal Consumer Products sold by Armkel:

TYPE OF PRODUCT	KEY BRAND NAME
Personal Care	TROJAN Condoms TROJAN Personal Lubricants NATURALAMB Condoms CLASS-ACT Condoms
	NAIR Depilatories, lotions, creams and waxes LINEANCE European Body Essentials, Depilatories Skin Care
	FIRST RESPONSE Home Pregnancy and Ovulation Kits
	PEARL DROPS Toothpolish and Toothpaste RIGIDENT Denture Adhesive CARTERS LITTLE PILLS, Laxative

Armkel is the Company's 50% owned joint venture with Kelso. The Company exerts significant influence over Armkel through its membership on Armkel's board and the Company's various agreements with Armkel, but does not control its financial and operating decisions. As a result, Armkel's operations are not consolidated on the Company's consolidated financial statements. This arrangement is described more fully under the heading "Armkel" in the Liquidity and Capital Resources section of the MD&A contained in Exhibit 99.1 to this Annual Report on Form 10-K. Armkel has issued publicly traded debt and is required to file reports with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934. However, those reports are not part of the Company's Annual Report on this Form 10-K.

Deodorizing and Cleaning Products.

The Company has sold baking soda since 1846. The ARM & HAMMER trademark was adopted in 1867. ARM & HAMMER Baking Soda remains the leading brand of baking soda in terms of consumer recognition of the brand name and reputation for quality and value.

The deodorizing properties of baking soda have led to the development of several other household products. In 2002, Deodorizing and Cleaning Products constituted approximately 30% of the Company's consumer sales and approximately 25% of the Company's total sales. The deodorizer products include ARM & HAMMER Carpet & Room Deodorizer, ARM & HAMMER VACCUM-FREE Foam Carpet Deodorizer, ARM & HAMMER Deodorizing Air Freshener and ARM & HAMMER Cat Litter Deodorizer. The Carpet and Room Deodorizer products led the category for carpet deodorizers in 2002.

The Company markets a line of cat litter products such as ARM & HAMMER SUPER SCOOP Clumping Cat Litter, which is the number two brand in the fast-growing clumping segment of the cat litter market. All brand "rankings" contained herein are based on IRI FDTKS, excluding Wal Mart, for the 52 weeks ending December 22, 2002. A line extension of SUPER SCOOP is ARM & HAMMER CRYSTAL BLEND, a premium-priced clumping cat litter which uses silica crystals, baking soda and an anti-microbial ingredient to inhibit growth of bacterial odors. The Company's pet care products also include LAMBERT KAY Pet Products and ARM & HAMMER Super Clay cat litter. The Company intends to continue to innovate and offer new products under the ARM & HAMMER brand in the household and pet care categories. To this end, in 2003 the Company has launched ARM & HAMMER PET FRESH Carpet & Room Deodorizer plus Pet Hair Release, a product that combines a carpet deodorizer with a pet hair release agent that breaks the static charge that holds hair to the carpet, thereby making vacuuming easier.

The Company also markets a variety of household cleaning products including, BRILLO Soap Pads and other steel wool products, PARSONS Ammonia, CAMEO Metal Polish, SNO BOL Cleaners and CLEAN SHOWER Daily Shower Cleaner and SCRUB FREE Bathroom Cleaner. The Company intends to capitalize on the well recognized

BRILLO name by extending its line of soap pads and expanding into new categories. As a result, in 2003, the Company is launching BRILLO SCRUB'N TOSS Disposable Cleaning Pads, a new, multi-use, disposable cleaning pad product.

Product introductions usually involve heavy marketing costs in the year of launch, and the eventual success of the new product and line extensions described in this Annual Report on Form 10-K will not be known for some time.

Laundry Products.

The Company's largest consumer business, measured by sales volume, is in the laundry detergent market. In 2002, Laundry Products constituted approximately 46% of the Company's consumer sales and approximately 38% of the Company's total sales.

The Company markets its ARM & HAMMER Brand Laundry Detergents, in both powder and liquid forms, as value products, priced at a discount from products identified by the Company as market leaders. The Company markets its XTRA laundry detergent in both powder and liquid at a slightly lower price than ARM & HAMMER Brand Laundry Detergents. The marketing of distinct brands at several price points is intended to increase market share. Although the powder laundry detergent segment continued its long-term decline throughout 2002, the ARM & HAMMER FABRICARE powder gained market share and maintained its position as the leading powder detergent value brand.

The Company's Laundry Products include fabric softeners that prevent static cling and soften and freshen clothes. In 2002, ARM & HAMMER FRESH 'N SOFT Fabric Softener Sheets enjoyed an increase in dollar market share. In order to build on this success, the Company has recently launched ARM & HAMMER FRESH 'N SOFT Liquid Fabric Softener. The Company also offers another liquid fabric softener, NICE'N FLUFFY, at a slightly lower price in an attempt to increase market share by competing at several price points.

Personal Care Products.

The Company has entered the personal care and oral care 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 intense competition, requiring heavy advertising and promotion. In 2002, Personal Care Products (excluding Armkel) constituted approximately 20% of the Company's consumer sales and approximately 17% of the Company's total sales.

Early in 2002, the Company accomplished a major objective by transferring production of ARRID and LADY'S CHOICE deodorant antiperspirants from the former Carter-Wallace plant at Cranbury, New Jersey, to the more efficient Company plant at Lakewood, New Jersey. Early in 2003, the Company launched ARRID Total Soft Solid antiperspirants targeted primarily to women, and broadened its ARM & HAMMER ULTRAMAX antiperspirant line by adding a gel primarily targeted at men.

ARM & HAMMER Baking Soda, when used as a dentifrice, whitens 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. The Company also markets ARM & HAMMER DENTAL CARE Gum, a baking soda based oral care product that is available in four flavors.

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 and again in 2002 mainly as a result of competitive new products and aggressive spending by other manufacturers in the category. To strengthen its toothpaste franchise, the Company introduced ARM &

HAMMER Complete Care, a product that cleans and whitens teeth and freshens breath, the first ARM & HAMMER all-in-one toothpaste.

The Company's position in the Personal Care product line is bolstered by Armkel's products. Armkel's domestic business primarily competes in three (3) major product lines: reproductive health (TROJAN Condoms), skin care (NAIR Depilatories/Waxes), and feminine health and hygiene (FIRST RESPONSE and ANSWER Home Pregnancy /Ovulation Test Kits).

Condoms are recognized as highly reliable contraceptives as well as an effective means of reducing the risk of sexually transmitted diseases (STDs). The TROJAN condom brand has been in use for more than 80 years. In 2002, the brand continued its share leadership in the United States behind the success of such products as EXTENDED

PLEASURE and HER PLEASURE, the evolution of the TROJAN MAN advertising campaign, and its on-going comprehensive educational programs.

The NAIR line of non-shaving hair removal products is the leading brand in both dollar and unit sales in the United States, with several consecutive years of double-digit sales growth behind innovative new products that address consumer needs for quick, complete and longer-lasting hair removal. In 2003, new waxes, depilatory creams and cloth strips will be launched to further strengthen NAIR's leadership position.

Armkel recognizes the need to introduce new products to become a stronger skin care company. In February 2003, it began shipping LINEANCE European Body Essentials, a line of upscale hair removal and skin care treatments that offer consumers the opportunity for a pampering spa experience in their own homes.

In 2002 Armkel's emerging feminine health and hygiene business was led by FIRST RESPONSE, the number two brand in the Home Pregnancy Test Kit category. Armkel also markets a second brand, ANSWER, which competes in the price-value segment of the Home Pregnancy and Ovulation Test Kit market.

International

The Company markets and sells in Canada many of the same consumer products that are sold in the United States through its wholly-owned Canadian subsidiary Church & Dwight Ltd./Ltee.

Together with Armkel, the Company's international operations are also focused on selected priority categories such as Oral Care, Depilatories, Condoms, Home Pregnancy Test Kits and other regional niche products.

Armkel included continued strong growth for NAIR Waxes and Depilatories, particularly in Canada and Mexico.

In oral care, Armkel's German distributor launched PERL WEISS Beauty Pearls, a premium-priced cosmetic whitening toothpolish in a bottle. Armkel also markets skin care products, including LINEANCE, the leading supermarket brand in slimming body care in France.

In 2002, Armkel took over distribution of the ARM & HAMMER toothpaste product line in the United Kingdom. The Company is looking for opportunities to expand distribution of ARM & HAMMER products sold in several other countries. Two such initiatives by the Company in 2002 were the introductions of ARM & HAMMER toothpaste in Mexico, and ARM & HAMMER Baking Soda Shaker into Japan.

COMPETITION

For information regarding Competition, see pages 12 through 14 of Exhibit 99.1 hereto, incorporated herein by reference.

DISTRIBUTION

The Company's consumer products are primarily marketed throughout the United States and Canada and sold through a broad distribution platform that includes supermarkets, mass merchandisers, such as Wal-Mart, 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

As the world's leading supplier of sodium bicarbonate for both consumer and industrial applications, the Company considers the Specialty Products division its arm into the business-to-business arena. Currently, this division participates in three product areas: Specialty Chemicals, Animal Nutrition and Specialty Cleaners. The following table sets forth the principal products of the Company's Specialty Products division.

TYPE OF PRODUCT	KEY BRAND NAMES
Specialty Chemicals	ARM & HAMMER Performance Grade Sodium ARM & HAMMER TORTILLA BLEND Leavening Mix ARMAND PRODUCTS Potassium Carbonate and Potassium Bicarbonate ARMICARB 100 Fungicide ARMAGRIP Anti-Slip Floor Treatment SORB-N-C Pollution Control
Animal Nutrition	ARM & HAMMER Feed Grade Sodium Bicarbonate MEGALAC Rumen Bypass Fat SQ-810 Natural Sodium Sesquicarbonate DCAD Plus Feed Grade Potassium Carbonate BIO-CHLOR and FERMENTEN Rumen Fermentation Enhancers
Specialty Cleaners	ARMEX Blast Media ARMAKLEEN Aqueous Cleaners AQUAWORKS Aqueous Cleaners Commercial & Professional Cleaners and Deodorizers

Specialty Chemicals.

The Company's specialty chemicals 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, as an alkaline agent in swimming pool chemicals, and as a filtration agent in kidney dialysis.

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 to, among others, the glass industry for use in TV and computer monitor screens.

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 Specialty Products Ltd.

The Company's 99% owned Brazilian subsidiary, Quimica Geral do Nordeste, is South America's leading provider of sodium bicarbonate.

Animal Nutrition Products.

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.

Through its recently acquired Biovance subsidiary, the Company produces BIO-CHLOR and FERMENTEN, a range of specialty feed ingredients for dairy cows, which improve feed efficiency and help increase milk production.

Specialty Cleaners.

The Company formed a joint venture in 1999 with the Safety-Kleen Corporation called the ArmaKleen Company. This joint venture distributes the Company'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.

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 affected by Safety-Kleen's financial difficulties which lead to their Chapter 11 filing and implementation of a major reorganization during 2000. While the joint venture has demonstrated more stability in 2002 and continues to hold great promise, the outcome will not be known for some time.

COMPETITION

For information regarding Competition, see pages 13 and 14 of Exhibit 99.1 hereto; incorporated herein by reference.

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 specialty products 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 has 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 trona reserves in Wyoming. Through the partnership and related supply and services agreements, the Company fulfills 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 are terminable 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 for the production of sodium bicarbonate, carbon dioxide, under long-term supply contracts. The Company believes that its sources of carbon dioxide are adequate.

The Company believes that ample sources of raw materials are available for all of its other major products. Detergent chemicals are used in a variety of the Company's products and are available from a number of sources. Bottles, paper products and clay are available from multiple suppliers although the Company chooses to source most of these materials from single sources under long-term supply agreements in order to gain favorable pricing. Alternative sources of supply are available in case of disruption or termination of the agreements.

Increases in the prices of certain raw materials could materially impact the Company's costs and financial results if the Company is unable to pass such costs along in the form of price increases to its customers.

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.

PATENTS AND TRADEMARKS

The Company's trademarks (identified throughout this annual report in capitalized letters), 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. The Company's other valuable trademarks include XTRA, BRILLO, ARRID, SNO BOL, PARSONS', SCRUB FREE and CLEAN SHOWER.

United States trademark registrations are for a term of 10 years, renewable every 10 years so long as the trademarks are used in the regular course of trade. The Company maintains a portfolio of trademarks representing substantial goodwill in the businesses using the trademarks.

United States patents are currently granted for a term of 20 years from the date the patent application is filed. The Company owns a number of patents and believes that some of them may provide competitive advantages in the marketplace for particular products.

CUSTOMERS AND ORDER BACKLOG

A group of three Consumer Products customers accounted for approximately 23% of consolidated net sales in 2002, including a single customer, Wal-Mart, which accounted for approximately 16%. A group of three customers accounted for approximately 23% of consolidated net sales in 2001 including a single customer, Wal-Mart, which accounted for approximately 14%. This group accounted for 21% in 2000.

Although not included in the top three customers noted above, Kmart Corporation historically has represented approximately 3% of our consolidated net sales. Kmart's bankruptcy followed by its announcement to close an additional 329 stores in the first half of 2003 could cause a reduction in sales of approximately 15-20% to Kmart. It is not clear whether, and to what extent, these lost sales may be made to other retailers.

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

RESEARCH & DEVELOPMENT

The Company conducts research and development primarily at its facility in Princeton, New Jersey. The Company devotes significant resources and attention to product development, process technology and basic research to develop differentiated products with new and distinctive features, which provided increased convenience and/or value to its customers. To increase its innovative capabilities the Company engages outside contractors for general research and development in activities beyond its core areas of expertise. During 2002, $26,877,000 was spent on research activities as compared to $21,803,000 in 2001 and $19,363,000 in 2000.

GOVERNMENTAL REGULATION

Some of the Company's products are subject to regulation under the Food, Drug and Cosmetic Act, which is administered by the Food and Drug Administration, the Fair Packaging and Labeling Act and the Insecticide, Fungicide and Rodenticide Act and the Toxic Substances Control Act, which are administered by the Environmental Protection Agency. The Company is also subject to regulation by the Federal Trade Commission in connection with the content of its labeling, advertising, promotion, trade practices and other matters. The Company's relationship with certain unionized employees may be overseen by the National Labor Relations Board.

ENVIRONMENTAL MATTERS

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 or remediation are presently anticipated.

GEOGRAPHIC AREAS

Approximately 92% of net sales of the Company in 2002, 90% in 2001 and 88% in 2000 were to customers in the United States and approximately 95% of long-lived assets of the Company in 2002, 92% in 2001 and 88% in 2000 were located in the United States.

EMPLOYEES

At December 31, 2002, the Company had 2,256 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, 2007. The Company believes that its relations with both its union and non-union employees are satisfactory.

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, 2000 through December 31, 2002.

	% of Net Sales		
	2002	2001	2000

Consumer Products			
Deodorizing and Cleaning	25	25	30
Laundry	38	40	26
Personal Care	17	13	16
International	3	4	5
Specialty Products	17	18	23

The table above reflects consolidated net sales, exclusive of unconsolidated entities. Segment information that includes unconsolidated entities is contained in Note 17 of the Company's Consolidated Financial Statement attached as Exhibit 99.1.

CERTAIN RISKS AND UNCERTAINTIES RELATED TO THE COMPANY'S BUSINESS

The Company's future results and financial condition are dependent upon its ability to develop, manufacture and market consumer and specialty products successfully. Inherent in this process are a number of factors that the Company must successfully manage to achieve favorable future operating results and financial condition. In addition to the other information contained in this Annual Report on Form 10-K, the following risks and uncertainties could affect the Company's future operating results and financial condition:

- THE COMPANY HAS RECENTLY DEVELOPED AND COMMENCED SALES OF A NUMBER OF NEW PRODUCTS WHICH, IF THEY DO NOT GAIN WIDESPREAD CUSTOMER ACCEPTANCE OR IF THEY CANNIBALIZE SALES OF EXISTING PRODUCTS, COULD HARM THE COMPANY'S EFFORTS TO IMPROVE ITS FINANCIAL PERFORMANCE.

The Company has introduced a number of new consumer products. The development and introduction of new products involves substantial research, development and marketing expenditures, which the Company may be unable to recoup if the new products do not gain widespread market acceptance. In addition, if the new products merely cannibalize sales of existing products, the Company's financial performance could be harmed.

- THE COMPANY MAY DISCONTINUE PRODUCTS OR PRODUCT LINES, WHICH COULD RESULT IN RETURNS, ASSET WRITE-OFFS AND SHUT DOWN COSTS.

In the past, the Company has discontinued certain products and product lines, which resulted in returns from customers, asset write-offs, and shut down costs. The Company may suffer similar adverse consequences in the future to the extent it discontinues products that do not meet expectations or no longer satisfy consumer demand. Product returns, write-offs or shut down costs would reduce cash flow and earnings. Product efficacy or safety concerns could result in product recalls or declining sales which would reduce cash flow and earnings.

- THE COMPANY FACES INTENSE COMPETITION IN A MATURE INDUSTRY THAT MAY REQUIRE IT TO INCREASE EXPENDITURES AND ACCEPT LOWER PROFIT MARGINS TO PRESERVE OR MAINTAIN ITS MARKET SHARE. UNLESS THE MARKETS IN WHICH THE COMPANY COMPETES GROW SUBSTANTIALLY, A LOSS OF MARKET SHARE WILL RESULT IN REDUCED SALES LEVELS AND DECLINING OPERATING RESULTS.

Currently, 92% of our sales are generated in U.S. markets. U.S. markets for consumer products are mature and characterized by high household penetration, particularly with respect to the Company's most significant product

categories, including laundry detergents and deodorizers and household cleaning products. The Company's unit sales growth in domestic markets will depend on increasing usage by consumers, product innovation and capturing market share from competitors. The Company may not be able to succeed in implementing its strategies to increase domestic revenues.

The consumer products industry, particularly the laundry detergent, personal care and air deodorizer categories, is intensely competitive. To protect the Company's existing market share or to capture increased market share, the Company may need to increase expenditures for promotions and advertising and introduce and establish new products. Increased expenditures may not prove successful in maintaining or enhancing the Company's market share and could result in lower sales and profits.

Many of the Company's competitors are substantially larger companies, including The Procter & Gamble Company, Unilever, Inc., the Clorox Company, Colgate-Palmolive Company, and S.C. Johnson & Son, Inc., which have greater financial resources than the Company. They have the capacity to outspend the Company in an attempt to take market share from the Company.

- PROVIDING PRICE CONCESSIONS OR TRADE TERMS THAT ARE ACCEPTABLE TO THE COMPANY'S TRADE CUSTOMERS, OR THE FAILURE TO DO SO, COULD ADVERSELY AFFECT THE COMPANY'S SALES AND PROFITABILITY. IN ADDITION, REDUCTIONS IN INVENTORY BY THE COMPANY'S TRADE CUSTOMERS, INCLUDING AS A RESULT OF CONSOLIDATIONS IN THE RETAIL INDUSTRY, OR A SHIFT IN THE IMPORTANCE OF CERTAIN CHANNELS OF TRADE COULD ADVERSELY AFFECT ITS SALES.

Consumer products, particularly those that are value-priced like many of the Company's products, are subject to significant price competition and in recent years have been characterized by price deflation. From time to time, the Company may need to reduce the prices for some of its products to respond to competitive and customer pressures and to maintain market share. Any reduction in prices to respond to these pressures would harm profit margins. In addition, if the Company's sales volumes fail to grow sufficiently to offset any reduction in margins, its results of operations would suffer.

Because of the competitive environment facing retailers, many of the Company's trade customers, particularly its high-volume retail store customers, have increasingly sought to obtain pricing concessions or better trade terms. These concessions or terms could reduce the Company's margins. Further, if the Company is unable to maintain price or trade terms that are acceptable to its trade customers, they could reduce product purchases from the Company and increase product purchases from the Company's competitors, which would harm the Company's sales and profitability. In addition, from time to time the Company's retail customers have reduced inventory levels in managing their working capital requirements. Any reduction in inventory levels by the Company's retail customers would harm its operating results. In particular, continued consolidation within the retail industry could potentially reduce inventory levels maintained by the Company's retail customers, which could adversely impact its results of operations. The Company's performance is also dependent upon the general health of the economy and of the retail environment in particular and could be significantly harmed by changes affecting retailing and by the financial difficulties of retailers, including the ongoing bankruptcy proceedings involving Kmart.

Industry wide, consumer products such as those marketed by the Company are increasingly being sold in club stores and mass merchandisers, while sales of consumer products by food and drug stores are comprising a smaller proportion of the total volume of consumer products sold. Sales of the Company's products are stronger in the food and drug channels of trade and not as strong with the club stores and mass merchandisers. Although the Company has taken steps to improve its representation in club stores and mass merchandisers, if the Company is not successful in doing so, and the current trend continues, the financial condition and operating results of the Company could suffer.

- LOSS OF ANY OF THE COMPANY'S PRINCIPAL CUSTOMERS COULD SIGNIFICANTLY DECREASE ITS SALES AND PROFITABILITY.

Wal-Mart, including its affiliate Sam's Club, was the Company's largest customer, accounting for 16% of net sales in 2002, 14% of net sales in 2001, and 13% of net sales in 2000. The loss of or a substantial decrease in the volume of purchases by Wal-Mart or any of the Company's other top customers would harm the Company's sales and profitability.

- THE COMPANY MAY MAKE ACQUISITIONS THAT, IF NOT PROPERLY INTEGRATED OR IF OTHERWISE UNSUCCESSFUL, COULD STRAIN OR DIVERT ITS RESOURCES.

The Company has made several acquisitions in the past few years and may make additional acquisitions or substantial investments in complementary businesses or products in the future. Any future acquisitions or investments would entail, various risks, including the difficulty of assimilating the operations and personnel of the acquired businesses or products, the potential disruption of the Company's ongoing business and, generally, the Company's potential inability to obtain the desired financial and strategic benefits from the acquisition or investment. These factors could harm the Company's financial condition and operating results. Any future acquisitions or investments could result in substantial cash expenditures, the issuance of new equity in the Company and the incurrence of additional debt and contingent liabilities. In addition, any potential acquisitions or investments, whether or not they are ultimately completed, could divert the attention of management and other resources from other issues that are more critical to the Company's operations.

- THE CONDOM PRODUCT LINE OF THE COMPANY'S ARMKEL JOINT VENTURE COULD SUFFER IF THE SPERMICIDE N-9 IS PROVED OR PERCEIVED TO BE HARMFUL.

Armkel's distribution of condoms under the TROJAN and other trademarks is regulated by the U.S. Food and Drug Administration (FDA). Certain of Armkel's condoms contain the spermicide nonoxynol-9 (N-9). The World Health Organization and other interested groups have issued reports suggesting that N-9 should not be used rectally or for multiple daily acts of vaginal intercourse, given the ingredient's potential to cause irritation to human membranes. The Company expects the FDA to issue non-binding draft guidance concerning the labeling of condoms with N-9, although the timing of such draft guidance is uncertain. The Company believes that condoms with N-9 provide an acceptable added means of contraceptive protection and is cooperating with the FDA concerning the appropriate labeling revisions, if any. However, the Company cannot predict the outcome of the FDA review. If the FDA or state governments promulgate rules which prohibit or restrict the use of N-9 in condoms (such as new labeling requirements), Armkel could incur costs from obsolete products, packaging or raw materials and sales of condoms could decline, which, in turn, could decrease the value of the Company's interest in Armkel.

Related to this issue, on February 28, 2003 a purported class action suit, Lissette Velez v. Church & Dwight Co., Inc., et al., was filed against the Company and Armkel, and two other condom manufacturers, in the Superior Court of New Jersey. The lawsuit alleges that condoms lubricated with N-9 are being marketed in a misleading manner because the makers of such condoms claim they aid in the prevention of sexually transmitted diseases whereas, according to the plaintiffs, public health organizations have found that N-9 usage can under some circumstances increase the risk of transmission of disease. Condoms with N-9 have been marketed for many years as a cleared medical device under applicable FDA regulations, however, the Company cannot predict the outcome of this litigation.

- PRICE INCREASES IN CERTAIN RAW MATERIALS OR ENERGY COSTS COULD ERODE OUR PROFIT MARGINS, WHICH COULD HARM OUR OPERATING RESULTS.

Increases in the prices of certain raw materials or increases in energy costs could significantly impact our profit margins. If price increases were to occur we may not be able to increase the prices of our products to offset these increases. This could harm the Company's financial condition and operating results.

ITEM 2. PROPERTIES.

The Company's executive offices and research and development facilities are owned by the Company and are located on 22 acres of land in Princeton, New Jersey, with approximately 127,000 square feet of office and laboratory space. In addition, the Company leases space in two buildings adjacent to this facility, pursuant to a multi-year lease, 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 also owns or leases other facilities in the United States. They are:

LOCATION	PRODUCTS MANUFACTURED	AREA (SQ. FEET)
OWNED:		
Manufacturing facilities		
Green River, Wyoming	Sodium bicarbonate and various consumer products	273,000
Old Fort, Ohio	Sodium bicarbonate and various consumer products	208,000
Lakewood, New Jersey	Various consumer products	250,000
London, Ohio	Soap pads and fabric softener sheets	114,000
Harrisonville, Missouri	Liquid laundry detergent and fabric softener	360,000
Chicago, Illinois (1)	Powder laundry detergent	105,000
Madera, California	Rumen bypass fats and related products	50,000
Oskaloosa, Iowa	Animal nutrition products	27,000
Warehouse		
Green River, Wyoming		101,000
Harrisonville, Missouri		150,000

LEASED:

Manufacturing facility		
North Brunswick, New Jersey (2)	Liquid laundry detergent and other consumer products	360,000
Warehouse		
North Brunswick, New Jersey (3)		525,000
North Brunswick, New Jersey (4)		156,000

1. The facility is situated on a three-acre land parcel whose lease expires in 2080.
2. Expires in 2004, subject to two five-year extensions at the option of the Company.
3. Expires in 2010.
4. Expires in 2011.

In Syracuse, New York the Company owns a 16 acre site which include a group of connected buildings. This facility was closed in 2001 and is now leased to a third party.

In 2002 the Company sold its facility in Winsted, Connecticut for $1,250,000.

In Ontario, Canada, the Company owns a 36,000 square foot distribution center which was used for the purpose of warehousing and distribution of products sold into Canada. The facility was closed in 2002 and is currently for sale.

Brotherton Specialty Products Ltd., a wholly-owned United Kingdom subsidiary, 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's 99% owned subsidiary, QGN, has its administrative headquarters in Rio de Janeiro, Brazil in leased office space expiring in 2005. 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.

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

ITEM 3. LEGAL PROCEEDINGS.

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 seek an appraisal of the fair value of their shares in accordance with Section 262 of the Delaware General Corporation Law. The matter was heard on March 10 and 11, 2003, at which time the petitioners purportedly held 2.3million shares of MedPointe. No decision has yet been rendered by the court.

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 for which Armkel becomes liable, up to a maximum of $2.1 million.

The Company believes that the consideration offered in the merger was fair to the former Carter-Wallace shareholders and have vigorously defended petitioner's claim. However, the Company cannot predict with certainty the outcome of the proceedings.

On August 26, 2002, Armkel filed suit against Pfizer in the District Court of New Jersey to redress infringement of two (2) Armkel patents directed to pregnancy diagnostic devices. The suit claims that Pfizer's "ept" product infringes these patents. The Company is seeking a reasonable royalty and associated damages as compensation for Pfizer's infringement. The Court has ordered a Settlement Conference for April 11, 2003, and has set dates throughout 2003 for various stages of discovery.

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.

Not applicable.

PART II

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

This information appears under the heading "MD&A" on page 14 of Exhibit 99.1 hereto, incorporated by reference.

ITEM 6. SELECTED FINANCIAL DATA.

This information appears under the heading "Eleven Year Financial Summary" on page 43 of Exhibit 99.1 hereto, incorporated herein by reference.

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

This information appears under the heading "MD&A" on pages 1 through 14 of Exhibit 99.1 hereto, incorporated herein by reference.

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

This information appears under the heading "Market Risk" in the "Management's Discussion and Analysis" section on pages 7 and 8 of Exhibit 99.1 hereto, incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The consolidated financial statements of the Company and its subsidiaries and supplementary data required by this item appears on pages 15 through 42 of Exhibit 99.1 hereto, incorporated herein by reference.

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

Not applicable.

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 which will be filed pursuant to Regulation 14A with the Commission not later than 120 days after the close of the fiscal year ended December 31, 2002.

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this item is incorporated by reference to the Company's definitive proxy statement which will be filed pursuant to Regulation 14A with the Commission not later than 120 days after the close of the fiscal year ended December 31, 2002.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Information required by this item is incorporated by reference to the Company's definitive proxy statement which will be filed pursuant to Regulation 14A with the Commission not later than 120 days after the close of the fiscal year ended December 31, 2002.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information required by this item is incorporated by reference to the Company's definitive proxy statement which will be filed pursuant to Regulation 14A with the Commission not later than 120 days after the close of the fiscal year ended December 31, 2002.

ITEM 14. CONTROLS AND PROCEDURES.

Within the ninety (90) days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, we have concluded that

the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting within the time periods specified in the SEC's rules and forms material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings.

Since the Chief Executive Officer's and Chief Financial Officer's most recent review of the Company's internal controls systems, there have been no significant changes in internal controls or in other factors that could significantly affect these controls.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) 1. FINANCIAL STATEMENTS

The following Consolidated Financial Statements and Independent Auditors' Report are attached hereto on Exhibit 99.1:

Independent Auditors' Report

Consolidated Statements of Income for each of the three years in the period ended December 31, 2002

Consolidated Balance Sheets as of December 31, 2002 and 2001

Consolidated Statements of Cash Flow for each of the three years in the period ended December 31, 2002

Consolidated Statements of Stockholders' Equity for each of the three years in the period ended December 31, 2002

Notes to Financial Statements

(a) 2. FINANCIAL STATEMENT SCHEDULES

The following Financial Statement Schedules are attached hereto as Exhibit 99.2:

Independent Auditors' Report on Schedule

For each of the three years in the period ended December 31, 2002:

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, dated October 22, 1992.

(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 previously filed with the Securities and Exchange Commission on the Company's Form 10-K filed on March 18, 2002 (Commission File No. 1-10585) and incorporated by reference.

(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.

(d) Purchase and Sale Agreement dated January 16, 2003, by and among Church & Dwight Co., Inc. and Harrison Street Funding LLC previously filed with the Securities and Exchange Commission on the Company's Form 8-K filed on January 30, 2003 (Commission File No. 1-10585) and incorporated by reference.

(e) Receivables Purchase Agreement, dated January 16, 2003, by and among Harrison Street Funding, LLC, Church & Dwight Co., Inc., Market Street Funding Corporation and PNC Bank, previously filed with the Securities and Exchange Commission on the Company's Form 8-K filed on January 30, 2003 (Commission File No. 1-10585) and incorporated by reference.

(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 previously filed with the Securities and Exchange Commission on the Company's Form 10-K filed on March 18, 2002 (Commission File No. 1-10585) and incorporated by reference.

(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 previously filed with the Securities and Exchange Commission on the Company's Form 10-K filed on March 18, 2002 (Commission File No. 1-10585) and incorporated by reference.

(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 and granted confidential treatment pursuant to the Company's application under Exchange Act Rule 24b-2.

(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. Portions of this document have been omitted pursuant to the Company's confidential treatment request under Exchange Act Rule 24b-2.

(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.

(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, previously filed with the Securities and Exchange Commission on the Company's Form 10-K filed on March 18, 2002 (Commission File No. 1-10585) and incorporated by reference.

*(i) Supplemental Employment Agreement, dated October 5, 2001, by and between Church & Dwight Co., Inc. and Jon L. Finley, previously filed with the Securities and Exchange Commission on the Company's Form 10-K filed on March 18, 2002 (Commission File No. 1-10585) and incorporated by reference.

*(j) Employment Agreement, dated January 3, 2002, by and between Church & Dwight Co., Inc. and Joseph A. Sipia, Jr., previously filed with the Securities and Exchange Commission on the Company's Form 10-K filed on March 18, 2002 (Commission File No. 1-10585) and incorporated by reference.

*(k) Employment Agreement, dated February 26, 2002, by and between Church & Dwight Co., Inc. and Bradley A. Casper, previously filed with the Securities and Exchange Commission on the Company's Form 10-K filed on March 18, 2002 (Commission File No. 1-10585) and incorporated by reference.

*(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.

*(v) The Church & Dwight Co., Inc. 1998 Stock Option Plan, which was approved by stockholders at the Annual Meeting of Stockholders on May 7, 1998, and was amended and restated as of July 24, 2002.

- *(w) Armkel, LLC Equity Appreciation Plan, effective September 29, 2002.

- *(x) Employment Agreement, dated July 24, 2002, by and between Church & Dwight Co., Inc. and Andrew B. Steinberg for the position of Vice President, General Counsel and Secretary.

- (11) Computation of earnings per share.
- (21) List of the Company's subsidiaries.
- (23) Consent of Independent Auditor.
- (99.1) Financial Statements.
- (99.2) Financial Statement Schedules.

- (99.3) Statement regarding the Certification of the CEO of Church & Dwight Co., Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- (99.4) Statement regarding the Certification of the CFO of Church & Dwight Co., Inc. pursuant to 18 U.S .C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* indicates a management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form.

\- indicates documents filed herewith.

(b) REPORTS ON FORM 8-K

The Company filed an 8-K on January 30, 2003 to announce that the Company had entered into a receivable purchase agreement in order to refinance a portion of its primary credit facility.

The Company filed an 8-K on February 10, 2003 to announce that the Company had issued a press release relating to earnings for the quarter and year ended December 31, 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 27, 2003.

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 27, 2003
/s/ Zvi Eiref Zvi Eiref	Vice President Finance and Chief Financial Officer (Principal Financial Officer)	March 27, 2003
/s/ Gary P. Halker Gary P. Halker	Vice President Finance and Treasurer (Principal Accounting Officer)	March 27, 2003

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 H. Beeby Robert H. Beeby	Director	March 27, 2003
/s/ Robert A. Davies, III Robert A. Davies, III	Director	March 27, 2003
/s/ Rosina B. Dixon, M.D. Rosina B. Dixon, M.D.	Director	March 27, 2003
/s/ J. Richard Leaman, Jr. J. Richard Leaman, Jr.	Director	March 27, 2003
/s/ Robert D. LeBlanc Robert D. LeBlanc	Director	March 27, 2003
/s/ John D. Leggett, III, Ph.D John D. Leggett, III, Ph.D.	Director	March 27, 2003
/s/ John F. Maypole John F. Maypole	Director	March 27, 2003
/s/ Robert A. McCabe Robert A. McCabe	Director	March 27, 2003
/s/ Dwight C. Minton Dwight C. Minton	Director	March 27, 2003
/s/ Burton B. Staniar Burton B. Staniar	Director	March 27, 2003
/s/ John O. Whitney John O. Whitney	Director	March 27, 2003

CERTIFICATIONS

I, Robert A. Davies, III, certify that:

1. I have reviewed this annual report on Form 10-K of Church & Dwight Co., Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within ninety (90) days prior to the filing date of this annual report (the "Evaluation Date); and

(c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: /s/ Robert A. Davies, III

Name: Robert A. Davies, III
Title: Chairman and Chief Executive Officer

Dated: March 27, 2003

CERTIFICATIONS

I, Zvi Eiref, certify that:

1. I have reviewed this annual report on Form 10-K of Church & Dwight Co. Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in

Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within ninety (90) days prior to the filing date of this annual report (the "Evaluation Date); and

(c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: /s/ Zvi Eiref

Name: Zvi Eiref
Title: Vice President, Finance

Dated: March 27, 2003

EXHIBIT 10.15

ARMKEL, LLC

EQUITY APPRECIATION PLAN

ARTICLE I

PURPOSE

The purpose of the Armkel, LLC Equity Appreciation Plan (the "Plan") is to enhance the profitability and value of the Company for the benefit of its members by enabling the Company to offer Equity Appreciation Awards to members of its senior management in order to attract, retain and reward such individuals and to strengthen the mutuality of interests between such individuals and the Company's members.

ARTICLE II

DEFINITIONS

For purposes of this Plan, the following terms shall have the following meanings:

2.1 "Appreciation" shall have the meaning given to such term in Section 6.1(a) hereof.

2.2 "Affiliate" means each of the following: (i) any corporation, or any trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates; and (ii) any other entity in which the Company or any of its Affiliates has a material equity interest and which is designated as an "Affiliate" by the Committee.

2.3 "Armkel, LLC Agreement" means the Amended and Restated Limited Liability Agreement of Armkel, LLC dated as of August 27, 2001.

2.4 "Award" or "Equity Appreciation Award" shall mean an award under this Plan of an Equity Appreciation Right. All Awards shall be confirmed by, and subject to the terms of, a written agreement executed by the Company and the Participant.

2.5 "Board" shall mean the Board of Directors of Armkel, LLC.

2.6 "Cause" shall mean with respect to a Participant's termination of Continuing Service, unless otherwise determined by the Committee at the time of grant of an Award, or, if no rights of the Participant are reduced, as determined at anytime thereafter: (i) in the case of where there is no employment agreement or similar agreement (other than a change in control agreement) in effect between the Company and the Participant at the time of the grant of the Award (or where there is such an agreement but it does not define "cause" (or words of similar import)), termination due to a Participant's dishonesty, fraud, insubordination, willful misconduct, refusal to perform services (for any reason other than illness or incapacity) or materially unsatisfactory

performance of his or her duties for the Employer as determined by the Committee in its sole discretion; or (ii) in the case where there is an employment agreement or similar agreement (other than a change in control agreement) in effect between the Company and the Participant at the time of the grant of the Award that defines "cause" (or words of like import), "cause" as defined under such agreement.

2.7 "Church & Dwight" shall mean Church & Dwight Co., Inc.

2.8 "Committee" shall mean the Committee appointed by the Board to administer the Plan.

2.9 "Company" shall mean Armkel, LLC, a Delaware corporation.

2.10 "Continuing Service" shall mean continuous employment with the Company or Church & Dwight, any of their respective Affiliates, or a successor-in-interest to any of them from the Date of Grant of the applicable Award.

2.11 "Date of Grant" means the effective date of the grant of an Equity Appreciation Award by the Committee under this Plan.

2.12 "Disability" shall mean (i) in the case of where there is no employment agreement or similar agreement (other than a change in control agreement) in effect between the Company and the Participant at the time of the grant of the Award (or where there is such an agreement but it does not define "disability" (or words of like import) a physical or mental incapacity that prevents a Participant from performing the individual's responsibilities and duties with the Employer for 180 aggregate days (including weekends and holidays) during any consecutive 12-month period; or (ii) in the case where there is an employment agreement or similar agreement (other than a change in control agreement) in effect between the Company and the Participant at the time of the grant of the Award that defines "disability" (or words of like import), "disability" as defined under such agreement.

2.13 "Effective Date" shall mean September 29, 2001.

2.14 "Eligible Employee" shall mean a senior management executive of the Company who is eligible pursuant to Article V to be granted an Award under this Plan. The names of the Eligible Employees who have been selected for participation in the Plan are listed on Schedule I, attached hereto.

2.15 "Employer" shall mean the Company, Church & Dwight, any of their respective Affiliates or a successor-in-interest to any of them which then employs the Participant.

2.16 "Equity Appreciation Right" shall mean the right pursuant to an Award granted under Article VI.

2.17 "Initial Settlement Date" shall have the meaning given to such term in Section 8.2(b)(i) hereof.

2.18 "Interest" shall mean an "Interest" of the Company as such term is defined in Section 3.1 of the Armkel, LLC Agreement.

2.19 "Liquidation Event" shall mean the occurrence of any of the following events: (i) the sale, disposition or transfer (collectively, a "Sale") of Interests, after which Kelso & Company no longer holds any Interests or (ii) a Sale to an unaffiliated third party of all or substantially all of the Company's assets.

2.20 "Measurement Value" means, in respect of an Equity Appreciation Award, the value of an Interest underlying an Award as determined by the Committee, in good faith, in its discretion. The Initial Measurement Value of an Interest covered by an Award will be $15.82 (or such higher amount as may be determined by the Committee on the Date of Grant), subject to adjustment for splits and similar events in accordance with Section 4.2 hereof. The Final

Measurement Value will be the value of an Interest underlying an Award as determined by the Committee as of the date of the Liquidation Event; provided, however, that in no event shall the Final Measurement Value of an Interest exceed $26.31, subject to adjustment for splits and similar events in accordance with Section 4.2 hereof.

2.21 "Participant" shall mean an Eligible Employee of the Company to whom an Award has been made and is outstanding under this Plan.

2.22 "Retirement" shall mean a termination of Continuing Service (other than a termination by the Employer for Cause) by a Participant who has both (i) attained at least age sixty-five (65) and (ii) been credited with ten (10) or more years of Continuing Service.

2.23 "Settlement Date" shall have the meaning given to such term in Section 8.2(b)(i) hereof.

2.24 "Transfer" or "Transferred" shall mean anticipate, alienate, attach, sell, assign, pledge, encumber, charge or otherwise transfer.

ARTICLE III

ADMINISTRATION

3.1 Plan Administration. The Plan shall be administered and interpreted by the Committee.

3.2 Awards. The Committee shall have full authority to grant, pursuant to the terms of this Plan, Equity Appreciation Awards to Eligible Employees. In particular, the Committee shall have the authority:

(a) to select the Eligible Employees to whom Awards may from time to time be granted hereunder;

(b) to determine whether and to what extent Awards are to be granted hereunder to one or more Eligible Employees;

(c) to determine the number of Interests underlying individual Awards granted under the Plan;

(d) to determine, subject to the terms of the Plan, the Initial Measurement Value and the Final Measurement Value of all Awards granted under the Plan;

(e) to determine all other terms and conditions, not inconsistent with the terms of this Plan, of any Award granted hereunder to an Eligible Employee (including, but not limited to, any restriction or limitation, any vesting schedule or acceleration thereof or any forfeiture restrictions or waiver thereof, regarding any Award based on such factors, if any, as the Committee shall determine, in its sole discretion);

(f) to modify, extend or renew an Award, subject to Article IX herein;

(g) to determine the medium in which Awards shall be settled following the Liquidation Event pursuant to Section 8.2 hereof; provided that if the Committee determines that the Awards shall be settled by issuance of (i) discounted stock options or restricted stock awards with respect to shares of Church & Dwight common stock or (ii) any other form of Church & Dwight equity or debt, ("C&D Settlement Medium") then such determination shall be subject to the approval of Church & Dwight; and

(h) to settle all Awards in the event of the termination of the

Plan pursuant to Section 9.1 hereof.

3.3 Guidelines. Subject to Article IX hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing this Plan and perform all acts, including the delegation of its administrative responsibilities, as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of this Plan and any Award issued under this Plan (and any agreements relating thereto); and to otherwise supervise the administratiocn of this Plan. The Committee may correct any defect, supply any omission or reoncile any inconsistency in this Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate this Plan.

3.4 Decisions Final. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Committee (or any of its members) arising out of or in connection with this Plan shall be within the absolute discretion of the Committee, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5 Reliance on Counsel. The Committee may consult with legal counsel, who may be counsel for the Company or other counsel, with respect to its obligations or duties hereunder, or with respect to any action or proceeding or any question of law, and the Committee shall not be liable with respect to any action taken or omitted by it in good faith pursuant to the advice of such counsel.

3.6 Designation of Consultant; Liability.

(a) Delegations. The Committee may designate employees of the Company and professional advisors to assist it in the administration of this Plan and may grant authority to employees to execute agreements or other documents on its behalf.

(b) Consultants; Liability. The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of this Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee in the engagement of any such counsel, consultant or agent shall be paid by the Company. Neither the Committee, nor any person designated pursuant to Section 3.6(a) shall be liable for any action or determination made in good faith with respect to this Plan. To the maximum extent permitted by applicable law, no officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to this Plan or any Award granted under it. To the maximum extent permitted by applicable law and the Armkel, LLC Agreement and to the extent not covered by insurance, each officer (including, without limitation, the Chairman) and member or former member of the Committee or of the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Company) or liability (including any sum paid in settlement of a claim with the approval of the Company), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with this Plan, except to the extent arising out of such officer's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the officers, directors or members or former officers, directors or members may have under applicable law or under the Armkel, LLC Agreement. Notwithstanding anything else herein, this indemnification shall not apply to the actions or determinations made by an individual with regard to Awards granted to him under this Plan.

ARTICLE IV

CHANGES IN CAPITAL STRUCTURE

4.1 No Restriction on Organizational Changes. The existence of this Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board

or the members of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of bonds, debentures, preferred or prior preference interests ahead of or affecting Interests, the authorization or issuance of additional Interests, the dissolution or liquidation of the Company, any sale or transfer of all or part of its assets or business or any other organizational act or proceeding.

4.2 Adjustment to Awards. In the event of any change in the capital structure or business of the Company or by reason of any split or reverse split, recapitalization, reorganization, merger, consolidation, or exchange of Interests, distribution with respect to outstanding Interests or interests other than Interests, reclassification of Interests, any sale or transfer of all or part of the Company's assets or business, or any similar change affecting the Company's capital structure or business and the Committee determines an adjustment is appropriate under this Plan, the Committee shall make such adjustments to the terms of all then outstanding Awards including, but not limited to, making an adjustment to the number of Interests subject to each then outstanding Award and/or to the dollar amount of the Initial Measurement Value of each such Awards, consistent with such change in such manner as the Committee may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under this Plan or as otherwise necessary to reflect the change, and any such adjustment determined by the Committee, in good faith, shall be binding and conclusive on the Company and all Participants and employees and their respective heirs, executors, administrators, successors and assigns.

ARTICLE V

ELIGIBILITY

All senior management executives of the Company are eligible to be granted Awards under this Plan. Eligibility under this Plan shall be determined by the Committee in its sole and absolute discretion.

ARTICLE VI

EQUITY APPRECIATION AWARDS

6.1 Terms and Conditions of Equity Appreciation Awards. Each Equity Appreciation Award shall be referenced at the time of grant to one or more Interests. Equity Appreciation Awards shall be subject to such other terms and conditions as shall be determined from time to time by the Committee, not inconsistent with the provisions of this Plan, including the following:

(a) Basic Grant. Each Equity Appreciation Award granted under the Plan shall constitute a right to receive in cash (or in such other settlement medium chosen by the Committee, subject in case of C&D Settlement Medium to the approval of Church & Dwight, in accordance with Section 8.2 hereof) the appreciation in the Measurement Value of an Interest, as determined on the date of the Liquidation Event, which appreciation will be equal to the difference between the Initial Measurement Value of the Equity Appreciation Award and the Final Measurement Value of the Award, multiplied by the number of Interests subject to the Award to the extent then vested (the "Appreciation"). The Initial Measurement Value shall be stated in the individual Award agreement described in Section 6.1(c) below and shall be subject to adjustment as provided in Section 4.2 hereof.

(b) Number of Interests Subject to Award. The total number of Interests that may be subject to Awards under the Plan shall be 800,000. Interests that are forfeited or otherwise expire shall not again be available for grant pursuant to Awards under the Plan.

(c) Equity Appreciation Award Agreement. As promptly as practicable after an Eligible Employee is granted an Award, the Company and the Participant shall enter into a written agreement setting forth all terms and conditions of the Award. The Committee shall also establish or cause to be established a bookkeeping account for each Participant and shall record or cause to be recorded the number of Interests subject to the Equity Appreciation Award granted to such Participant, the Initial Measurement Value of the underlying Interests and the Date of Grant.

(d) Vesting. Unless the Committee determines otherwise on the Date of Grant with respect to an Award, each Equity Appreciation Award shall vest on the last day of each calendar month during the thirty-six (36) consecutive calendar month period beginning on the Date of Grant, provided that such Participant is actively employed by the Company on each such monthly vesting date.

(e) Settlement of Awards. Awards granted under this Plan shall only be eligible for settlement pursuant to Article VIII hereof, to the extent each such Award has vested under Section 6.1(d) hereof and the Liquidation Event occurs prior to the seventh anniversary of the Plan's Effective Date. If the Liquidation Event fails to occur by the seventh anniversary of the Plan's Effective Date, the Plan and all then outstanding Awards shall automatically terminate and become null and void regardless of whether any such Awards have vested in whole or in part.

ARTICLE VII

NON-TRANSFERABILITY AND TERMINATION OF EMPLOYMENT PROVISIONS

7.1 Non-transferability. Unless the Committee determines otherwise or except as otherwise specifically provided by law or herein, no Award may be Transferred in any manner, and any attempt to Transfer any Award shall be void, and no such Award shall in any manner be used for the payment of, subject to, or otherwise encumbered by or hypothecated for the debts, contracts, liabilities, engagements or torts of any person

who shall be entitled to such Award, nor shall it be subject to attachment or legal process for or against such person.

7.2 Termination of Employment.

(a) Unless the Committee determines otherwise on the Date of Grant with respect to an Award or as provided for in Section 7.2(c) below, an Equity Appreciation Award granted to a Participant under this Plan shall automatically terminate and become null and void upon a Participant's termination of Continuing Service if such termination occurs prior to the

Liquidation Event, regardless of whether such Award has vested in whole or in part.

(b) Any part of an Award which is not vested as of the date of the Participant's termination of active employment with the Company shall automatically terminate upon such termination of active employment (whether or not such Participant remains in Continuing Service).

(c) The Committee shall have the discretion and authority to provide special rules that may be applicable to an Award granted under this Plan in order to prevent the otherwise automatic forfeiture of such Award pursuant to Section 7.2(a) if such Participant terminates Continuing Service prior to the Liquidation Event due to death, Retirement or Disability.

ARTICLE VIII

SETTLEMENT OF AWARDS

8.1 Effect of Liquidation Event. Upon the occurrence of the Liquidation Event, all then outstanding Awards shall become immediately eligible for settlement pursuant to Section 8.2 below to the extent that each such Award has vested pursuant to Section 6.1(d) hereof.

8.2 Settlement.

(a) General. Following the occurrence of the Liquidation Event, each Participant shall be entitled to receive the Appreciation attributable to the vested portion of his Award in accordance with this Section 8.2 and the un-vested portion of such Awards shall automatically terminate and become null and void.

(b) Method of Settlement. Upon the date of the Liquidation Event, the Committee (subject, in case of C&D Settlement Medium to the approval of Church & Dwight) shall determine, in its sole discretion, the method in which to settle all of the then outstanding Equity Appreciation Awards, to the extent then vested. Subject to Section 8.2(e), the Committee may elect to settle each such then outstanding Award pursuant to any of the following methods:

(i) Settlement in Cash. The Committee may elect to settle each Award in cash, in which case each Participant holding an Award eligible for

settlement hereunder shall be entitled to receive the dollar value of the Appreciation, paid in three (3) equal annual installment payments, less applicable tax withholding, with the first installment to be paid within ten (10) business days after the Liquidation Event ("Initial Settlement Date") and the second and third installments to be paid on the first and second anniversaries of the Liquidation Event (each, a "Settlement Date") provided the Participant remains in Continuing Service on each Settlement Date. The second and third installment payments shall be adjusted by the Committee to reflect interest earned thereon from the Initial Settlement Date through the Settlement Date on which the installment is paid. The interest shall be calculated at the applicable federal rate in effect on the Initial Settlement Date for short-term loans, compounded semi-annually.

(ii) Settlement Through Grant of Discounted Stock Options. For

Participants who become employees of Church & Dwight following the Liquidation Event, the Committee may elect to settle each Award through C&D Settlement Medium through grant to each eligible Participant of a discounted non-qualified stock option to purchase shares of Church & Dwight common stock under the Church & Dwight employee stock option plan to purchase the number of shares of Church & Dwight common stock determined, pursuant to the formula set forth below at an exercise price per share which shall be equal to twenty-five percent (25%) of the "fair market value" (as determined below) of an underlying share of Church & Dwight common stock determined as of the date of the grant. Each such option shall be granted to purchase the number of shares of Church & Dwight common stock equal to (x) the dollar amount of the Appreciation subject to settlement divided by (y) seventy-five percent (75%) of the "fair market value" of a share of the underlying stock on the date of grant. For purposes of the foregoing formula, the "fair market value" of a share of Church & Dwight common stock shall be determined in accordance with the Church & Dwight employee stock option plan as of the date the option is granted. Each such option shall be granted on the Initial Settlement Date, as defined above, and shall vest and become exercisable on a cumulative basis, as follows: one-third shall vest and become fully exercisable on the Initial Settlement Date and an additional one-third shall vest and become exercisable on each succeeding Settlement Date provided the Participant is employed by Church & Dwight on each Settlement Date. Each option shall have a ten-year term and shall otherwise be subject to the terms of the Church & Dwight employee stock option plan. Each option shall be memorialized in a written stock option agreement between Church & Dwight and the Participant which shall contain all other

terms and conditions of the option consistent with the option plan and as determined by the Committee.

(iii) Settlement Through Grant of Restricted Stock Awards. For Participants who become employees of Church & Dwight following the Liquidation Event, the Committee may elect to settle each Award through the grant to each eligible Participant shares of restricted common stock of Church & Dwight under the Church & Dwight restricted stock plan having an aggregate "fair market value," as determined below, as of the date of grant, equal to the Appreciation of the Award subject to settlement. For purposes of the foregoing formula, the "fair market value" of shares of Church & Dwight common stock shall be determined in accordance with the Church & Dwight restricted stock plan as of the date the restricted stock award is granted. Each such restricted stock award shall be granted on the Initial Settlement Date, as defined above, and shall vest on a cumulative basis, as follows: one-third shall vest on the date of grant, and an additional one-third shall vest on each succeeding Settlement Date provided the Participant is employed by Church & Dwight on each Settlement Date. Each restricted stock award will be memorialized in a written agreement between Church & Dwight and the Participant which shall contain all other terms and conditions of the award consistent with this Plan and as determined by the Committee.

(iv) Settlement in any Other Manner. The Committee may elect to settle an Award in a manner other than the settlement options described in clauses (i) - (iii) of this Section 8.2(b) so long as the dollar value of the Award is preserved.

(c) Requirement of Continuing Service. Unless the Committee determines otherwise with respect to a Participant, in order to be eligible for full settlement of an Equity Appreciation Award following the Liquidation Event, the Participant must be in Continuing Service on each Settlement Date. The Committee shall, however, have the discretion and authority to provide special settlement rules to be applicable to Participants who terminate Continuing Service following the Liquidation Event but prior to the Settlement Date or Dates due to death, Retirement, Disability or termination by the Employer without Cause.

(d) Committee Discretion With Respect to Award Settlement. Notwithstanding any contrary provision contained herein, the Committee may elect to settle all then outstanding Awards, to the extent vested, as soon as practicable following the Liquidation Event.

(e) Notwithstanding anything contrary herein and provided there has occurred the Liquidation Event prior to the seventh anniversary date of this Plan, all settlement of Awards, to the extent not previously settled on the Settlement

Date, shall be settled no later than the seventh anniversary of the Effective Date. If the Liquidation Event occurs after the fourth anniversary of the Effective Date, the Committee shall determine the applicable shorter payment or vesting schedule.

ARTICLE IX

TERMINATION OR AMENDMENT OF THE PLAN

9.1 Amendment of Plan. Notwithstanding any other provision of this Plan, the Board or the Committee may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of this Plan, or suspend or terminate it entirely, retroactively or otherwise and settle all then outstanding vested Awards; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Awards granted prior to such amendment, suspension or termination, may not be adversely effected without the consent of such Participant.

9.2 Amendment of Award. The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but, subject to Article IV or as otherwise specifically provided herein, no such amendment or other action by the Committee shall adversely effect the rights of any Participant without the Participant's consent.

ARTICLE X

UNFUNDED PLAN

This Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company.

ARTICLE XI

GENERAL PROVISIONS

11.1 Other Plans. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

11.2 No Right to Employment. Neither this Plan nor the grant of any Award hereunder shall give any Participant or other employee any right with respect to continuance of employment by the Company or any Affiliate, nor shall they be a limitation in any way on the right of the Company or any Affiliate by which an employee is employed to terminate his employment or Affiliate, as applicable, at any time.

11.3 Withholding of Taxes. The Company shall have the right to deduct from any payment to be made to a Participant, payment by the Participant of, any Federal, state or local taxes required by law to be withheld.

11.4 Governing Law. This Plan shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflicts of laws).

11.5 Construction. Wherever any words are used in this Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

11.6 Other Benefits. No Award payment under this Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its Affiliates nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

11.7 Costs. The Company shall bear all expenses of administering this Plan.

11.8 No Right to Same Benefits. The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.

11.9 Death/Disability. The Committee may in its discretion require the transferee of a Participant's Award to supply the Company with written notice of the Participant's death or Disability and to supply the Company with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the Transfer of an Award. The Committee may also require that the transferee agree in writing to be bound by all of the terms and conditions of this Plan.

11.10 Severability of Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

11.11 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of this Plan, and shall not be employed in the construction of this Plan.

ARTICLE XII

EFFECTIVE DATE OF PLAN

This Plan shall be effective on September 29, 2001.

ARTICLE XIII

TERM OF PLAN

In the event the Liquidation Event has not occurred prior to the seventh anniversary of the Plan's Effective Date, the Plan and all then outstanding Awards shall automatically terminate and become null and void regardless of whether any such Awards have vested in whole or in part.

In the event the Liquidation Event occurs prior to the seventh anniversary of the Plan's Effective Date, all then outstanding Awards shall be settled in accordance with the terms and provisions of the Plan and following settlement of all such Awards, the Plan shall terminate.

ARTICLE XIV

NAME OF PLAN

This Plan shall be known as the Armkel, LLC Equity Appreciation Plan.

CHURCH & DWIGHT CO., INC.

EMPLOYMENT TERMS FOR ANDY STEINBERG

AGREEMENT

POSITION	-	Vice President, Corporate Secretary and General Counsel
SALARY	-	At commencement of employment, base salary of $260,000 per annum
	-	Sign-on bonus of $15,000 to be paid within the first 30 days of employment
ANNUAL INCENTIVE	-	Minimum: 0% of salary
	-	Target: 45% of salary
	-	Maximum: 90% of salary
	-	For 2002, the annual incentive payable to Executive will be no less than 45% of base salary earned in 2002.
LONG-TERM INCENTIVES	-	An initial grant of 15,000 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
	-	Ongoing option grant amounts will be determined based on CHD's existing Long-term Incentive Plan. Eligible to participate in CHD option grant. It is estimated that you will receive approximately 11,000 options at the then fair market value on the grant date (e.g.$260,000*1.4/$33 = 11,030).
BENEFITS, ETC.	-	Participation in all Company plans and programs (see plan documents-attached) on similar terms and conditions as the Company's o senior executives
TERMINATION WITHOUT "CAUSE" BY C&D, OR FOR "GOOD REASON" BY EXECUTIVE	-	Employment is at will
	-	Base salary to date of termination
	-	1.0x Base salary and annual incentive (at target), payable in 12 equal monthly installments
	-	Payment of deferred compensation
	-	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
	-	Immediate vesting of benefits (including Company contributions) in Profit Sharing and Saving Plans
	-	In case of termination within one year of a Change in Control, or termination within one year of the appointment by CHD of a Chief Executive Officer to replace Bob Davies, which person is not an Executive Officer of CHD as of December 31, 2002, all unvested - immediately vest and become exercisable. These vested options will be exercisable for 30 days after the date of termination.

TERMINATION DUE TO DEATH	-	Base salary to date of death
	-	Pro rata annual incentive for year of termination at target
	-	Settlement of deferred compensation arrangements
	-	Immediate vesting of benefits (including Company contributions) in Profit Sharing and Savings Plans
	-	Options vest and may be exercised pursuant to terms of the grant agreement and applicable plan
TERMINATION DUE TO DISABILITY	-	Base salary through date of Disability
	-	Pro rata annual incentive for year of termination at target
	-	Retains employee status regarding benefits and deferral until earlier of age 65 or receipt of Deferred Compensation or Profit Sharing (see plan documents)
	-	If recovers from Disability and not offered previous positions, treated as termination without "Cause"

	-	If offered previous position and refuses without Good Reason, treated as "Quit"
	-	Options vest and may be exercised pursuant to the terms of the grant agreement and applicable plan
TERMINATION FOR CAUSE	-	Base salary through date of termination
	-	Settlement of deferred compensation arrangements
	-	Vested options exercisable for 30 days
	-	Forfeiture of unexercised options and other outstanding awards
QUIT WITHOUT GOOD REASON	-	Treated the same as a termination for "Cause"
EXECUTIVE'S OBLIGATIONS	-	Unlimited non-disclosure of "confidential information", employment terms and employee information
	-	Non-compete as specified for 24 months if terminated without "Cause", may be waived by Company upon written request by Executive unreasonably withheld by Company
	-	Non-compete as specified for 24 months if terminated for "Cause"
	-	Non-solicitation of CHD employees for 24 months
	-	Non-disparagement (mutual)
	-	All company materials must be returned prior to final day of employment
	-	Injunctive relief in addition to other available remedies at law
DISPUTE RESOLUTION	-	Mandatory arbitration
	-	New Jersey courts/laws
	-	Executive's legal costs reimbursed unless action determined to be in bad faith or frivolous

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EMPLOYMENT TERMS FOR ANDY STEINBERG

AGREEMENT

INDEMNIFICATION	-	As provided in the Company's by-laws - D&O coverage and total indemnification provided in by-laws for Officers and Directors
OTHER	-	Executive to execute written release in form and substance satisfactory to the Company in exchange for all severance payments

DEFINITIONS

GOOD REASON	-	Decrease in base salary or target annual incentive below 45%
	-	Any required relocation more than 35 miles from CHD headquarters (or then current work location)
	-	After a Change in Control has occurred, any demotion in your title or significant adverse change in duties, authorities, response or reporting relationships
	-	Material breach of this agreement by Company after receipt of written notice from Executive and which remains uncured for 30-day
	-	Executive must act within 60 days of event giving rise to Good Reason
CHANGE IN CONTROL	-	Any person, group or entity acquires 50% or more of CHD's issued and outstanding voting equity
	-	Director composition change of 50% or more over any 24-month period (unapproved by 2/3's of "Incumbent Directors")
	-	Merger, consolidation, sale of all or substantially all assets or other transaction approved by shareholders unless 50% or more ownership
	-	The terms of employment specified herein shall survive a Change in Control
CAUSE	-	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	-	Executive prohibited from employment with any business within a company or corporation which sells any products (i) that represent(in the aggregate) 20% or more of such business' revenues and (ii) that compete with any products sold by the Company or any subsidiary thereof for which Executive was directly employed, and for which Executive would perform substantially

similar employment function performed at CHD.

CONFIDENTIAL INFORMATION	-	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 of the public domain
DISABILITY	-	Executive qualifies as disabled under the C&D Long Term Disability or other applicable plan, program or policy

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CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
EXHIBIT 11 - COMPUTATION OF EARNINGS PER SHARE
(In thousands except per share amounts)

	2002	2001	2000
BASIC:			
Net Income	$66,690	$46,984	$33,559
Weighted average shares outstanding	39,630	38,879	38,321
Basic earnings per share	$1.68	$1.21	$0.88
DILUTED:			
Net Income	$66,690	$46,984	$33,559
Weighted average shares outstanding	39,630	38,879	38,321
Incremental shares under stock option plans	2,179	1,940	1,612
Adjusted weighted average shares outstanding	41,809	40,819	39,933
Diluted earnings per share	$1.60	$1.15	$0.84

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 Specialty Products Ltd.
Incorporated in the United Kingdom

4) Quimica Geral do Nordeste S.A. (QGN)
Incorporated in Brazil (99% 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, 2002.

EXHIBIT 23

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 10, 2003 (which express an unqualified opinion and include an explanatory paragraph concerning the Company's change in its method of accounting for goodwill and intangible assets to conform to Statement of Financial Accounting Standards No. 142) included in the Annual Report on Form 10-K of Church & Dwight Co., Inc. for the year ended December 31, 2002.

Deloitte & Touche LLP
Parsippany, New Jersey
March 10, 2003

EXHIBIT 99.1

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 2002 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.

CONSOLIDATED RESULTS
2002 COMPARED TO 2001

Net Sales

Net sales increased by $87.4 million or 9.1% to $1047.1 million, compared to $959.7 million in the previous year. The majority of this increase was due to the additional sales in Consumer Products stemming from businesses acquired from Carter-Wallace in the fourth quarter of 2001 amounting to approximately $73.8 million, and additional sales in the Specialty Products acquisition of Biovance Products Inc. of approximately $7.1 million at the beginning of 2002. Adjusting for acquisitions and discontinued product lines, as well as the reversal of prior year promotion liabilities of approximately $5 million (based on latest estimates), sales of existing products increased approximately 2%.

In November 2001, the Financial Accounting Standards Board ("FASB") Emerging Issues Task Force ("EITF") reached a consensus on Issue 01-9 (formerly EITF issues 00-14 and 00-25), "Accounting for Consideration Given to a Customer or Reseller of the Vendor's Products." This EITF addressed the recognition, measurement and income statement classification of consideration from a vendor to a customer in connection with the customer's purchase or promotion of the vendor's products. The EITF requires the cost of such items as coupons, slotting allowances, cooperative advertising arrangements, buydowns, and other allowances to be accounted for as a reduction of revenues, not as a marketing expense as the Company did previously. The full year 2001 and 2000 net sales have been reclassified to conform with this pronouncement. The impact was a reduction of net sales of approximately $130.3 million in 2002, $121.2 million in 2001, and $104.5 million in 2000. This consensus did not have an effect on net income. In accordance with the consensus reached, the Company adopted the required accounting beginning January 1, 2002.

Operating Costs

The Company's gross margin increased to 29.7% from 29.1% in the prior year. This improvement reflects a significant improvement in Laundry Products gross margins of 2.7 points due to the virtually full year benefits of the USA Detergents acquisition and the prior year promotion liability adjustment of $5 million, partially offset by a reduced gross margin of 3.9 points on Personal Care resulting from higher promotional spending related to 2002 sales, and higher manufacturing costs associated with the Cranbury production of Arrid Antiperspirant earlier in the year. To a lesser extent, gross margin was further hampered by approximately $4 million of equipment obsolescence charges related to process improvements at two plants, and downsizing and impairment charges at two other plants. The start-up costs of the Madera, California animal nutrition facility also negatively impacted gross margin.

Marketing expenses increased $11.4 million to $86.2 million. This increase is mainly due to the acquired brands and higher spending in support of deodorizing products, partially offset by lower spending on existing personal care products.

Selling, general and administrative expenses increased $8.7 million. Higher personnel related expenses and transition expenses associated with acquired products, and a $2.3 million impairment charge related to the tradename valuation of a recently acquired brand name, were partially offset by the elimination of Goodwill and certain tradename amortization expense associated with the Company's adoption of SFAS No. 142.

Other Income and Expenses

The increase in equity in earnings of affiliates is due to the inclusion of $18.1 million of allocated full year profits from Armkel LLC, which reflected a disproportionate recapture of $5 million of allocated losses sustained in the fourth quarter of 2001 (See footnote 6 for further explanation of Armkel's results). The Company's other equity investments, Armand Products and Armakleen, were virtually unchanged.

Investment income was slightly lower due to lower interest rates on funds invested.

Interest expense increased significantly from the prior year as a result of the Company carrying the debt used to finance the two significant acquisitions in 2001.

Other expenses consist mostly of foreign exchange losses of approximately $2 million associated with the Company's Brazilian subsidiary QGN.

Taxation

The effective tax rate for 2002 was 34.0%, compared to 36.4% in the previous year. The lower rate in 2002 reflects the impact of Armkel's foreign subsidiaries, whose post-tax results are included in equity in earnings of affiliates, partially offset by a higher state tax rate.

Net Income and Earnings Per Share

The Company's net income for 2002 was $ 66.7 million, equivalent to diluted earnings of $1.60 per share, compared to $47.0 million or $1.15 per share in 2001.

2001 COMPARED TO 2000

Net Sales

Net sales increased by $268.5 million or 38.8% to $959.7 million, compared to $691.2 million in the previous year. The majority of this increase was due to growth in the Consumer Products business as part of the USA Detergents acquisition earlier in 2001, and the addition of the Carter-Wallace acquisition in the fourth quarter of 2001. Excluding these acquisitions, sales of existing consumer products were about 3% above the prior year.

Operating Costs

The Company's gross margin decreased to 29.1% from 34.8% in the prior year. The acquisition of the lower margin USA Detergents brands affected the Company's overall margin structure and accounted for most of the more than five point reduction in gross margin since the prior 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, and start-up costs associated with new brands.

Marketing expenses increased $.7 million to $74.8 million. This increase was 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 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 was 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 Antiperspirant 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 were sold, the step-up was charged to current operations. The total step-up was approximately $23.2 million, of which $15.1 million was charged in the fourth quarter and the balance was charged in 2002. Other factors contributing to the loss included integration costs, and promotional activity of the predecessor company prior to the acquisition, which shifted sales and profit to the third quarter from the fourth quarter of 2001.

Under the 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 was 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.

SEGMENT RESULTS

Current and prior year results by segment are presented based upon segments as described in Note 17 of the Notes to Consolidated Financial Statements. Product-based segment results exclude items that are not included in measuring business performance for management reporting purposes, most notably certain financing, investing, and plant shutdown charges.

Sales in affiliate companies over which the Company exerts significant influence, but does not control the financial and operating decisions, are reported for segment purposes in a manner similar to consolidated subsidiaries. The effect of this convention is eliminated in the corporate segment and certain reclassifications of expenses between cost of sales and selling, general and administrative expenses are also reflected in the corporate segment to adjust management reporting results to the amounts appearing in the financial statements. Key segment operating results for the years 2000 through 2002 are as follows:

	CONSUMER PRODUCTS	SPECIALTY PRODUCTS	SUBTOTAL	CORPORATE	TOTAL
NET SALES					
2002	$1,246,547	$223,375	$1,469,922	$(422,773)	$1,047,149
2001	864,457	219,223	1,083,680	(123,973)	959,707
2000	529,585	211,668	741,253	(50,062)	691,191
OPERATING PROFIT					
2002	152,855	28,628	181,483	(76,969)	104,514
2001	66,323	29,285	95,608	(2,087)	93,521
2000	52,753	26,981	79,734	(27,573)	52,161

CONSUMER PRODUCTS

2002 compared to 2001

Combined Consumer Product sales of the Company and its affiliates grew 44.2% to $1246.5 million in 2002 primarily due to the businesses acquired from Carter-Wallace of approximately $380.0 million at the end of September 2001. These acquired businesses were the key drivers behind the domestic Personal Care Products growth in net sales of over 140% to $385.3 million in 2002 from $160.0 million in 2001, and the growth in International net sales in excess of 150% to $205.0 million in 2002 from $81.3 in 2001. Excluding the acquired businesses, and adjusting for discontinued product line sales and the adjustment for prior year promotion liabilities, sales of existing products grew approximately 2% with higher Deodorizing and Cleaning and Laundry Product sales more than offsetting lower personal care sales.

Operating profit increased 130% to $152.9 million in 2002 from $66.3 million in 2001 due to the acquired businesses, which included an $8.1 million charge for the remaining step-up of opening inventory values established as part of purchase accounting. In addition, operating profit benefited from improved Laundry Product profit margins of 2.7 points due to the virtually full year benefits of the USA Detergents acquisition, the prior year promotion adjustment of $5 million, partially offset by a reduced gross margin of 3.9 points on existing Personal Care products from higher promotional spending related to 2002 sales, and higher manufacturing costs associated with the Cranbury production of Arrid Antiperspirant and Nair depilatories earlier in the year. To a lesser extent operating profit absorbed approximately $4 million of equipment obsolescence charges related to process improvements at two plants, and downsizing and impairment charges at two other plants. The Consumer Product segment also recorded a $2.2 million impairment charge related to the tradename valuation of a recently acquired brand name.

2001 compared to 2000

Combined Consumer Product sales grew 63.2% to $864.5 million in 2001 from $529.6 million in 2000. The majority of this increase was due to the USA Detergents acquisition in May 2001 and the addition of the Carter-Wallace acquisition in the fourth quarter of 2001. Excluding both acquisitions, sales of existing consumer products grew approximately 4.5% above the year 2000 level, with higher sales of deodorizers and cleaners, and laundry products more than offsetting lower personal care sales.

Operating profit increased 25.6% to $66.3 million in 2001 from $52.8 million due to the acquired businesses, which was net of a $15.1 million initial charge for the step-up of opening inventory values established as part of purchase accounting as well as the increased goodwill and intangible amortization costs related to the USA Detergents acquisition, and the ongoing and transitional costs resulting from the aforementioned acquisitions.

SPECIALTY PRODUCTS

2002 compared to 2001

Combined Specialty Product sales grew approximately 2% to $223.4 million in 2002 from $219.2 million in 2001 largely as a result of the acquisition of Biovance Technologies Inc. of approximately $7.1 million at the

beginning of 2002. These higher sales were partially offset by lower sales of Armakleen's aqueous cleaning products and discontinued sales of certain immaterial product lines.

Operating profit declined slightly by approximately 2% reflecting the start-up costs of the new Madera, California animal nutrition facility, for the production of Megalac Rumen Bypass Fats and related higher-value Megalac products for the West Coast dairy feed additives market. Operating profit was also negatively impacted by higher raw material costs for Megalac related products. A partial offset to these operating profit decreases was the higher profit contribution from the addition of the Biovance acquisition.

2001 compared to 2000

Combined Specialty Product sales grew approximately 3.5% to $219.2 million in 2001 from $211.7 million in 2000. This increase was mostly attributable to growth in animal nutrition products, particularly Megalac Rumen Bypass Fats, and higher sales of QGN, the Company's then 85% owned Brazilian subsidiary.

Operating profit

The combination of growth in animal nutrition sales together with lower raw material costs, particularly for Megalac Rumen Bypass Fats, were the major reasons for the operating profit growth of 8.5% to $29.3 in 2001 from $27.0 in 2000.

LIQUIDITY AND CAPITAL RESOURCES

The Company had outstanding long-term debt of $352.5 million, and cash less short-term debt of $60.4 million, for a net debt position of $292.1 million at December 31, 2002. This compares to $365.7 million at December 31, 2001.

In the fourth quarter of 2001, 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. The entire amount of the term loans was drawn at closing and a $100 million revolving credit facility remains fully un-drawn. The term loans pay interest at 200 and 250 basis points over LIBOR, depending on the ratio of total debt to EBITDA. 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 $144 million in 2002. The leverage ratio at December 31, 2002 per the loan agreement, therefore, was approximately 2.5 versus the agreement's maximum 3.5, and the interest coverage ratio was 6.00 versus the agreement's minimum of 4.25. This credit facility is secured by a blanket lien on all of the Company's assets. The reconciliation of Net Cash Provided by Operating Activities to the Company's key liquidity measure, "EBITDA", per the term loan agreement, is as follows (in millions):

Net Cash Provided by Operating Activities	$114.0
Plus:	
Interest Expense	24.0
Current Income Tax Provision	16.6
Distributions from Affiliates	4.7
Other	2.2
Less:	
Decrease in Working Capital	(15.8)
Interest Income	(1.8)
EBITDA	$143.9

In 2002, operating cash flow was $114.0 million. Major factors contributing to the cash flow from operating activities included higher operating earnings before non-cash charges for depreciation and amortization, and a significant reduction in working capital, particularly inventories, offset by the net non-cash impact from the equity in earnings of affiliates. Operating cash flow was used for additions to property, plant and equipment and to consummate the acquisition of Biovance. Operating cash together with proceeds from stock options exercised and a

collected note receivable, were used to make both voluntary and mandatory debt repayments and to pay cash dividends.

Commitments as of December 31, 2002. The table below summarizes the Company's material contractual obligations and commitments as of December 31, 2002.

	PAYMENTS DUE BY PERIOD (THOUSANDS OF DOLLARS)				
	TOTAL	2003	2004 TO 2006	2007 TO 2008	AFTER 2008
Principal payments on borrowings:					
Long-term debt					
Syndicated Financing Loans	$358,470	$ 10,770	$103,644	$244,056	$ --
Various Debt from Brazilian Banks	5,888	4,490	1,254	144	--
Industrial Revenue Bonds	4,075	685	2,055	1,335	--
Other commitments:					
Operating Leases Obligations	$ 52,245	$ 9,503	$ 18,591	$ 10,100	$ 14,051

Letters of Credit (1)	5,692	5,692	--	--	--
Guarantees(2)	2,969	2,969	--	--	--
Surety/Performance bonds(3)	830	830	--	--	--
Raw Materials	16,841	16,841	--	--	--
Joint Venture Agreement(4)	111,750	--	--	--	111,750
Total	$558,760	$ 51,780	$125,544	$255,635	$125,801

(1) Letters of credit with several banks guarantee payment for such things as insurance claims in the event of the Company's insolvency, a year's worth of lease payments on a warehouse, and 200 days of interest on the Industrial Revenue Bond borrowing.

(2) Guarantees represent minimum performance based payment obligations in connection with the Biovance acquisition.

(3) Surety/performance bonds were established for construction of the Company's headquarters addition in Princeton, NJ and for construction activities at the Company's North Brunswick, NJ plant.

(4) Reflects the amount payable to Kelso in the event of a sale of Armkel or as a result of Kelso's exercise of its put option under the Joint Venture Agreement.

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 the categories of the consumer products industry in which we compete;
- Operating difficulties, operating costs or pricing pressures we may experience;
- Passage of legislation or other regulatory developments that affects us adversely;
- Delays in implementing any strategic projects; and
- Current geo-political events.

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 to satisfy its obligation.

The Company has a total debt-to-capital ratio of approximately 52%. At December 31, 2002 the Company had $100 million of additional domestic borrowing capacity available through its revolving credit agreement. Capital expenditures in 2003 are expected to be moderately lower 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 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 increased 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 flow with net proceeds from long-term borrowings, were used to consummate the two acquisitions made that 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 dividends.

Recent Event

On January 16, 2003, the Company entered into a receivables purchase agreement with an issuer of receivables-backed commercial paper in order to refinance a portion, $60,000,000, of its primary credit facility. Under this arrangement, the Company sold, and will sell from time to time, throughout the 3 year term of the agreements, its trade accounts receivable to a wholly-owned special purpose finance subsidiary, Harrison Street Funding LLC, a Delaware limited liability company ("Harrison"). Harrison in turn sold, and will sell on an ongoing basis, to the commercial paper issuer an undivided interest in the pool of accounts receivable. The transactions were entered into to reduce certain expenses associated with the credit facility in addition to lowering the Company's financing costs by accessing the commercial paper market. These transactions will be reflected as borrowings on the consolidated financial statements of the Company. Consequently, the receivables assets of Harrison will be included in the consolidated assets of the Company shown on such financial statements. However, under these agreements, as was the case under the credit facility, such assets will not be available to satisfy claims of creditors other than the commercial paper issuer.

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 $412 million, and cash less short-term debt of $24 million, for a net debt position of $388 million at year-end including discontinued operations. 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 as defined in the agreement 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

A group of three Consumer Product customers accounted for approximately 23% of consolidated net sales in 2002, including a single customer Walmart, which accounted for approximately 16%. A group of three customers accounted for approximately 23% of consolidated net sales in 2001 adjusted for EITF issue 01-9, including Walmart, which accounted for approximately 14%. This group accounted for 21% in 2000 and is adjusted for the aforementioned EITF.

Although it is not included in the top three customers noted above, Kmart Corporation historically has represented approximately 3% of our consolidated net sales. Kmart's bankruptcy followed by its announcement to close an additional 329 stores in the first half of 2003 could cause a reduction in sales to Kmart of approximately 15% to 20%. It is not clear, and to what extent, these lost sales may be made to other retailers.

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, 2002 in the form of trade accounts receivable and an amount due for leased space of approximately $3.1 million, a 16% equity interest in USAM of $0.4 million and a note receivable for other assets of $2.0 million-payments start with the beginning of 2006. 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 $358.5 million remained outstanding as of December 31, 2002; and $100 million of a revolving credit agreement all of which was un-drawn at December 31, 2002. The weighted average interest rate on these borrowings at December 31, 2002, excluding deferred financing costs and commitment fees, was approximately 5.1% including the effect of hedges. The Company entered into interest rate swap agreements to reduce the impact of interest rate fluctuations 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, 2002, the Company entered into agreements for a notional amount of $235 million, swapping debt with a one-month LIBOR rate for a fixed rate that averages 5.8 %. As a result, the swap agreements eliminate the variability of interest expense for that portion of the Company's debt. On an annualized basis 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, a little more than half of this payment would be offset by the amount of reduced interest expense on the $123.5 million of variable debt not hedged. However, a 10% increase in interest rates would result in a $.5 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 were to change by 10% from the December 31, 2002 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, 2002 and December 31, 2001.

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 31,2002 and 2001, would result in an annual currency translation gain or loss of approximately $.3 million in 2002 and $.4 million in 2001.

Equity Derivatives

The Company has entered into equity derivative contracts of its own stock in order to minimize the impact on earnings resulting from fluctuations in market price of shares in the Company's deferred compensation plan. These contracts, which consist of cash settled call options in the amount of 165,000 shares, hedge approximately 50% of the shares related to the plan and are marked to market through earnings. As a result, the Company recognized income of approximately $.4 million in 2002, and expense of $.5 million in 2001.

Related Party Transactions

The Company has achieved substantial synergies by combining certain of its operations with those of Armkel, particularly in the areas of sales, manufacturing and distribution, and most service functions. Armkel has retained its core marketing, research & development, and financial planning capabilities, and continues to manufacture condoms, but purchases 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 began 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 was completed by the third quarter 2002. During this time, the Company also integrated the planning and purchasing, accounting and management information systems, and other service functions.

During 2002, the Company invoiced Armkel $22.5 million for primarily administrative and management oversight services (which is included as a reduction of selling general and administrative expenses), and purchased $7.1 million of deodorant anti-perspirant inventory produced by Armkel at its cost. The Company sold Armkel $1.4 million of Arm & Hammer products to be sold in international markets. Armkel invoiced the Company $1.7 million of transition administrative services. The Company has an open receivable from Armkel at December 31, 2002 of approximately $4.8 million that primarily related to administrative services, partially offset by amounts owed for inventory.

As noted in the Concentration of Risk section of this exhibit, 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 16% 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. In addition, the Company leases manufacturing and office space to USAM under a separate agreement.

During 2002, the Company sold $23.2 million of laundry and cleaning products to USAM. Furthermore, the Company billed USAM $.5 million and USAM billed the Company $.2 million for leased space. For open amounts receivable at December 31, 2002, see Concentration of Risk section of this exhibit.

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. Promotional reserves are provided for sales incentives made directly to consumers such as coupons, and sales incentives made to vendors such as slotting, cooperative advertising, incentive discounts based on volume of sales and other arrangements. The Company relies on historical experience and forecasted data to determine the required reserves. For example, the Company uses historical experience to project coupon redemption rates to determine reserve requirements. Based on the total face value of coupons dropped over the past couple of years, a .1% deviation in the actual rate of redemptions versus the rate accrued for in the financial statements could result in approximately a $3 million difference in the reserve required. With regard to other promotional reserves and sales returns, we use forecasted appropriations, customer and sales organization inputs, and historical trend analysis in arriving at the reserves required. If the Company's estimates for vendor promotional activities and sales returns were to differ by 10%, the impact to promotional spending and sales return accruals would be approximately $4 million. While we believe that our promotional and sales returns 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. During 2002, the Company reversed prior year promotion liabilities of approximately $5 million based on adjustments to previous estimates.

Impairment of Goodwill, Trademarks and Other Intangible Assets and Property, Plant and Equipment

Carrying values of goodwill, trademarks and other intangible assets are reviewed periodically for possible impairment in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets". The Company's impairment review is based on a discounted cash flow approach that requires significant judgment with respect to future volume, revenue and expense growth rates, and the selection of an appropriate discount rate. With respect to goodwill, impairment occurs when the carrying value of the reporting unit exceeds the discounted present value of cash flows for that reporting unit. For trademarks and other intangible assets, an impairment charge is recorded for the difference between the carrying value and the net present value of estimated cash flows, which represents the estimated fair value of the asset. The Company uses its judgment in assessing whether assets may have become impaired between annual valuations. Indicators such as unexpected adverse, economic factors, unanticipated technological change or competitive activities, acts by governments and courts, may signal that an asset has become impaired.

Property, plant and equipment and other long-lived assets are reviewed periodically for possible impairment in accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets". The Company's impairment review is based on an undiscounted cash flow analysis at the lowest level for which identifiable cash flows exist. The analysis requires management judgment with respect to changes in technology, the continued success of product lines, and future volume, revenue and expense growth rates. The Company conducts annual reviews for idle and underutilized equipment, and reviews business plans for possible impairment implications. Impairment occurs when the carrying value of the asset exceeds the future undiscounted cash flows. When an impairment is indicated, the estimated future cash flows are then discounted to determine the estimated fair value of the asset and an impairment charge is recorded for the difference between the carrying value and the net present value of estimated future cash flows.

The estimates and assumptions used are consistent with the business plans and estimates that the Company uses to manage its business operations. The use of different assumptions would increase or decrease the estimated value of future cash flows and would have increased or decreased any impairment charge taken. Future outcomes may also differ. If the Company's products fail to achieve estimated volume and pricing targets, market conditions unfavorably change or other significant estimates are not realized, then the Company's revenue and cost forecasts may not be achieved, and the Company may be required to recognize additional impairment charges. In 2002, the Company recognized trademark, equipment obsolescence and plant impairment charges of approximately $6.2 million.

Inventory Reserves

When appropriate, the Company provides allowances to adjust the carrying value of its inventory to the lower of cost or market (net realizable value), including any costs to sell or dispose. The Company identifies any slow moving, obsolete or excess inventory to determine whether a valuation allowance is indicated. The determination of whether inventory items are slow moving, obsolete or in excess of needs requires estimates and assumptions about the future demand for the Company's products, technological changes, and new product introductions. The estimates as to the future demand used in the valuation of inventory are dependent on the ongoing success of its products. In addition, the Company's allowance for obsolescence may be impacted by the rationalization of the number of stock keeping units. To minimize this risk, the Company evaluates its inventory levels and expected usage on a periodic basis and records adjustments as required. Reserves for inventory obsolescence were $5.3 million at December 31, 2002, and $6.7 million at December 31, 2001.

Valuation of Pension and Postretirement Benefit Costs

The Company's pension and postretirement benefit costs are developed from actuarial valuations. Inherent in these valuations are key assumptions provided by the Company to our actuaries, including the discount rate and expected long-term rate of return on plan assets. Material changes in the Company's pension and postretirement benefit costs may occur in the future due to changes in these assumptions.

The discount rate is subject to change each year, consistent with changes in applicable high-quality, long-term corporate bond indices. Based on the expected duration of the benefit payments for our pension plans and

postretirement plans we refer to applicable indices such as the Moody's AA Corporate Bond Index to select a rate at which we believe the pension benefits could be effectively settled. Based on the published rates as of December 31, 2002, the Company used a discount rate of 6.75% for both plans, a decline of 50 basis points from the 7.25% rate used in 2001. This had the effect of increasing the projected benefit obligation for pensions and postretirement benefits by approximately $1.1 million and $0.7 million, respectively, for the year ended December 31, 2002.

The expected long-term rate of return on pension plan assets is selected by taking into account a historical trend based on a 15 year average, the expected duration of the projected benefit obligation for the plans, the asset mix of the plans, and known economic and market conditions at the time of valuation. Based on these factors, the Company's expected long-term rate of return as of December 31, 2002 is 8.75%, a decline of 50 basis points from the 9.25% rate used at December 31, 2001. A 50 basis point change in the expected long-term rate of return would result in less than a $0.1 million change in pension expense for 2003.

On December 31, 2002 the accumulated benefit obligation related to our pension plans exceeded the fair value of the pension plan assets (such excess is referred to as an un-funded accumulated benefit obligation). This difference is attributed to (1) an increase in the accumulated benefit obligation that resulted from the decrease in the interest rate used to discount the projected benefit obligation to its present settlement amount from 7.25% to 6.75% and (2) a decline in the market value of the plan assets at December 31, 2002. As a result, in accordance with SFAS No. 87, the Company recognized an additional minimum pension liability of $3.9 million included in benefit obligations, and recorded a charge, net of tax, to accumulated other comprehensive loss of $2.4 million which decreased stockholders' equity. The charge to stockholders' equity for the excess of additional pension liability represents a net loss not yet recognized as pension expense. Based on the aforementioned assumptions, the income statement impact for 2003 is estimated to be approximately $.4 million charged to earnings. On a cash basis, a minimum contribution of approximately $1 million will be required in 2003.

Recent Accounting Pronouncements

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 has assessed SFAS No. 143 and does not anticipate it to have a material impact on the Company's financial statements. 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 has evaluated the impact of the SFAS No. 144 and has determined there is no material impact on the Company's consolidated financial statements (See Significant Accounting Policies contained elsewhere in this report).

During the second quarter of 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This Statement rescinds FASB Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt", and an amendment of that Statement, FASB Statement No. 64, "Extinguishment of Debt Made to Satisfy Sinking-Fund Requirements." This Statement also rescinds FASB Statement No. 44, "Accounting for Intangible Assets of Motor Carriers." This Statement amends FASB Statement No. 13, "Accounting for Leases", to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changed conditions. The Company will adopt the provisions of this Statement upon its effective date and does not anticipate it to have a material effect on its financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The standard requires companies to recognize certain costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Examples of costs covered by the standard include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, plant closing, or other exit or disposal activity. Statement 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The Company is currently evaluating the impact this pronouncement will have on its consolidated financial statements.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("Interpretation"). This Interpretation elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair market value of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial statements. The initial recognition and measurement provisions of the Interpretation apply on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure provisions are effective for financial statements of interim or annual periods ending after December 15, 2002.

In December 2002, the FASB issued Statement No 148, "Accounting for Stock-Based Compensation - Transition and Disclosure (SFAS 148)". SFAS 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 is effective for the year ended December 31, 2002 and for interim financial statements for the first quarter of 2003. The Company is currently evaluating whether or not to elect the fair value method of accounting for stock compensation.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities (an interpretation of ARB No.51)". This Interpretation addresses consolidation by business enterprises of certain variable interest entities, commonly referred to as special purpose entities (SPEs). The Company has implemented the disclosure provisions of this Interpretation in these financial statements. The Company will be required to implement the other provisions of this Interpretation in 2003.

Competitive Environment

The Company operates in highly competitive consumer-product markets, in which cost efficiency, new product offerings and innovation are critical to success.

Currently, over 90% of our sales are generated in the United States, where consumer product markets are mature and characterized by high household penetration, particularly with respect to our most significant product categories such as laundry detergents. The consumer products industry, particularly the detergent, personal care and deodorizing categories, is intensely competitive. To protect our existing market share or to capture increased market share, the Company may need to increase expenditures for promotions and advertising and to introduce and establish new products.

Many of our competitors are large companies, including The Procter & Gamble Company, Unilever, Inc., The Clorox Company, Colgate-Palmolive Company, and S.C. Johnson & Son, Inc., which have greater financial resources than the Company. These companies have the capacity to outspend the Company in an attempt to gain market share.

Because of the competitive environment facing retailers, the Company faces pricing pressure from these customers, particularly the high-volume retail store customers, who have increasingly sought to obtain pricing concessions or better trade terms. These concessions or terms could reduce the Company's margins. Furthermore, if the Company is unable to maintain price or trade terms acceptable to its trade customers, the customers could increase product purchases from our competitors, which would harm the Company's sales and profitability.

Consumer products, particularly those that are value-priced, are subject to significant price competition. From time to time, the Company may need to reduce the prices for some of its products to respond to competitive and customer pressures and to maintain market share.

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 acquired USA Detergents outright on May 25, 2001, after a short-lived joint venture had been formed which combined both laundry detergent businesses. The acquisition combined 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. 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 expected the synergies from the combination to potentially reach an annual rate of $15 million a year once the integration was completed. In 2002, the Company gained 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 implemented a series of packaging and formulation changes designed to more fully integrate the two product lines. Based on this activity, the Company significantly increased the contribution from the laundry business in 2002, and is operating at or above its target synergy levels by year-end.

The Company has entered 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 both 2001 and 2002 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 2001, in particular ARM & HAMMER Advance Breath Care, a line of oral deodorization products including mouthwash, mints and toothpaste. This oral care line of products did not live up to our expectations in 2002 particularly since key retailers started moving away from mints and therapeutic gums in the oral care aisle of the store. Unless this trend can be halted or reversed, this particular line of products could potentially be de-listed by those retailers. On the other hand, the Company's re-launch of its deodorant antiperspirant with the introduction of ARM & HAMMER UltraMax Deodorant Antiperspirant performed well during 2002.

Early in 2002, the Company transferred production of Arrid and Lady's Choice antiperspirants from the former Carter-Wallace plant at Cranbury, New Jersey, to the more efficient Company plant at Lakewood, New Jersey. The Company completed 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 again in 2002. 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.

The Company has recently announced several new consumer product initiatives. Early in 2003, the Company launched Arrid Total Soft Solid antiperspirants targeted primarily to women, and broadened its ARM & HAMMER Ultramax antiperspirant line by adding a gel primarily targeted at men. To strengthen its toothpaste franchise, the Company introduced ARM & HAMMER Complete Care, the first ARM & HAMMER all-in-one toothpaste. In the laundry area, the Company launched ARM & HAMMER Fresh 'N Soft Liquid Fabric Softener as a companion product to the existing fabric softener dryer sheets. These products should all reach broad national distribution during the second quarter. In addition, beginning in the second quarter, the Company expects to launch Brillo Scrub 'N Toss, a disposable cleaning pad, and the Company's first major extension to the Brillo line. These introductions usually involve heavy marketing costs in the year of launch, and the eventual success of these new product and 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 2002. Sodium bicarbonate sales have been negatively impacted for several years by a nahcolite-based sodium bicarbonate manufacturer, which has been operating at the lower end of the business and has been making an effort to enter the higher end. This particular competitor has recently sold its

business to another company who has entered the sodium bicarbonate business. Furthermore, late in 2000, another major competitor, who 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 of sodium bicorbonate, 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 2003 as it did in 2002.

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 2002 and continues to hold great promise, the outcome will not be known for some time.

Cautionary Note on Forward-Looking Statements

This annual report contains forward-looking statements relating, among others, to short- and long-term financial objectives, sales growth, cash flow and cost improvement programs. These statements 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 and could cause actual results to differ materially from such forward-looking statements. The uncertainties include assumptions as to market growth and consumer demand (including the effect of political and economic events on consumer demand), raw material and energy prices, the financial condition of major customers, and the Company's determination and ability to exercise its option to acquire the remaining 50% interest in Armkel. With regard to the new product introductions referred to in this report, there is particular uncertainty relating to trade, competitive and consumer reactions. Other factors, which could materially affect the results, include the outcome of contingencies, including litigation, pending regulatory proceedings, environmental remediation and the acquisition or divestiture of assets.

The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures the Company makes on related subjects in its filings with the U.S. Securities and Exchange Commission. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

COMMON STOCK PRICE RANGE AND DIVIDENDS	2002 LOW	2002 HIGH	2002 DIVIDEND	2001 LOW	2001 HIGH	2001 DIVIDEND
1st Quarter	$25.54	$31.80	$0.075	$19.56	$24.99	$ 0.07
2nd Quarter	28.05	36.50	0.075	21.73	27.00	0.07
3rd Quarter	26.43	33.50	0.075	23.54	28.44	0.075
4th Quarter	28.00	36.00	0.075	24.35	27.18	0.075
Full Year	$25.54	$36.50	$ 0.30	$19.56	$28.44	$ 0.29

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, 2002: 10,000.

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share data)	YEAR ENDED DECEMBER 31, 2002	2001	2000
NET SALES	$ 1,047,149	$ 959,707	$ 691,191
Cost of sales	735,928	680,211	450,321
GROSS PROFIT	311,221	279,496	240,870
Marketing expenses	86,195	74,803	74,080
Selling, general and administrative expenses	120,512	111,832	92,718
Plant shutdown and other items	--	(660)	21,911
INCOME FROM OPERATIONS	104,514	93,521	52,161
Equity in earnings (loss) of affiliates	21,520	(6,195)	3,011
Investment earnings	1,793	2,224	2,032
Other income (expense)	(2,618)	(269)	(187)
Interest expense	(23,974)	(11,537)	(4,856)
INCOME BEFORE MINORITY INTEREST AND TAXES	101,235	77,744	52,161
Minority interest	143	3,889	287
Income before taxes	101,092	73,855	51,874
Income taxes	34,402	26,871	18,315
NET INCOME	$ 66,690	$ 46,984	$ 33,559
Weighted average shares outstanding (in thousands)--Basic	39,630	38,879	38,321
Weighted average shares outstanding (in thousands)--Diluted	41,809	40,819	39,933
NET INCOME PER SHARE--BASIC	$ 1.68	$ 1.21	$ .88
NET INCOME PER SHARE--DILUTED	$ 1.60	$ 1.15	$ .84

See Notes to Consolidated Financial Statements.

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share data)	DECEMBER 31, 2002	2001
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 76,302	$ 52,446
Accounts receivable, less allowances of $1,546 and $3,666	100,252	106,291
Inventories	82,674	101,214
Deferred income taxes	18,154	19,849
Note receivable and current portion of long-term note receivable	870	5,803
Prepaid expenses	7,184	7,604
TOTAL CURRENT ASSETS	285,436	293,207
PROPERTY, PLANT AND EQUIPMENT (NET)	240,007	231,449
NOTES RECEIVABLE	9,708	11,951
EQUITY INVESTMENT IN AFFILIATES	131,959	115,121
LONG-TERM SUPPLY CONTRACTS	6,538	7,695
TRADENAMES AND OTHER INTANGIBLES	90,036	140,873
GOODWILL	202,388	127,320
OTHER ASSETS	22,169	21,469
TOTAL ASSETS	$ 988,241	$ 949,085
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	$ 4,490	$ 3,220
Accounts payable and accrued expenses	162,907	176,176
Current portion of long-term debt	11,455	8,360
Income taxes payable	12,315	8,260
TOTAL CURRENT LIABILITIES	191,167	196,016
LONG-TERM DEBT	352,488	406,564
DEFERRED INCOME TAXES	57,103	27,032
DEFERRED AND OTHER LONG-TERM LIABILITIES	24,014	19,164
NONPENSION POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS	15,609	15,880
MINORITY INTEREST	214	2,126
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	39,550	28,414
Retained earnings	367,211	312,409
Accumulated other comprehensive (loss)	(16,919)	(9,728)
	436,503	377,756
Common stock in treasury, at cost: 6,763,554 shares in 2002 and 7,518,105 shares in 2001	(88,857)	(95,453)
TOTAL STOCKHOLDERS' EQUITY	347,646	282,303
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 988,241	$ 949,085

See Notes to Consolidated Financial Statements.

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW

(Dollars in thousands)	YEAR ENDED DECEMBER 31, 2002	2001	2000
CASH FLOW FROM OPERATING ACTIVITIES			
NET INCOME	$ 66,690	$ 46,984	$ 33,559
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	27,890	27,843	23,454
Disposal and write-down of assets	6,193	--	15,266
(Equity) loss in earnings of affiliates	(21,520)	6,195	(3,011)
Deferred income taxes	17,817	7,295	(4,067)
Other	2,319	93	(151)
Change in assets and liabilities: (net of effects of acquisitions and divestitures)			
Decrease (increase) in accounts receivable	5,876	(25,518)	(923)
Decrease (increase) in inventories	16,771	(14,544)	17,110
(Increase) in prepaid expenses	(394)	(2,161)	(618)
(Decrease) increase in accounts payable	(18,982)	(12,232)	20,377
Increase in income taxes payable	10,199	5,669	291
Increase in other liabilities	1,157	2,021	1,472
NET CASH PROVIDED BY OPERATING ACTIVITIES	114,016	41,645	102,759
CASH FLOW FROM INVESTING ACTIVITIES			
Decrease in short-term investments	--	2,990	1,009
Additions to property, plant and equipment	(38,739)	(34,086)	(21,825)
Purchase of USA Detergents common stock	--	(100,707)	(10,384)
Acquisition of Biovance stock (net of cash acquired of $365)	(7,756)	--	--
Distributions from affiliates	4,670	6,350	4,132
Investment in affiliates, net of cash acquired	(2,731)	(108,250)	(360)
Purchase of other assets	--	(2,568)	(2,321)
Proceeds from notes receivable	5,803	3,087	3,000
Proceeds from sale of fixed assets	1,460	2,530	--
Purchase of new product lines	--	(129,105)	--
Investment in notes receivable	--	(16,380)	--
Other	(1,077)	(1,019)	(442)
NET CASH USED IN INVESTING ACTIVITIES	(38,370)	(377,158)	(27,191)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds (repayments) from short-term borrowing	2,457	(10,792)	(12,166)
(Repayments) of long-term borrowings	(52,751)	(171,114)	(37,831)
Proceeds from stock options exercised	10,868	9,168	7,465
Purchase of treasury stock	--	--	(20,484)
Payment of cash dividends	(11,888)	(11,275)	(10,744)
Deferred financing costs	(476)	(9,601)	--
Proceeds from long-term borrowing	--	560,000	--
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(51,790)	366,386	(73,760)
NET CHANGE IN CASH AND CASH EQUIVALENTS	23,856	30,873	1,808
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	52,446	21,573	19,765
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 76,302	$ 52,446	$ 21,573
Cash paid during the year for:			
Interest (net of amounts capitalized)	$ 23,362	$ 9,948	$ 4,838
Income taxes	4,421	15,292	22,404
Acquisitions in which liabilities were assumed are as follows:			
Fair value of assets	$ 14,889	$ 293,402	$ --
Cash paid for stock and product lines	(8,121)	(229,812)	--
Liabilities assumed	$ 6,768	$ 63,590	$ --

See Notes to Consolidated Financial Statements.

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2002, 2001, AND 2000

	Number of Share		Amounts		
	Common Stock	Treasury Stock	Common Stock	Treasury Stock	Additional Paid-In Capital
(In thousands)					
JANUARY 1, 2000	46,661	(7,805)	$ 46,661	$ (87,021)	$ 18,356
Net Income	--	--	--	--	--
Translation adjustments	--	--	--	--	--
Available for sale securities, net of taxes of $1,923	--	--	--	--	--

Comprehensive Income					
Cash dividends	--	--	--	--	--
Stock option plan transactions including related income tax benefit of $2,245	--	702	--	5,629	4,081
Purchase of treasury stock	--	(1,185)	--	(20,484)	--
Other stock issuances	--	5	--	40	77
Repayment of shareholder loan	--	--	--	--	--
DECEMBER 31, 2000	46,661	(8,283)	46,661	(101,836)	22,514
Net Income	--	--	--	--	--
Translation adjustments	--	--	--	--	--
Available for sale securities, net of taxes of $1,923	--	--	--	--	--
Interest rate swap agreements, net of taxes of $823	--	--	--	--	--
Comprehensive Income					
Cash dividends	--	--	--	--	--
Stock option plan transactions including related income tax benefit of $2,913	--	757	--	6,311	5,769
Other stock issuances	--	8	--	72	131
DECEMBER 31, 2001	46,661	(7,518)	46,661	(95,453)	28,414
NET INCOME	--	--	--	--	--
TRANSLATION ADJUSTMENTS	--	--	--	--	--
MINIMUM PENSION LIABILITY, NET OF TAXES OF $1,497	--	--	--	--	--
INTEREST RATE SWAP AGREEMENTS, NET OF TAXES OF $645	--	--	--	--	--
COMPREHENSIVE INCOME					
COMPENSATION EXPENSE RELATING TO STOCK OPTIONS	--	--	--	--	804
CASH DIVIDENDS	--	--	--	--	--
STOCK OPTION PLAN TRANSACTIONS INCLUDING RELATED INCOME TAX BENEFIT OF $5,923	--	750	--	6,556	10,235
OTHER STOCK ISSUANCES	--	4	--	40	97
DECEMBER 31, 2002	46,661	(6,764)	$ 46,661	$ (88,857)	$ 39,550

	Amounts			
	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Due From Shareholder	Comprehensive Income
(In thousands)				
JANUARY 1, 2000	$ 253,885	$ (4,599)	$ (549)	
Net Income	33,559	--	--	$ 33,559
Translation adjustments	--	(1,599)	--	(1,599)
Available for sale securities, net of taxes of $1,923	--	(3,191)	--	(3,191)
Comprehensive Income				28,769
Cash dividends	(10,744)	--	--	
Stock option plan transactions including related income tax benefit of $2,245	--	--	--	
Purchase of treasury stock	--	--	--	
Other stock issuances	--	--	--	
Repayment of shareholder loan	--	--	549	
DECEMBER 31, 2000	276,700	(9,389)	0	
Net Income	46,984	--	--	46,984
Translation adjustments	--	(2,163)	--	(2,163)
Available for sale securities, net of taxes of $1,923	--	3,191	--	3,191
Interest rate swap agreements, net of taxes of $823	--	(1,367)		(1,367)
Comprehensive Income				46,645
Cash dividends	(11,275)	--	--	
Stock option plan transactions including				

related income tax benefit of $2,913	--	--	--	
Other stock issuances	--	--	--	
DECEMBER 31, 2001	312,409	(9,728)	0	
NET INCOME	66,690	--	--	66,690
TRANSLATION ADJUSTMENTS	--	(3,732)	--	(3,732)
MINIMUM PENSION LIABILITY, NET OF TAXES OF $1,497	--	(2,417)	--	(2,417)
INTEREST RATE SWAP AGREEMENTS, NET OF TAXES OF $645	--	(1,042)		(1,042)
COMPREHENSIVE INCOME				$ 59,499
COMPENSATION EXPENSE RELATING TO STOCK OPTIONS	--	--	--	
CASH DIVIDENDS	(11,888)	--	--	
STOCK OPTION PLAN TRANSACTIONS INCLUDING RELATED INCOME TAX BENEFIT OF $5,923	--	--	--	
OTHER STOCK ISSUANCES	--	--	--	
DECEMBER 31, 2002	$ 367,211	$ (16,919)	$ 0	

See Notes to Consolidated Financial Statements.

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Business

The Company develops, manufactures and markets a broad range of consumer and specialty 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 2002, Consumer Products represented approximately 83% and Specialty Products 17% of the Company's net sales. The Company does approximately 92% of its business in the United States.

Basis of Presentation

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 2002, the Company increased its ownership of QGN, its Brazilian subsidiary from 85% to approximately 99%. 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. The Consolidated Financial Statements are presented in accordance with accounting principles generally accepted in the United State of America.

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 gains and losses at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Management makes estimates regarding inventory valuation, promotional and sales returns reserves, the carrying amount of goodwill and other intangible assets, the realization of deferred tax assets, tax reserves, liabilities related to pensions and other postretirement benefit obligations and other matters that affect the reported amounts and other disclosures in the financial statements. Estimates by their nature are based on judgement and available information. Therefore, actual results could differ materially from those estimates, and it is possible such changes could occur in the near term.

Revenue Recognition

Revenue is recognized when the earning process is complete and the risks and rewards of ownership have transferred to the customer, which is considered to have occurred upon shipment of the finished product. The Company accounts for shipping and handling costs as a component of cost of sales. Amounts invoiced to customers are included in determining net sales.

Promotional and Sales Returns Reserves

The reserves for consumer and trade promotion liabilities, and sales returns are established based on the Company's best estimate of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. The Company uses historical trend experience and coupon redemption provider input in arriving at coupon reserve requirements, and 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 the Company believes that promotional reserves are adequate and that the judgement 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. When an impairment is indicated, the estimated future cash flows are then discounted to determine the estimated fair value of the asset and an impairment charge is recorded for the difference between the carrying value and the net present value of estimated future cash flows.

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 57% and 50% of the inventory at December 31, 2002 and 2001, respectively, determined cost using the last-in, first-out (LIFO) method. The remaining inventory determined cost using the first-in, first-out (FIFO) method. When appropriate, the Company provides allowances to adjust the carrying value of its inventory to the lower of cost or market (net realizable value), including any costs to sell or dispose. The Company identifies any slow moving, obsolete or excess inventory to determine whether a valuation allowance is indicated. The determination of whether inventory items are slow moving, obsolete or in excess of needs requires estimates and assumptions about the future demand for the Company's products, technological changes, and new product introductions. The estimates as to the future demand used in the valuation of inventory are dependent on the ongoing success of its products. In addition, the Company's allowance for obsolescence may be impacted by the rationalization of the number of stock keeping units. To minimize this risk, the Company evaluates its inventory levels and expected usage on a periodic basis and records adjustments as required. Reserves for inventory obsolescence were $5.3 million at December 31, 2002, and $6.7 million at December 31, 2001.

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

The Company accounts 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

All derivatives are recognized as assets or liabilities at fair value in the accompanying Consolidated Balance Sheets.

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. The amount of the ineffectiveness was not material.

- Changes in the fair value of derivatives not designated or qualifying as an accounting hedge are recorded directly to earnings.

Goodwill and Other Intangible Assets

The Company accounts for Goodwill and Other Intangible Assets in accordance with SFAS No. 142. SFAS No. 142 prohibits the amortization of goodwill and intangible assets with indefinite useful lives. SFAS No. 142 requires these assets be reviewed for impairment at least annually. Intangible assets with finite lives will continue to be amortized over their estimated useful lives using the straight-line method. Indefinite lived assets acquired prior to June 30, 2001 were amortized through December 31, 2001. This would include the Brillo and related brand acquisition, the investment in QGN, the bathroom cleaner product lines and the USAD acquisition. Indefinite lived assets acquired as part of the anti-perspirant and pet care acquisition was not amortized based upon the provisions of SFAS No. 142.

Selected Operating Expenses

Research & development costs in the amount of $26,877,000 in 2002, $21,803,000 in 2001 and $19,363,000 in 2000, and marketing costs in the amount of $86,195,000 in 2002, $74,803,000 in 2001 and $74,080,000 in 2000, 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 606,730, 129,000 and 547,000 for 2002, 2001 and 2000, have been excluded.

The following table reflects the components of common shares outstanding for each of the three years ended December 31, 2002 in accordance with SFAS No. 128:

	2002	2001	2000
Weighted average common shares outstanding - basic ...	39,630	38,879	38,321
Dilutive effect of stock options	2,179	1,940	1,612
Equivalent average common shares outstanding - diluted	41,809	40,819	39,933

Stock Based Compensation

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." The Company recognized compensation expense (net of tax) of approximately $497,000 in 2002, and $0 in 2001 and 2000, respectively, in accordance with APB 25. 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 compensation expense, net of taxes, of $4,480,000, $2,670,000 and $2,577,000 for 2002, 2001 and 2000,

respectively. The Company's pro forma net income and pro forma net income per share for 2002, 2001 and 2000 would have been as follows:

(In thousands, except for per share data)	2002	2001	2000
NET INCOME			
As reported	$ 66,690	$ 46,984	$ 33,559
Pro forma	62,707	44,314	30,982
NET INCOME PER SHARE: BASIC			
As reported	$ 1.68	$ 1.21	$ 0.88
Pro forma	1.58	1.14	0.81
NET INCOME PER SHARE: DILUTED			
As reported	$ 1.60	$ 1.15	$ 0.84
Pro forma	1.51	1.09	0.78

Comprehensive Income

Comprehensive income consists of net income, available for sale securities, foreign currency translation adjustments, changes in the fair value of certain derivative financial instruments designated and qualifying as cash flow hedges, and minimum pension liability adjustments, and is presented in the Consolidated Statements of Changes in Stockholders' Equity and in note 13.

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. Management provides valuation allowances against the deferred tax asset for amounts which are not considered "more likely than not" to be realized.

Recent Accounting Pronouncements

In November 2001, the Financial Accounting Standards Board ("FASB") Emerging Issues Task Force ("EITF") reached a consensus on Issue 01-9 (formerly EITF issues 00-14 and 00-25), "Accounting for Consideration Given to a Customer or Reseller of the Vendor's Products." This EITF addressed the recognition, measurement and income statement classification of consideration from a vendor to a customer in connection with the customer's purchase or promotion of the vendor's products. The EITF requires the cost of such items as coupons, slotting allowances, cooperative advertising arrangements, buydowns, and other allowances to be accounted for as a reduction of revenues, not as a marketing expense as the Company did previously. The full year 2001 and 2000 net sales have been reclassified to conform with this pronouncement. The impact was a reduction of net sales of approximately $130.3 million in 2002, $121.2 million in 2001, and $104.5 million in 2000. This consensus did not have an effect on net income. In accordance with the consensus reached, the Company adopted the required accounting beginning January 1, 2002.

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 has assessed SFAS No. 143 and does not anticipate it to have a material impact on the Company's financial statements. 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 has evaluated the impact of the SFAS No. 144 and has determined there is no material impact on the Company's consolidated financial statements.

During the second quarter of 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This Statement rescinds FASB Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt", and an amendment of that Statement, FASB Statement No. 64, "Extinguishment of Debt Made to Satisfy Sinking-Fund Requirements." This Statement also rescinds FASB Statement No. 44, "Accounting for Intangible Assets of Motor Carriers." This Statement amends FASB Statement No. 13, "Accounting for Leases", to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changed conditions. The Company will adopt the provisions of this Statement upon its effective date and does not anticipate it to have a material effect on its financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The standard requires companies to recognize certain costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Examples of costs covered by the standard include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, plant closing, or other exit or disposal activity. Statement 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The Company is currently evaluating the impact this pronouncement will have on its consolidated financial statements.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("Interpretation"). This Interpretation elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair market value of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial statements. The initial recognition and measurement provisions of the Interpretation apply on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure provisions are effective for financial statements of interim or annual periods ending after December 15, 2002.

In December 2002, the FASB issued Statement No 148, "Accounting for Stock-Based Compensation - Transition and Disclosure (SFAS 148)". SFAS 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 is effective for the year ended December 31, 2002 and for interim financial statements for the first quarter of 2003. The Company is currently evaluating whether or not to elect the fair value method of accounting for stock compensation.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities (an interpretation of ARB No.51)". This Interpretation addresses consolidation by business enterprises of certain variable interest entities, commonly referred to as special purpose entities (SPEs). The Company has implemented the disclosure provisions of this Interpretation in these financial statements. The Company will be required to implement the other provisions of this Interpretation in 2003.

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, 2002 and 2001. 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.

	2002	2001

(In thousands)	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial Assets:				
Note receivable and current portion of note receivable	$ 870	$ 870	$ 5,803	$ 5,803
Long-term notes receivable	9,708	9,375	11,951	11,789
Financial Liabilities:				
Short-term borrowings	4,490	4,490	3,220	3,220
Current portion of long-term debt	11,455	11,455	8,360	8,360
Long-term debt	352,488	352,488	406,564	406,564
Interest rate swap contracts	3,899	3,899	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:

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, 2002, 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, 2002 and December 31, 2001.

The Company is also subject to translation exposure of the Company's foreign subsidiary's financial statements.

Interest Rate Risk

The Company's primary domestic borrowing facility is made up of a $ 510 million credit agreement of which $358.5 million remained outstanding as of December 31, 2002; and $100 million of a revolving credit agreement all of which was un-drawn at December 31, 2002. The weighted average interest rate on these borrowings at December 31, 2002, excluding deferred financing costs and commitment fees, was approximately 5.1% including hedges. The Company entered into interest rate swap agreements to reduce the impact of interest rate flucuations 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, 2002, the Company entered into agreements for a notional amount of $235 million, swapping debt with a one-month LIBOR rate for a fixed rate that averages 5.8 %. As a result, the swap agreements eliminate the variability of interest expense for that portion of the Company's debt. The Company recognized expense of approximately $4.3 million in 2002 and $1.3 million in 2001 as a result of the swap agreements and will recognize $3.9 million of expense in 2003.

The Company's domestic operations and its Brazilian subsidiary have short and long term debts that are floating rate obligations.

Equity Derivatives

The Company has entered into equity derivative contracts on its own stock in order to minimize the impact on earnings resulting from fluctuations in market price of shares in the Company's deferred compensation plan. These contracts in the amount of 165,000 shares hedge approximately 50% of the shares in the plan and are marked to market through earnings at December 31, 2002. The Company recognized income of approximately $.4 million in 2002, and expense of $.5 million in 2001.

3. INVENTORIES

Inventories are summarized as follows:

(In thousands)	2002	2001
Raw materials and supplies	$ 30,987	$ 28,869
Work in process	142	651
Finished goods	51,545	71,694
	$ 82,674	$101,214

Inventories valued on the LIFO method totaled $47,452,000 and $49,944,000 at December 31, 2002 and 2001, respectively, and would have been approximately $3,073,000 and $2,759,000 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)	2002	2001	ESTIMATED LIVES (YEARS)
Land	$ 6,079	$ 6,503	N/A
Buildings and improvements	105,469	92,577	15-40
Machinery and equipment	267,568	253,749	5-20
Office equipment and other assets	30,556	25,037	3-10
Software	5,945	5,652	5
Mineral rights	467	257	based on volume
Construction in progress	9,920	17,593	N/A
	426,004	401,368	
Less accumulated depreciation, depletion and amortization	185,997	169,919	
Net property, plant and equipment	$240,007	$231,449	

Depreciation, depletion and amortization of property, plant and equipment amounted to $22,178,000, $18,968,000 and $18,469,000 in 2002, 2001 and 2000, respectively. Interest charges in the amount of $603,000, $432,000 and $284,000 were capitalized in connection with construction projects in 2002, 2001 and 2000, respectively.

During the year, the Company wrote-down the value of one of its plants by approximately $2.1 million, as a result of a reduction of sales volume, which is included in Cost of Sales in the Company's Consolidated Statement of Income. The write-down was determined using discounted cash flows. Both the charge and the remaining carrying value is included in the Consumer segment.

Also during the fourth quarter, the Company sold its Lambert Kay Hardware, Winsted, Connecticut manufacturing facility for a price that approximates book value. This facility was acquired as part of the Arrid and Lambert Kay purchase from Carter-Wallace. It was sold as part of the Company's decision in 2001 to discontinue the hardware portion of the product line.

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 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. During 2002, the Company increased its ownership to approximately 99% at a cost of $4.3 million, of which $2.7 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. 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, was 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 fair values of the assets acquired and liabilities assumed at the date of acquisition:

(in thousands)

Current assets	$ 14,839
Property, plant and equipment	46,591
Tradenames	29,930
Goodwill	82,746
Other long-term assets	2,257
Total assets acquired	176,363
Current liabilities	(53,160)
Long-term debt	(5,425)
Other long-term liabilities	(6,901)
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 approximately 16% ownership interest in the newly formed company and contributed $400,000. 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 and was paid. 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%.

The agreement specifies that interest only payments for the first two years may be deferred at the option of the debtor. 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 on May 24,2006. 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.

In addition to the aforementioned investment in USAM and the note receivable, the Company has a trade receivable balance with USAM of approximately $3.1 million at December 31, 2002.

During 2002, the Company sold $23.2 million of laundry and cleaning products to USAM. Furthermore, the Company billed USAM $.5 million and USAM billed the Company $.2 million for leased space.

c. 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 $746 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 $129 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 $617 million. The Company accounts for its interest in Armkel on the equity method. (See note 6)

The Company made the acquisition to increase its personal care product lines and to improve the cost structure of these and existing products.

The following table summarizes the 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	$ 41,587
Property, plant and equipment	3,020
Tradenames	29,702
Goodwill	65,058
Total assets acquired	139,367
Current liabilities	(9,349)
Net assets acquired	$ 130,018

The results of operations are included in the accompanying financial statements from September 28, 2001.

The purchase price allocation is based upon an independent appraisal. Goodwill and tradenames are not being amortized, based on the provisions of SFAS 142 "Goodwill and Other Intangible Assets." All the Goodwill is deductible for tax purposes and is included in the consumer products segment.

d. Pro forma results - unaudited

The following pro forma 2001 and 2000 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	$959.7	$1,054.7	$691.2	$1,023.6
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	$0.88	$0.55
EPS - Diluted	$1.15	$1.07	$0.84	$0.53

e. 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 approximately $7.8 million (net of cash acquired) and included the assumption of debt. An additional payment of $3.4 million was made in February 2003 based upon 2002 operating performance and was charged to goodwill in the accompanying balance sheet. An additional payment will be required based on 2003 operating performance which cannot exceed $8.6 million. Pro forma comparative results of operations are not presented because they are not materially different from the Company's reported results of operations. Results of operations are included in the accompanying financial statements from January 1, 2002, the date of the acquisition.

6. ARMKEL EQUITY INVESTMENT

The following table summarizes financial information for Armkel LLC. Late in 2002, Armkel entered into an agreement to sell its Italian subsidiary to a group, comprising local management and private equity investors, for a price of approximately $22 million. Armkel accounted for the subsidiary as a discontinued operation. The 2001 results and balance sheet have reclassifications to reflect this. Armkel closed on the sale at the end of February. The Company accounts for its 50% interest under the equity method.

(in thousands) Income statement data:	12 MONTHS ENDED DEC. 31, 2002	3 MONTHS ENDED DEC. 31, 2001
Net sales	$383,782	$ 77,561
Gross profit	210,833	27,115
Net income (loss)	31,214	(15,648)
Equity in affiliate (loss)	18,107	(10,009)

Balance sheet data:	DECEMBER 31, 2002	DECEMBER 31, 2001
Current assets	$246,307	271,583
Noncurrent assets	562,207	540,152
Short-term debt	28,556	3,602
Current liabilities (excluding short-term debt)	110,224	140,568
Long-term debt	411,634	439,750
Other long-term liabilities	28,420	24,229
Partners' equity	229,680	203,586

The venture's Board has equal representation from the Company and Kelso.

The Armkel venture was financed with $229 million in 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, 2002. Armkel issued $225 million of 9.5% senior debt notes due in eight years with interest paid semi-annually, therefore, Armkel had $443 million of total debt utilized as of December 31, 2002 after $2 million of repayments in 2002. The weighted average interest rate on the credit facility borrowings at December 31, 2002, excluding deferred financing costs and commitment fees, was approximately 5.0% 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 in 2001. In 2002, the Company was allocated the first $5 million of Armkel's net income to offset the additional loss it was allocated in 2001. Net income after the first $5 million was allocated 50% to the Company.

Substantial synergies have been 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 retained its core marketing, research & development, and financial planning capabilities, and continues to manufacture condoms, but purchases 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 transferred 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. During early 2002, the Company completed the integration of the planning and purchasing, accounting and management information systems, and other service functions.

During 2002, the Company invoiced Armkel $22.5 million for primarily administrative and management oversight services (which is included as a reduction of selling, general and administrative expenses), and purchased $7.1 million of deodorant antiperspirant inventory produced by Armkel at its cost. The Company sold Armkel $1.4 million of ARM & HAMMER products to be sold in international markets. Armkel invoiced the Company $1.7 million of transition administrative services. The Company has an open receivable from Armkel at December 31, 2002 of approximately $4.8 million that primarily related to administrative services, 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 of the Company 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 had 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. This was completed by the end of 2002.

7. GOODWILL AND OTHER INTANGIBLES

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.

The following tables discloses the carrying value of all intangible assets:

(In thousands)	DECEMBER 31, 2002				December 31, 2001			
	GROSS CARRYING AMOUNT	IMPAIRMENT CHARGE	ACCUM. AMORT.	NET	Gross Carrying Amount	Accum. Amort.	Net	Amort. Period (years)
Amortized intangible assets:								
Tradenames	$39,160	$(2,190)	$(5,182)	$31,788	$ 31,400	$(3,271)	$28,129	10-20
Formulas	6,281	--	(866)	5,415	4,241	(302)	3,939	10-20
Non Compete Agreement	1,143	--	(117)	1,026	--	--	--	10
Total	$46,584	$(2,190)	$(6,165)	$38,229	$ 35,641	$(3,573)	$32,068	
Unamortized intangible assets - Carrying value								
Tradenames	$51,807				$108,805			
Total	$51,807				$108,805			

Intangible amortization expense amounted to $2.6 million in 2002 and 2001. The estimated intangible amortization for each of the next five years is approximately $2.9 million.

The changes in the carrying amount of goodwill for the year ended December 31, 2002 is as follows:

(In thousands)	CONSUMER	SPECIALTY	TOTAL
Balance December 31, 2001	$116,372	$ 10,948	$ 127,320
Purchase accounting adjustments	66,124	1,916	68,040
Goodwill acquired during 2002	--	7,879	7,879
Pre-acquisition NOL's recognized	--	(643)	(643)
Foreign exchange/other	2	(210)	(208)
Balance December 31, 2002	$182,498	$ 19,890	$ 202,388

In accordance with SFAS No. 142, the Company completed the impairment test of the valuation of goodwill and intangibles as of January 1, 2002 and its annual review as of April 1, 2002 and based upon the results, there was no impairment. During the year, the Company recorded a $2.2 million impairment charge included in selling, general and administrative expenses related to one of its unamortized tradenames due to changes in market conditions since April 1, 2002. This is included in the Company's Consumer segment. Fair value was determined using discounted cash flows. This tradename, with a carrying value of approximately $4.8 million, will be subsequently amortized as it has been determined to have a finite life.

During the year, the Company completed the purchase price allocation of the USAD acquisition and the purchase price allocation of the Carter-Wallace acquired brands, which adjusted the valuation of indefinite lived tradenames and goodwill. The Company in 2001 amortized tradenames and goodwill under rules in effect prior to the issuance of SFAS No. 142 using the same useful life, therefore, there was no impact to the 2001 amortization expense recorded by the Company.

Net income results and per share amounts for the years ended December 31, 2002, 2001 and 2000, respectively, reflecting goodwill and intangible assets that are no longer being amortized is as follows:

(Dollars in thousands, except per share data)	YEAR ENDED DECEMBER 31,

	2002	2001	2000
Reported net income	$ 66,690	$ 46,984	$ 33,559
Goodwill amortization (net of tax)	--	2,213	1,255
Discontinued tradename amortization (net of tax)	--	315	--
Adjusted net income	$ 66,690	$ 49,512	$ 34,814
Basic earnings per share			
As reported	$ 1.68	$ 1.21	$ 0.88
Goodwill amortization	--	0.06	0.03
Tradename amortization	--	0.01	--
Adjusted net income	$ 1.68	$ 1.28	$ 0.91
Diluted earnings per share			
As reported	$ 1.60	$ 1.15	$ 0.84
Goodwill amortization	--	0.05	0.03
Tradename amortization	--	0.01	--
Adjusted net income	$ 1.60	$ 1.21	$ 0.87

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

(In thousands)	2002	2001
Trade accounts payable	$ 88,068	$ 97,238
Accrued marketing and promotion costs	39,943	50,148
Accrued wages and related costs	13,451	12,645
Accrued pension and profit-sharing	13,217	7,450
Other accrued current liabilities	8,228	8,695
	$162,907	$176,176

9. 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, 2002 and 2001 exclusive of deferred financing costs and commitment fees were approximately 5.1% and 5.5%, respectively, including the effect of hedges.

In addition, the Company's Brazilian subsidiary has lines of credit which allow it to borrow in its local currency. This amounts to $7 million, of which approximately $4 million and $3 million was utilized as of December 31, 2002 and 2001, respectively. The weighted average interest rate on these borrowings at December 31, 2002 and 2001 was approximately 10.0% and 9.0%, respectively.

Short-term borrowings and debt consist of the following:

(In thousands)	2002	2001
Syndicated Financing Loan due September 30, 2006	$ 75,280	$ 125,000

Amount due 2003 $ 7,924		
Amount due 2004 $ 15,848		
Amount due 2005 $ 23,773		
Amount due 2006 $ 27,735		
Syndicated Financing Loan due September 30, 2007	283,190	285,000

Amount due 2003 $ 2,846		
Amount due 2004 $ 2,846		
Amount due 2005 $ 2,846		
Amount due 2006 $ 30,596		
Thereafter $ 244,056		
Various Debt from Brazilian Banks $4,490 due in 2003, $446 in 2004, $404 in 2005, $404 in 2006 and $144 due in 2007	5,888	3,384
Industrial Revenue Refunding Bond Due in installments of $685 from 2003-2007 and $650 in 2008	4,075	4,760
Total debt	368,433	418,144
Less: current maturities	15,945	11,580
Net long-term debt	$ 352,488	$ 406,564

The principal payments required to be made are as follows:

(In thousands)

2003	15,945
2004	19,825
2005	27,708
2006	59,420
2007 and subsequent	245,535
	$368,433

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, 2002, the Company had swap agreements in the amount of $235 million, swapping debt with either a one or a three-month LIBOR rate for a fixed interest rate. These swaps, of which, $115 million expire at various points of time in 2003 and the remaining $120 million expire also at various points of time in 2004. These swaps were recorded as a liability in the amount of $3.9 million at December 31, 2002 and a $2.2 million liability in 2001. These instruments are designated as cash flow hedges as of December 31, 2002 and any changes in value are recorded in other comprehensive loss that are expected to be reclassified to earnings over the next 12 months. 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 instruments were designated as cash flow hedges as of December 31, 2001 and any changes in value were recorded in other comprehensive income.

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 2002 and in 2001 was 1.3% and 3.9%, 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 total debt to EBITDA. Financial covenants include total debt to EBITDA 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. For a further explanation of EBITDA, see Liquidity and Capital Resources included in the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations.

10. INCOME TAXES

The components of income before taxes are as follows:

(in thousands)	2002	2001	2000
Domestic	$ 96,752	$ 68,255	$ 47,675
Foreign	4,340	5,600	4,199
Total	$ 101,092	$ 73,855	$ 51,874

The following table summarizes the provision for U.S. federal, state and foreign income taxes:

(in thousands)	2002	2001	2000
Current:			
U.S. federal	$ 10,487	$ 16,222	$ 18,734
State	3,450	2,037	2,918
Foreign	2,648	1,317	730
	$ 16,585	$ 19,576	$ 22,382
Deferred:			
U.S. federal	$ 17,825	$ 6,033	$ (3,801)
State	1,116	663	(1,047)
Foreign	(1,124)	599	781
	$ 17,817	$ 7,295	$ (4,067)
Total provision	$ 34,402	$ 26,871	$ 18,315

Deferred tax (assets)/liabilities consist of the following at December 31:

(In thousands)	2002	2001
Current deferred tax assets:		

Promotions, principally coupons	$ (5,016)	$ (6,121)
Reserves and other liabilities	(3,151)	(5,015)
Accounts receivable	(5,746)	(5,708)
Net operating loss	(1,700)	(1,700)
Capitalization of inventory costs	(1,436)	(802)
Other	(1,105)	(503)
Total current deferred tax assets	(18,154)	(19,849)
Nonpension postretirement and postemployment benefits	(6,041)	(6,120)
Capitalization of items expensed for book purposes	(7,344)	(5,697)
Reserves and other liabilities	(2,829)	(3,175)
Investment valuation difference	(921)	(824)
Loss carryfoward of foreign subsidiary (1)	(2,750)	(4,401)
Foreign exchange translation adjustment	(4,625)	(3,143)
Valuation allowance	4,625	7,544
Depreciation and amortization	56,043	44,895
Net operating loss carryforward	(5,006)	(5,563)
Difference between book and tax loses of equity investment	28,461	3,014
Tax credits	(1,868)	--
Other	(642)	502
Net noncurrent deferred tax liabilities	57,103	27,032
Net deferred tax liability	$ 38,949	$ 7,183

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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 difference between tax expense and the "expected" tax, which would result from the use of the federal statutory rate is as follows:

(In thousands)	2002	2001	2000
Statutory rate	35%	35%	35%
Tax which would result from use of the federal statutory rate	$ 35,382	$ 25,849	$ 18,156
Depletion	(420)	(416)	(398)
Research & development credit	(600)	(300)	(350)
State and local income tax, net of federal effect	2,968	1,765	1,216
Varying tax rates of foreign affiliates	(45)	(169)	(87)
Benefit from foreign sales corporation	(825)	--	--
Effect of foreign operations of equity investment	(1551)	126	--
Other	(507)	16	(222)
	(980)	1,022	159
Recorded tax expense	$ 34,402	$ 26,871	$ 18,315
Effective tax rate	34.0%	36.4%	35.3%

The net operating loss carryforwards for federal, foreign and state amounted to $19.2, $10.2 and $26.3 million, respectively. These NOL's expire on various dates through December 31, 2020.

11. BENEFIT PLANS

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)	2002	2001	2002	2001
Change in Benefit Obligation:				
Benefit obligation at beginning of year	$ 19,514	$ 18,317	$ 11,100	$ 10,217
Service cost	140	426	446	436
Interest cost	1,338	1,268	876	734
Plan participants contributions	11	--	--	--
Amount acquired	--	1,987	--	54
Actuarial (gain) loss	2,284	(79)	1,803	(22)
Benefits paid	(1,644)	(2,405)	(514)	(319)
Benefit obligation at end of year	$ 21,643	$ 19,514	$ 13,711	$ 11,100
Change in Plan Assets:				
Fair value of plan assets at beginning of year	$ 16,678	$ 18,930	$ --	$ --
Actual return on plan assets (net of expenses)	(159)	(1,571)	--	--
Employer contributions	66	65	514	319
Plan participants contributions	11	--	--	--
Amount acquired	--	1,659	--	--
Benefits paid	(1,644)	(2,405)	(514)	(319)
Fair value of plan assets at end of year	$ 14,952	$ 16,678	$ --	$ --
Reconciliation of the Funded Status:				
Funded status	$ (6,691)	$ (2,836)	$(13,711)	$(11,100)
Unrecognized prior service cost (benefit)	26	29	(540)	(619)
Unrecognized actuarial (gain) loss	4,571	726	(1,195)	(3,073)
Loss due to currency fluctuations	71	76	--	--
Net amount recognized at end of year	$ (2,023)	$ (2,005)	$(15,446)	$(14,792)

Amounts recognized in the statement of financial position consist of:

	2002	2001	2002	2001
Prepaid benefit cost	$ --	$ 1,120	$ --	$ --
Accrued benefit liability	(5,986)	(3,125)	(15,446)	(14,792)
Accumulated other comprehensive income	3,963	--	--	--
Net amount recognized at end of year	$ (2,023)	$ (2,005)	$(15,446)	$(14,792)
Weighted-average assumptions as of December 31:				
Discount rate	6.75%	7.25%	6.75%	7.25%
Rate of compensation increase	5.00%	5.00%	--	--
Expected return on plan assets	8.75%	9.25%	--	--

Net Pension and Net Postretirement Benefit Costs consisted of the following components:

	PENSION COSTS			POSTRETIREMENT COSTS		
(In thousands)	2002	2001	2000	2002	2001	2000

Components of Net Periodic Benefit Cost:						
Service cost	$ 140	$ 426	$ 433	$ 446	$ 436	$ 397
Interest cost	1,338	1,268	1,090	876	734	682
Expected return on plan assets	(1,442)	(1,713)	(1,843)	--	--	--
Amortization of transition obligation .	--	--	3	--	--	--
Amortization of prior service cost	3	29	30	(79)	(105)	(105)
Recognized actuarial (gain) or loss ...	46	(130)	(334)	(40)	(158)	(212)
FAS 88 expense	--	--	--	--	(226)	--
Net periodic benefit cost (income) ...	$ 85	$ (120)	$ (621)(1)	$ 1,203	$ 681	$ 762

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(1) In 2000, the Company offered to Syracuse plant employees a cash balance benefit in connection with the Syracuse plant shutdown. Accordingly, the related expense of $2,172 thousand is included in plant shutdown and other items in the accompanying statement of income. See note 14.

On December 31, 2002 the accumulated benefit obligation related to the pension plans exceeded the fair value of the pension plan assets (such excess is referred to as an un-funded accumulated benefit obligation). This difference is attributed to (1) an increase in the accumulated benefit obligation that resulted from the decrease in the interest rate used to discount the projected benefit obligation to its present settlement amount from 7.25% to 6.75% and (2) a decline in the market value of the plan assets at December 31, 2002. As a result, in accordance with SFAS No. 87, the Company recognized an additional minimum pension liability of $3.9 million included in benefit obligations, and recorded a charge, net of tax, to accummulated other comprehensive loss of $2.4 million which decreased stockholders' equity. The charge to stockholders' equity for the excess of additional pension liability represents a net loss not yet recognized as pension expense.

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 10% for 2002 and decreasing to an ultimate rate of 5% in 2012. The Company has a maximum annual benefit based on years of service for those over 65 years of age.

(In thousands)	2002	2001
Effect of 1% increase in health-care cost trend rates on:		
Postretirement benefit obligation	$ 892	$ 739
Total of service cost and interest cost component	99	93
Effect of 1% decrease in health-care cost trend rates on:		
Postretirement benefit obligation	(796)	(657)
Total of service cost and interest cost component	(88)	(82)

Deferred Compensation Plan

The Company maintains a deferred compensation plan in which certain management and highly compensated employees are eligible to defer a maximum of 100% of their regular compensation and bonuses and non-employee Board members are eligible to defer up to 100% of their directors compensation. The compensation deferred under this plan is credited with earnings or losses based upon changes in values of investments elected by the plan participant. Each plan participant is fully vested in all deferred compensation and earnings credited to his or her account. The deferrals are invested by the Company through a trust. The trust invests these deferrals based upon the elections made by the participants, with the exception of Church & Dwight stock. These amounts are invested in either equity mutual funds or money market accounts. The Company uses hedging instruments to minimize the cost related to the volatility of Church & Dwight stock. At December 31, 2002 and 2001, the liability under these plans amounted to $16.7 million and $13.5 million, respectively and the funded balances amounted to $11.4 million and $9.7 million, respectively. The amounts charged (credited) to earnings, including the effect of the hedges, totaled $2.1million, $2.5 million, and $(1.0) million in 2002, 2001 and 2000, respectively.

The Company also maintains a defined contribution profit-sharing plan for salaried and certain hourly employees. Amounts charged to earnings were $7,058,000, $3,099,000 and $3,628,000 in 2002, 2001 and 2000, 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 $2,330,000, $1,675,000 and $1,342,000 in 2002, 2001 and 2000, respectively.

12. 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, 2002 were as follows:

	NUMBER OF SHARES	WEIGHTED AVG. EXERCISE PRICE
Outstanding at January 1, 2000	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
GRANTS	672,330	33.20
EXERCISED	749,950	14.48
CANCELLED	26,576	23.76
OUTSTANDING AT DECEMBER 31, 2002	4,801,861	$18.14

At December 31, 2002, 2001 and 2000, 2,784,930 options, 3,001,131 options and 2,985,147 options were exercisable, respectively.

The table below summarizes information relating to options outstanding and exercisable at December 31, 2002.

OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	WEIGHTED	WEIGHTED		WEIGHTED

EXERCISE PRICES	OPTIONS OUTSTANDING	AVERAGE REMAINING CONTRACTUAL LIFE	AVERAGE EXERCISE PRICE	EXERCISABLE AS OF 12/31/2002	AVERAGE EXERCISE PRICE
$7.51-$10.00	292,185	2.1	$8.79	292,185	$8.79
$10.01-$12.50	1,162,521	3.0	$10.76	1,162,521	$10.76
$12.51-$15.00	746,150	4.8	$13.68	746,150	$13.68
$15.01-$17.50	756,300	5.8	$16.94	125,000	$16.05
$17.51-$25.00	1,107,224	7.2	$22.59	439,074	$20.73
$25.01-$35.00	737,481	9.3	$32.50	20,000	$27.81
	4,801,861	5.6	$18.14	2,784,930	$13.27

The fair-value of options granted in 2002, 2001 and 2000 is $8,866,000, $6,540,000, and $5,626,000, respectively and the weighted average fair-value per share of options granted in 2002, 2001 and 2000 is $13.19, $7.83 and $7.18, respectively.

The fair-value of options granted in 2002, 2001 and 2000 is estimated on the date the options are granted based on the Black Scholes option-pricing model with the following weighted-average assumptions:

	2002	2001	2000
Risk-free interest rate	4.6%	5.1%	6.6%
Expected life	6.5 years	6.5 years	6.0 years
Expected volatility ...	34.8%	25.0%	38.8%
Dividend yield	0.9%	1.2%	1.6%

13. COMPREHENSIVE INCOME

Comprehensive income is defined as net income and other changes in stockholder's equity from transactions and other events from sources other than stockholders. The components of changes in other comprehensive income (expense) are as follows:

	FOREIGN CURRENCY ADJUSTMENTS	MINIMUM PENSION LIABILITY	AVAILABLE FOR SALE SECURITIES	INTEREST RATE SWAP AGREEMENTS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
Balance January 1,2000	$ (4,599)	$ --	$ --	$ --	$ (4,599)
Comprehensive Income changes during the year (net of tax of $1,923) ...	(1,599)	--	(3,191)	--	(4,790)
Balance December 31, 2000	(6,198)	--	(3,191)	--	(9,389)
Comprehensive Income changes during the year (net of tax of $1,100) ...	(2,163)	--	3,191	(1,367)	(339)
BALANCE DECEMBER 31, 2001	(8,361)	--	--	(1,367)	(9,728)
COMPREHENSIVE INCOME CHANGES DURING THE YEAR (NET OF TAX OF $2,142) ...	(3,732)	(2,417)	--	(1,042)	(7,191)
BALANCE DECEMBER 31, 2002	$(12,093)	$ (2,417)	$ --	$ (2,409)	$(16,919)

14. PLANT SHUTDOWN 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.

In 2001, the Company recorded pre-tax income of $.7 million primarily related to the sale of fixed assets located in the Syracuse plant.

15. 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 $200.000. 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.

16. COMMITMENTS, CONTINGENCIES AND GUARANTEES

a. Rent expense amounted to $8,901,000 in 2002, $5,048,000 in 2001 and $2,794,000 in 2000. The Company is obligated for minimum annual rentals under non-cancelable long-term operating leases as follows:

(In thousands)	
2003	$ 9,503
2004	6,787
2005	5,972
2006	5,832
2007	5,183
2008 and thereafter	18,968
Total future minimum lease commitments	$52,245

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. 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 approximately $2.1 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.

d. The Company has commitments to acquire approximately $17 million of raw material and packaging supplies from its vendors. The packaging supplies are in either a converted or non-converted status. This enables the Company to respond quickly to changes in customer orders/requirements.

e. In connection with the purchase of Biovance Technologies,Inc, the Company is obligated for a guaranteed minimum payment of approximately $3.0 million based upon operating performance. The Company met this obligation by making a $3.4 million payment in February 2003 based upon 2002 results and was charged to Goodwill. The Company had a recorded liability of $3.0 million at December 31, 2002.

f. The Company has letters of credit of approximately $5.7 million with several banks which guarantee payment for such things as insurance claims in the event of the Company's insolvency, a year's worth of lease payments on a warehouse, and 200 days of interest on the Industrial Revenue Bond borrowing.

g. Surety/performance bonds were established for construction of the Company's headquarters addition in Princeton, NJ and for construction activities at the Company's North Brunswick, NJ plant for approximately $.8 million.

h. On February 28, 2003 a class action suit was filed against the Company and Armkel, and two unrelated condom manufacturers, in the Superior Court of New Jersey alleging injuries sustained due to the use of condoms with N-9. The Company continues to believe that condoms with N-9 provide an acceptable added means of contraceptive protection, however, the Company cannot predict the outcome of this litigation.

i. The Company, in the ordinary course of its business, is the subject of, or a 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 consolidated financial statements.

17. 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. 100% of Armkel LLC's operating results are consolidated into the Consumer Products segment results and 100% of Armand Products and ArmaKleen joint ventures are consolidated into the Specialty Products segment results. In previous years, 50% of Armand and ArmaKleen was consolidated. Accordingly, all are not accounted for by the equity method.

b. The corporate segment includes the following:

1. Elimination of the operating results of the Company's equity investments.

2. The administrative costs of the production planning and logistics functions which are included in segment SG&A expenses but are elements of cost of goods sold in the Company's Consolidated Statement of Income.

3. Corporate assets include excess cash, investments, note receivable, deferred financing costs and deferred income taxes not used for segment operating needs.

4. 2001 and 2000 operating profits include the Syracuse shutdown charge.

5. Corporate depreciation, depletion and amortization relate to amortization of deferred financing costs.

c. The Specialty Products segment's identifiable assets include equity of investments in affiliates in the amounts of $15,611,000, $16,880,000 and $19,416,000 for 2002, 2001 and 2000, respectively. The Consumer Products segment's identifiable assets include equity of investment in affiliate of $116,348,000 and $98,241,000 in 2002 and 2001, respectively.

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.

	CONSUMER PRODUCTS	SPECIALTY PRODUCTS	SUBTOTAL	CORPORATE	TOTAL
NET SALES					
2002	$1,246,547	$223,375	$1,469,922	$(422,773)	$1,047,149
2001	864,457	219,223	1,083,680	(123,973)	959,707
2000	529,585	211,668	741,253	(50,062)	691,191
GROSS PROFIT					
2002	480,370	65,647	546,017	(234,796)	311,221
2001	264,635	65,145	329,780	(50,284)	279,496
2000	198,021	63,714	261,735	(20,865)	240,870
MARKETING					
2002	135,730	3,930	139,660	(53,465)	86,195
2001	81,631	3,341	84,972	(10,169)	74,803
2000	71,295	3,431	74,726	(646)	74,080
SG&A					
2002	191,785	33,067	224,852	(104,340)	120,512
2001	116,680	32,470	149,150	(37,318)	111,832
2000	73,974	32,367	106,341	(13,623)	92,718
OPERATING PROFIT					
2002	152,855	28,628	181,483	(76,969)	104,514

2001	66,323	29,285	95,608	(2,087)	93,521
2000	52,753	26,981	79,734	(27,573)	52,161
IDENTIFIABLE ASSETS					
2002	705,020	162,684	867,704	120,537	988,241
2001	720,066	142,565	862,631	86,454	949,085
2000	282,678	143,112	425,790	29,842	455,632
CAPITAL EXPENDITURES					
2002	27,841	10,898	38,739	--	38,739
2001	21,955	12,131	34,086	--	34,086
2000	13,744	8,081	21,825	--	21,825
DEPRECIATION, DEPLETION AND AMORTIZATION					
2002	18,406	7,537	25,943	1,947	27,890
2001	19,757	6,768	26,525	1,318	27,843
2000	16,371	7,083	23,454	--	23,454

Product line net sales data is as follows:

	2002	2001	2000
Deodorizing and Cleaning Products .	$ 255,756	$ 236,549	$ 203,999
Laundry Products	400,476	386,619	176,953
Personal Care Products	385,347	159,966	112,930
International	204,968	81,323	35,703
TOTAL CONSUMER PRODUCTS	1,246,547	864,457	529,585
Specialty Products Division	223,375	219,223	211,668
TOTAL INTERNAL NET SALES	1,469,922	1,083,680	741,253
Less: Unconsolidated Affiliates ...	(422,773)	(123,973)	(50,062)
TOTAL EXTERNAL NET SALES	$ 1,047,149	$ 959,707	$ 691,191

GEOGRAPHIC INFORMATION

Approximately 92% of the net sales reported in the accompanying financial statements in 2002, 90% in 2001 and 88% in 2000 were to customers in the United States, and approximately 95% of long-lived assets in 2002, 92% in 2001 and 88% in 2000 were located in the U.S.

CUSTOMERS

A group of three Consumer Product customers accounted for approximately 23% of consolidated net sales in 2002, including a single customer Walmart, which accounted for approximately 16%. A group of three customers accounted for approximately 23% of consolidated net sales in 2001 adjusted for EITF issue 01-9, including Walmart, which accounted for approximately 14%. This group accounted for 21% in 2000 and is adjusted for the aforementioned EITF.

Although it is not included in the top three customers noted above, Kmart Corporation historically has represented approximately 3% of our consolidated net sales. Kmart's bankruptcy followed by its announcement to close an additional 329 stores in the first half of 2003 could cause a reduction in sales to Kmart of approximately 15% to 20%. It is not clear, and to what extent, these lost sales may be made to other retailers.

18. SUBSEQUENT EVENT

On January 16, 2003, the Company entered into a receivables purchase agreement with an issuer of receivables-backed commercial paper in order to refinance a portion, $60,000,000, of its primary credit facility. Under this arrangement, the Company sold, and will sell from time to time, throughout the 3 year term of the agreements, its trade accounts receivable to a wholly-owned special purpose finance subsidiary, Harrison Street Funding LLC, a Delaware limited liability company ("Harrison"). Harrison in turn sold, and will sell on an ongoing basis, to the commercial paper issuer an undivided interest in the pool of accounts receivable. The transactions were entered into to reduce certain expenses associated with the credit facility in addition to lowering the Company's financing costs by accessing the commercial paper market. These transactions will be reflected as borrowings on the consolidated financial statements of the Company. Consequently, the receivables assets of Harrison will be included in the consolidated assets of the Company shown on such financial statements. However, under these agreements, as was the case under the credit facility, such assets will not be available to satisfy claims of creditors other than the commercial paper issuer.

19. 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 the accompanying notes.

(in thousands, except for per share data)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	FULL YEAR
2002					
Net sales	$ 256,802	$ 258,463	$ 263,786	$ 268,098	$ 1,047,149
Gross profit	73,250	75,938	81,200	80,833	311,221
Income from operations	27,227	24,293	28,149	24,845	104,514
Equity in earnings of affiliates	917	11,364	5,453	3,786	21,520
Net income	14,923	18,652	17,575	15,540	66,690
Net income per share--basic	$ 0.38	$ 0.47	$ 0.44	$ 0.39	$ 1.68
Net income per share--diluted	$ 0.36	$ 0.45	$ 0.42	$ 0.37	$ 1.60
2001					
Net sales	$ 226,780	$ 229,636	$ 238,372	$ 264,919	$ 959,707
Gross profit	64,351	69,540	71,848	73,757	279,496
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	$ 0.32	$ 0.35	$ 0.39	$ 0.16	$ 1.21
Net income per share--diluted	$ 0.30	$ 0.33	$ 0.37	$ 0.15	$ 1.15
2000					
Net sales	$ 165,297	$ 175,486	$ 174,302	$ 176,106	$ 691,191
Gross profit	55,835	62,913	61,995	60,127	240,870
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	$ 0.30	$ 0.32	$ (0.03)	$ 0.28	$ 0.88
Net income (loss) per share--diluted	$ 0.29	$ 0.31	$ (0.03)	$ 0.27	$ 0.84

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, 2002 and 2001, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2002. 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, 2002 and 2001, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

As discussed in notes 1 and 7 to the consolidated financial statements, in 2002 the Company changed its method of accounting for goodwill and other intangible assets to conform to Statement of Financial Accounting Standards No. 142.

Deloitte & Touche LLP
Parsippany, New Jersey
March 10, 2003

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES
ELEVEN-YEAR FINANCIAL REVIEW

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
OPERATING RESULTS											
Net sales:											
Consumer Products	$ 864.1	786.9	529.6	482.3	453.2	369.3	331.4	313.6	314.4	328.3	327.4
Specialty Products	183.0	172.8	161.6	153.3	132.5	124.6	119.0	114.4	106.4	104.9	94.7
Total	1,047.1	959.7	691.2	635.6	585.7	493.9	450.4	428.0	420.8	433.2	422.1
Marketing	$ 86.2	74.8	74.1	71.4	75.2	58.6	50.1	53.0	52.7	44.2	41.1
Research & development	$ 26.9	21.8	19.4	17.9	16.4	15.8	17.8	18.5	20.6	21.2	17.8
Income from operations ..	$ 104.5	93.5	52.2	67.7	42.5	30.6	27.3	8.4	1.5	35.6	37.7
% of sales	10.0%	8.7%	6.6%	9.1%	6.1%	5.2%	5.1%	1.7%	.3%	6.9%	7.5%
Net income	$ 66.7	47.0	33.6	45.4	30.3	24.5	21.2	10.2	6.1	26.3	29.5
Net income per share--basic	$ 1.68	1.21	.88	1.17	.78	.63	.55	.26	.16	.65	.73
Net income per share--diluted	$ 1.60	1.15	.84	1.11	.76	.61	.54	.26	.16	.64	.71
FINANCIAL POSITION											
Total assets	$ 988.2	949.1	455.6	476.3	391.4	351.0	308.0	293.2	294.5	281.7	261.0
Total debt	368.4	418.1	34.0	84.4	48.8	39.5	7.5	12.5	32.5	9.6	7.7
Stockholders' equity	347.6	282.3	234.7	226.7	194.8	179.3	165.3	153.7	153.9	169.4	159.1
Total debt as a % of total capitalization ..	52%	60%	13%	27%	20%	18%	4%	8%	17%	5%	5%
OTHER DATA											
Average common shares outstanding-basic (In thousands)	39,630	38,879	38,321	38,792	38,734	38,922	39,068	39,134	39,412	40,446	40,676
Return on average stockholders' equity ..	21.2%	18.2%	14.5%	21.5%	16.2%	14.2%	13.3%	6.6%	3.8%	16.0%	19.8%
Return on average capital	11.5%	11.2%	12.7%	17.0%	13.8%	12.8%	12.7%	6.2%	3.6%	15.3%	19.0%
Cash dividends paid	$ 11.9	11.3	10.7	10.1	9.3	9.0	8.6	8.6	8.7	8.5	7.7
Cash dividends paid per common share	$ .30	.29	.28	.26	.24	.23	.22	.22	.22	.21	.19
Stockholders' equity per common share	$ 8.77	7.26	6.12	5.84	5.05	4.62	4.25	3.94	3.94	4.22	3.91
Additions to property, plant and equipment ...	$ 38.7	34.1	21.8	33.1	27.1	9.9	7.1	19.7	28.4	28.8	12.5
Depreciation and amortization	$ 27.9	27.8	23.5	19.3	16.5	14.2	13.6	13.1	11.7	10.6	9.8
Employees at year-end ...	2,256	2,099	1,439	1,324	1,127	1,137	937	941	1,028	1,096	1,092
Statistics per employee:* (In thousands)											
Sales	$ 513	568	650	643	615	513	573	526	486	470	462

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*   2002, 2001, 2000 and 1999 results reflect sales for U.S. operations only.

CHURCH & DWIGHT CO., INC.
EXHIBIT 99.2 - FINANCIAL STATEMENT SCHEDULES

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, 2002 and 2001, and for each of the three years in the period ended December 31, 2002, and have issued our report thereon dated March 10, 2003 (which expresses an unqualified opinion and includes an explanatory paragraph concerning the Company's change in its method of accounting for goodwill and intangible assets to conform to Statement of Financial Accounting Standards No. 142) 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 15. 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 10, 2003

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

	2002	2001	2000
ALLOWANCE FOR DOUBTFUL ACCOUNTS:			
Balance at beginning of year	$3,666	$2,052	$1,552
Additions (Reductions):			
Charged to expenses and costs	(1,223)	1,950	700
Acquisition of subsidiary/product lines	(300)	788	--
	(1,523)	2,738	700
Deductions:			
Amounts written off	597	1,105	190
Foreign currency translation adjustments	--	19	10
	597	1,124	200
BALANCE AT END OF YEAR	$1,546	$3,666	$2,052

There was an additional reserve related to non-trade receivables which had no activity or balance in 2000 and 2001, but had a provision of approximately $1.4 million during 2002.

EXHIBIT 99.3

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Church & Dwight Co., Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert A. Davies, III, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Church & Dwight Co., Inc. and will be retained by Church & Dwight Co., Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

By: /s/ Robert A. Davies, III

Name: Robert A. Davies, III
Title: Chairman and Chief Executive Officer

Dated: March 27, 2003

EXHIBIT 99.4

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Church & Dwight Co., Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Zvi Eiref, Vice President, Finance of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Church & Dwight Co., Inc. and will be retained by Church & Dwight Co., Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

By: /s/ Zvi Eiref

Name: Zvi Eiref
Title: Vice President, Finance

Dated: March 27, 2003