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PRESENTATION

Joe Altobello - *Oppenheimer & Company - Analyst*

Good afternoon. Our next presentation is going to be Church & Dwight. Most of you probably know their largest brand is ARM & HAMMER, which sells baking soda, as well as laundry detergent, toothpaste, deodorant, as well as cat litter. The Company also has a number of other very well-known brands, including Trojan condoms, First Response home pregnancy tests and OxiClean laundry additives. 40% of their portfolio is categorized as value, with the rest obviously being mid-tier and premium.

We're very happy to have with us today Mr. Jim Craigie, the Chairman and CEO, as well as Matt Farrell, the CFO. And with that, I'll hand it over to Jim.

Jim Craigie - *Church & Dwight Company, Inc. - Chairman, CEO*

All right. Thank you, Joe. It's always a pleasure for me to be in Boston, particularly when the Yankees are in first place, so I enjoy that.

Boston fans out here? You know, I always find you guys fascinating. You know, the B you put on your hat? That is really cool. I know never know you had Babe, Boone, Bucky and Buckner you kind of recognize on your hat. So fantastic of you. I am a Yankee fan, you can tell.

Anyways, a little thing here. If you believe anything that Matt and I say today and buy our stock, this thing says that's your problem, okay? Save your words there.

I'm going to open up (inaudible) opening remarks. If you know the history of our Company, we have been a great deliverer. If you bought our stock 10 years ago, you've averaged close to 18% total shareholder return annually for the past 10 years. Fascinating little Company; it is over 160 years old. It goes back, as Joe says, initial product of the Company was baking soda.

Today, we are a well-diversified company, over 80 brands, over 13 categories. We have a good combination of organic growth we will talk to you about. And we are a very acquisitive company in buying brands and that. I will talk about all that. But our record is pretty good in what we do. And I have a great team and, again, I have got --

Matt is going to open up reviewing the first-quarter 2011 results and last year's results, and then I'm going to get up and tell you the 10 factors which I believe are the underlying force in our Company that helps us deliver these great returns.

So since we're on a little bit of a time clock here, I will turn it over to Matt and let him take you through the numbers.

Matt Farrell - *Church & Dwight Company, Inc. - EVP, CFO*

Okay. Thanks, Jim. I'm going to run through this quickly. Obviously, since we are near the end of the second quarter, these numbers are kind of stale. But it's always good to have some context before you hear Jim talk a little bit more about the business.

First quarter, we are pretty happy with. We had 3% volume growth. You'll see on a later slide that we had negative price/mix going the other way, so our organic was 1.2% in the first quarter. Gross margin, down only 10 basis points. And coincidentally, last year, 2010, we were down 10 basis points year over year, after 2009 having been up 430 basis points in gross margin. So really happy with the result in 2010, keeping gross margin pretty much flat. 2011, we started down 10 basis points in the first quarter.

This is just some numbers. If you run your eyes down the page, you can see the organic -- it was -- the reported and the organic were both 1.2%. Gross margin, you see the 10. Marketing as a percentage of sales was flattish in the first quarter. We said at the end of our first-quarter call that we expect to have it increase throughout the year. I will show you a little bit of slide later about where we expect to end up.

And our operating margin was down 40 basis points year over year; we had higher SG&A in the first quarter. But the other metrics, we felt pretty good about.

Here is the statistics with respect to organic growth. Remember, we said it was 1.2% in the first quarter. Had nice volume, but negative price/mix. We expect for the remainder of the year for that to change, and that price/mix should be close to a zero the rest of the way, and can be positive as well, as we took price increases in two categories; one in condoms, 5% increase in May; and powder laundry detergent, a 12% increase that should be effective in July.

Here is free cash flow history. You can see that we have been increasing our free cash flow pretty steadily over the last few years, and that we also track free cash flow conversion. You will see that at the bottom of the slide. That is simply free cash flow as a percentage of our net income. So we have been over 100% for many years and we expect to do the same this year as well.

And part of that is due to the fact that we have been very successful in working capital management, and also the fact that we are very acquisitive. And the goodwill associated with our acquisitions is deductible for tax return purposes, which means that our cash tax rate is less than our book tax rate.

Here is the balance sheet. We have been deleveraging over time, even though we have done some acquisitions during this period of time that you see up on the slide. Our targeted range is two to three times total debt to EBITDA. Essentially right now, we're pretty much out of debt. We are at -- or debt-free. We have $250 million of debt on the balance sheet and have about $200 million of cash.

We are rated investment grade as of last summer. If you follow us, you know that on this past Friday, the S&P changed our outlook to positive from stable, always a good thing. And here is full-year last year, which I will run through even quicker.

So last year we had a 3% organic growth. If you are a shareholder, you know that our evergreen target is 3% to 4% organic growth on an annual basis. Gross margin was down 10 basis points last year. That was a victory, considering what was going on with trade spending and also commodities last year. And we had a nice improvement in operating margin, and then you see EPS up 14%.

Here is the track record. So 3% to 4% is our stated evergreen targets. Here is how we have done. 5%, 7%, 5%, 3%. And this year, we are saying we are shooting for 3% to 4% again, which is our evergreen target.

Now this is last year. Last year was fierce promotions and CPG. We had a great year from a volumes perspective. You see we are up 5.5% there on the lower left. But we had negative price/mix of 2.5% for a total of 3 for the year. And we entered this year --

what we said, just in contrast -- we said we expected this year to have 3% to 4% volume growth in 2011 and price/mix to be plus or minus 50 basis points.

Here's the gross margin I told you about. We had a huge increase in 2009, held onto it in 2010. And this year -- from this point forward, we are trying to increase this about 50 basis points this year.

All right, here is -- last year, how did you get to the 10 basis points of gross margin decline? So we had 250 basis points of cost savings last year. And going the other way, we had commodities of 150 and then price, of course, was very negative last year, so net 10.

When we entered this year, we expected the cost savings to be about 200 basis points in 2011 and commodities to be 100 going the other way. So it is a simple way to think about it. More recently, we have updated that guidance and said we expect 200 to 250 of cost savings this year, 190 going the other way for commodities, and about 40 basis points of help from pricing that I mentioned earlier.

And here's marketing. And a part of our profit model is to increase our top line 3% to 4% annually, expand our gross margin and then spend back on the marketing line. So our history has been to increase our marketing as a percentage of sales. If I extended this chart back a few more years, you would actually think it was almost cookie-cutter, because we went 10.6%, 11.1%, 11.6%, 12.1%.

And then in 2009, remember we had that huge increase in gross margin that year. So we spent almost half of that back. So you had 190 basis points increase in marketing at the same year that we had 430 basis points increase in gross margin.

Last year we had to cut back a bit. What happened was we had -- the geography of that spend changed, so it was up in trade spending, which, as you know, is a contra to net sales. But this year, we expect that number to be flat to up by the time we get to the end of the year.

Here is our EPS history. You can see it is double-digit increases for a number of years now. In fact, Jim will tell you we've been doing this for 10 years straight.

And we are not a capital-intensive business. We did have a couple of spikes in 2008 and 2009, where we built a new laundry plant in Pennsylvania. Fell back down last year to $64 million. And this year, we are calling around $80 million, and that is because we have an SAP implementation and we have also announced that we're going to have a new plant out in Victorville, California, which is about $11 million of CapEx in 2011.

And free cash flow, these are on the page in order of priority. So it's -- we think long and hard about how we are going to spend the cash, and number one is TSR-accretive acquisitions. We haven't done a large acquisition since July of 2008, when we paid $380 million for Orajel. But since then, we have built the plant. As you saw on an earlier slide, we also bought two small brands last year, Feline Pine and Simply Saline. Together, we spent about $120 million for those. So we have been busy.

The new product development would be number two. CapEx for organic growth number three. Return of cash to shareholders -- that used to be number five. We doubled our dividend in February of this year and increased our payout percentages of net income from 15% to 30%. And our dividend yield at the time was around 2%; the stock's moved a bit up, so now we're around 1.6% yield. And then finally, debt reduction would be -- because we are simply out of debt right now.

And then I have got some numbers on this page. I will call your attention to the middle of the slide. So our EBITDA run rate is about $600 million. And as you saw earlier, our targeted total debt to EBITDA is two to three times, so obviously, we could spend up to $1.8 billion and still be within our range. So we have quite a bit of fire power to pursue acquisitions.

This is just a little bit of background on the dividend, what it was before and after, as well as the payout. And I'm going to turn it back over to Jim.

Jim Craigie - *Church & Dwight Company, Inc. - Chairman, CEO*

Thanks, Matt. Let me try to boil down how we do this. I call it the top 10 TSR drivers. Number one, this is something very unique about Church & Dwight. I call that we have the most recession-resistant product portfolio. Not recession-proof, but recession-resistant.

And what I mean by that is we're very unique in the sense that 60% of our portfolio is premium, like the other guys who come into this room, the Procters, the Colgates, whatever. But unlike them, 40% of our portfolio is value-based, products that are truly in the value zone of their categories.

Just an example, here is an example of most of our key value-based products. Laundry by far is our biggest value-based business; it is a $6 billion category. We are the leaders of the value segment. If the presentation was longer today, I could show you our history. We've had consistent, solid growth.

We also are the number one value pregnancy kit. And by the way, we have the number one premium pregnancy kit too in First Response. We have value toothpastes like Aim, value underarm deodorants like Arm & Hammer Ultramax, and value fabric softeners. But together, they make about 40% of our portfolio.

Just to show you the kind of value you have there, if you looked at laundry detergent -- again, our biggest value business, our biggest category as a whole -- if the price of Tide, the head of the category, was $100, ARM & HAMMER is at a 40% ratio to that, 60% lower. And XTRA, our other brand, is almost two thirds lower than that.

So when you are talking an $18 bottle of Tide, you can buy the same number of washloads from ARM & HAMMER for $9, and for XTRA, it is $6. And in an economy like -- that is a big difference, and one of the key reasons why the value segment of the laundry is growing. We're the heads of it; we have gained share consistently over time, built a new plant in Pennsylvania, building a new plant in California, as Matt said. So it is a big, growing category.

And by the way, if you have just everyday sweat in your clothes, I swear to God you will not tell the difference between Tide and ARM & HAMMER XTRA. If you have really ground-in, deep stains in there, bloodstains, grass stains, Tide does have something we don't have called enzymes. But if you really want to save money, you buy our OxiClean brand, and ARM & HAMMER and OxiClean will do as good as Tide for even cheaper than Tide. So we are pretty cool about that.

Now, hey, while we have value brands -- you might say, well, that's easy, just put it out there at a great price, great value -- we do know how to build power brands. I grew up in Kraft Foods for over 15 years; my head of marketing was 25 years with J&J. We know how the big boys grow their brands and we know how to do it right.

While our company has over 80 brands, eight of those we call our power brands, and they represent 80% of our sales and profits. You'll see there on the page the OxiClean, Spinbrush, Orajel, Nair, XTRA, First Response and Trojan. These brands are all market leaders in their segments. These are not second-tier brands. They are market leaders in each one of their segments.

This chart I am most proud of. If you look at those eight brands over the past four years, and say, did we grow share over those years in those brands, 26 out of 32 times or roughly 80% of the time, we grew our share. I dare any other company in this conference to put up their power brands over the last four years and show share growth 80% of the time.

So that's just to prove to you, we know how to grow share and brands through product innovation, increasing our marketing spending and good execution at retail.

At the same time, we know how to defend our brands. Everybody gets attacked, and we get attacked too. And we are only at $2.5 billion in sales, and we have competitors like Procter who are $80 billion in sales. And that is kind of a little unfair war sometimes, but trust me, we know how to fight them.

When the Goliath comes after Little David here, as we had happen last year -- we had the number one brand in laundry additives, called OxiClean. Tide decided to enter that category with a product called Tide Stain Release. At the same time, we had the number one position in the category, the 27% market share when we bought this business back in 2006.

So we first (inaudible) of growing the brand. We grew that brand from a 27 share to a 38 share before Procter entered, with things like great new products that we put out there with great claims. We took the business from basically a powder business into liquids, sprays and things. Increased marketing spending almost 400%, so all the right things good companies do to grow their brands.

Then along came the big guy. The big guy entered the category last year, decided it was why not come into this billion-dollar category, you can get a piece of it. Launched a whole line of products. Guess what? We launched a whole line of products too out there, we call OxiClean Max Force out there, with improved cleaning power the line.

Unfortunately, our famous spokesperson decided to bite the dust at the same time. Billy Mays, who was the number one pitchman in the world, unfortunately died at like 51 years old, which is kind of hard. He was kind of the known quantity for this business.

That didn't stop us. As you can see here, Procter came in and increased their share by about 7 share points. Only one share point came out of our hide; a bigger part of the share point came out of two great companies, Reckitt and SC Johnson. I will tell you since then, we have gotten all of our share back. Procter has fallen back from their 17 shares. So we have gotten all of our share back in this category through knowing how to build power brands.

International is only about 20% of our portfolio, a little less than most of our competitors, but I would tell you we are doing very well there. Didn't used to be much at all. Back in 2001, it was only 2% of our business. Then we made acquisitions like Carter-Wallace and increased it to about 20% of our business.

Very successful growth last year, sales up 7%, gross margin up 10%, operating profit up 25%. That was not a one-year wonder. If you look back over the last five years, we have averaged high-single-digit sales growth, high-single-digit gross profit growth and double-digit operating profit growth. So our international businesses are doing very well.

Key drivers -- we're increasing our scale in those countries by expanding our corporate power brands in the US to those areas. We are focusing our resources in those countries more and more on the power brands and away from some of the smaller brands. And we're leveraging one company strengths. We are now doing all of our new product development worldwide, we are doing our marketing worldwide, instead of spending money separately in each of the countries. We are also entering some new markets through both exports and acquisitions.

Number five, gross margin, Matt has talked about this. We are gross margin gods. It is our number one focus in the Company. I tell our marketing folks, help the supply chain grow the gross margin and I will give you half the money back for increased marketing. And so that gets their attention.

About three years ago, we also made gross margin part of our bonus structure; it's 25% of everybody's bonus in the Company. So increase the focus on gross margin, because to me that is the gas to the gas tank for the Company.

Matt has shown you -- we have grown from a Company of less than 30% gross margin; we are now 45%. That is a humongous change over that time period.

A lot of things drive that. We have a program -- it's a little corny name -- Good to Great, after the book. But it's the key to our Company. It is all about reformulation, reducing packaging, reducing SKUs, compaction in laundry, doing more hedging on some of our key commodities.

We restructured our supply chain, as Matt told you, building a big plant in Pennsylvania, another plant going up in California. Acquisition synergies, we always want to acquire businesses that have higher gross margin than our Company; that helps the total Company's gross margin. And price/mix; we will not launch a new product unless it is higher-margin than the product it replaces. So you put that all together, you get great history.

There is a picture of our new plant in California -- in Pennsylvania. Little funny story about this. This plant is 1.1 million square feet; it's about the size of 20 football fields. I had an analyst from Goldman Sachs who was visiting it one day, and he said, Jim, you built this plant in 53 weeks from start to scratch? I said yes. He say, Jim, I am trying to build a 5000 square foot house. I can't do it in 53 weeks. That will just show you, when my Company puts its mind behind something, we built this incredible plant in just about a year.

Overhead management; it has always been a strong history of our Company. We are very tight in overhead. I wish we weren't sometimes. I wish I had a corporate plane, a corporate car, anything like that. I don't. If you might visit our corporate offices, you would think we were poor. You could see over time our percent of net revenue for SG&A has crept up, but that is basically due to the international expansion. We have had to open some offices in certain countries. And also stock option expensing, which now gets counted; it wasn't counted way back in 2001.

We are striving for best-in-class. The only company who has lower overhead costs as a percent of net revenue is Reckitt versus us, and our job is we are going to take over that number one slot eventually.

If you look at what has happened over time, since I joined the Company in 2004, we've added close to $1 billion in sales; that is about a 60% increase in sales -- or 53%, it says here. And headcount, at the same time, has declined 5%. So when you add that up as far as revenue productivity per employee, you will see Church & Dwight is number one in the industry. That shouldn't happen. Guys who are 40 times our size with scale should beat us out, but we do have the highest revenue per employee in the industry, and we are very proud of that.

Another key fact about our Company is we believe in expertise. I grew up in Kraft Foods, and if I didn't get rotated in jobs and different categories, [some] business every two to three years, it was kind of like something is wrong with you. You're going to be fired.

I don't believe in that theory at all, which is a theory of a lot of companies. I believe in expertise and keeping my top people in their jobs honestly forever. I have seven strategic business units, like Matt mentioned -- fabric care, oral care, sexual health, women's health -- the people running those businesses has been an average in those jobs -- the top person -- an average of seven years. Some as long as 12 years in the same job. And they bring with them an average 24 years of experience.

So I tell my folks, I want experts. I want you to know your business cold. I don't want to be switching you around and take the person running fabric care over to sexual health, wasting a year trying to learn the business, running it for a year, then a year later, I move them off someplace else, like big companies do. I honestly believe, keep them in place, reward them very well, and you saw the share results earlier and the business results.

M&A has been a big part of our Company's history. We have very tight guidelines here, and I mean we maintain them. We will only buy a company or a business that has number 1 or 2 share brand; I won't buy a number 3, 4, 5. Jack Welch said it 20 years ago -- if you are not number one or two, get the hell out. We believe in that.

I will only buy a higher-growth, higher-margin businesses. I want an asset-light business; I don't want headquarters, I don't want plants. We want to take that business and throw it on the backs of our current infrastructure, including manufacturing, logistics and purchasing. And we want a business we believe we can grow long term that has sustainable competitive advantages.

You can see in our history here, it has been a very key part of our history. In fact, I think it is the next slide that shows of the eight power brands we own today, we acquired seven of those in the past 10 years. So we had ARM & HAMMER originally and we built our portfolio out buying these power brands.

And once we bring them in-house, we don't just sit on them, we grow them. You can see on this chart, we have grown the share of every power brand we've brought in-house. Even Trojan was almost a 70 when we bought it; we have driven it to a 75. That is not easy. We have taken brands like First Response, when we bought it, it was a 12 share brand. It is now a 28 share brand. We passed Johnson & Johnson in that category, who is now number three; we are number one. So we know how to grow brands or hold their top share position.

Matt mentioned free cash flow. He has been the genius behind us. He has taken our Company and just squeezed every penny he can out of the Company and hope he is going to squeeze some more. We have increased cash flow from $75 million to $375 million in the past 10 years. That is terrific in paying down your debt, enables us to make acquisitions, pay higher dividends, whatever.

And you can see this thing -- little Church & Dwight is best-in-class in free cash flow conversion in this industry. So this guy to my left here has done an awesome job on that.

Bottom -- I kind of made this last one up, but it is kind of -- we are TSR junkies. And I have to tell you, we do -- everything we do in this Company is all about driving total shareholder return. Every Monday morning, we punch out a chart that shows year to date, our TSR versus all of our key competitors. We also show the 3, 5 and 10-year ranking. It shows we are number one in all those categories, and we just always think like that.

And let me hold back for a second. You know, it sounds corny, but I will tell you the truth. When you get the Company oriented this way for every business decision being made, it is like you get people thinking -- is this going to help drive the value of the Company? Is this going to help drive the stock? And that mentality is in our Company right now and people think it through.

And they know -- I used to have a funny time when I first came to the Company. They'd bring in business plans to me for a business. They would show me -- we're launching all these new products, we are spending all of this marketing money, we're doing all this, and the bottom line, the profit was flat. And I would say to them, okay, you are a communist. They would say, what do you mean? I said, communists don't grow their -- you are a capitalist; you are paid to increase the profits.

I said, I have to go to Wall Street and promise them over 10% EPS growth, and if you are doing all these actions in the day and they result in no profit growth, you're not helping me, you are not helping this Company. So they got the message and they know not to come in the room today, because they don't want to be a communist in my version of this world.

You can look at our decade of growth. The net revenues have tripled. Gross margins have increased [like in] the 1560 basis points. Marketing spending has gone up 500 basis points. By the way, 13% of net revenue is huge. Actually, we are over -- getting closer to 14% soon. Most of our competitors spend around 9% to 10%. And we, again, have 40% of our Company is value-based, so we don't spend a lot of advertising on the value-based brands. So the percent of advertising we spend on our premium brands is even higher than that.

Operating income has gone up 800 some basis points. EPS up 300%. Cash flow, again, up 400%. And the market cap has grown from $2 billion to $5 billion to actually now closer to $6 billion.

Again, what I am most proud of and what I am most proud of our shareholders is a 10-year TSR CAGR of 17.6%. Nobody -- I say nobody in this industry is even close to that. Outstanding record.

I should go back for a second too and tell you, on the management team, the way we are incented is on four factors. Our bonuses are based on 25% hitting our revenue target, 25% hitting our gross margin target, 25% hitting our EPS target and 25% cash flow targets. Why those targets? Because we believe those targets are most important in driving the value of the stock.

And by the way, in terms of equity, my team only gets stock options. There is no restricted stock, no performance stock; it's stock options. So if that stock price doesn't go up, we don't get rich, you don't get rich. So obviously, we want both of us to get that way. So it is all motivated toward driving the stock.

So there is a recap of the top 10 drivers. 2011 outlook. Matt touched on some of this thing. It is several drivers going on which are a little scary. People sometimes call me a pessimist about the world; I call myself a realist. But things in this year that are key -- are commodity costs going to get better or worse. Hey, worse in the first part of this year so far; all of the sudden, the signs may be better. Let's hope they get better. That would be nice.

Will competitive price wars continue or end? Very bad price wars last year, particularly in laundry. It continued for most of the first part of this year, but now everybody is kind of waving the flag and saying maybe let's get away from those in the back half. That is to be seen; if it happens, that is terrific.

And will consumer spending improve or get worse? This is the one that really worries me. I honestly am a little bit of a bear on the back half of this year. I just don't understand -- lately, you have seen unemployment is creeping back up. You have seen the federal and state governments doing what is correct and balancing their budgets, which means more job cuts. You saw the retail sales for the first time in a long time go negative in the past month.

I just don't see -- commodities are the only sign maybe coming down will help a little bit. But I am very worried about the back half of this year as far as consumer spending power.

Again (inaudible) remind my first thing I told you about this Company -- a recession plays to our hand; on 40% of our portfolio, we will benefit. If people have to crunch their pocketbooks, they will trade down and buy my brands. But I still don't like the outlook for the economy the back half of the year.

2011, several key planks. We have a very robust new product pipeline. They are terrific. We have had a great year on building distribution. Off of some share gains last year, our new product pipeline is the best distribution build we have ever had in our history. We will be spending more marketing money, as Matt talked about. We are improving our gross margins, building our cash position and we are poised to make some acquisitions.

New product pipeline, there is a bunch here. 2010, we launched an ARM & HAMMER liquid; power gel did very well. This year we are launching a version; it's a skin-sensitive brand, but it's the first one with a scent to it. Most of those have no scent to them at all. We were able to develop one that didn't affect the skin. And people love the smell of their laundry. So finally you can have a safe for sensitive skin laundry detergent that actually can have a nice smell to it.

XTRA is coming out this year with -- we launched last year with a line oriented toward Hispanic-inspired scents. This year, we combined XTRA with OxiClean. A couple years ago, we did ARM & HAMMER with OxiClean, and that today is a $100 million business by itself. We took that booster power and put it on the XTRA brand, and are looking for great results there.

This has been a home run. We launched a sub-brand of ARM & HAMMER cat litter called Double Duty. Kind of a catchy little name there. Eliminates, as the box says, both odors and feces. Imagine selling a product that says feces on the front of the box. This has been a barn burner. This is like we are kicking butt in the cat litter business today. We have had now 29 consecutive quarters of growth in this category. This is our latest innovation.

We entered this category only in 1998 with ARM & HAMMER brand, and now -- what -- 9, 12 years later, whatever, we're the number two brand, closing in on number one. And this is the latest and greatest new product.

You go from cat poop to vibrators. Interesting business, keeps me awake every day. We've just launched into the vibrator category. A few years ago, we launched vibrating rings; then we launched finger vibrators; and now we are launching full-sized vibrators. This is a $1 million industry in the United States. It is high-margin, largely unbranded.

We are bringing the branding power of Trojan, which is the icon of the sexual world out there. We have been working for several years on these products. They are very unique. They are not cheap end, low-end stuff. They are very highly-designed, high-end products, will sell between $30 to 70 a shot. And right now, we have launched them -- we have had them on the Internet in the past year and now we are launching them into drugstores. And eventually, we hope to get into all channels out there. But interesting new product out there and off to a good start.

Other new products. Spinbrush last year, we launched a product -- it was fairly (inaudible) type thing. We put a product out with stickers for young girls to apply the stickers and design their own brush. It was the number one brush -- number one kid brush last year in the marketplace. So we are not too stupid; we kind of launched the boy version this year. That is kind of cool, going out in the marketplace with the boy type of decals, with sports products on it.

We also launched a Spinbrush that glows in the dark and has a light to it. And the light, by the way, stays on for two minutes. Why? Because a kid should brush his teeth for two minutes. So he turns on the brush, the light comes on, and when the light goes off, you are done brushing.

We are going into the natural segment. We have developed a natural version of Orajel for young babies. New versions of our Nair depilatory product going out there that are very unique, and Nair has done very well for us.

I mentioned distribution. We don't want to give a lot of details on this, but we did kind of a chart here for you. If you went back to where we stood in 2005 and said that was 100, where we are today, and you can see how much we have grown distribution in every one of our categories. Up 50% in liquid laundry detergent. Up 30% in Spinbrush. Double the business in First Response.

So we have had a very good time in growing distribution base this year. That was 2010, and we have improved upon that in 2011.

Higher marketing spending. This is the chart Matt showed you. Our goal always was 50 basis points a year. We had one breakthrough year in 2009, as Matt said, where gross margin went up 400 basis points. We spent back 200 basis points that year. Then went back on the same track we were as if we hadn't done that before. And this year, we plan to spend another 50 basis points on marketing spending. Hey, if you want to grow your share, you have to increase your marketing spending.

By the way, for all of you pumping out charts out there, we think we will cap out around 14%, and hold to that kind of level once we hit that, which should be next year.

Gross margin; gross margin, again, is the gas to our gas tanks. And this is where we had a tremendous record over time in growing it. Had a breakout year in 2009, as I just said. Held that in 2010, when all of the pressures from the commodities and everything else hit, so that was a major win, as, again, Matt referred to. And this year, we hope to grow that by another 50 to 100 basis points.

Again, there is the driver. Again, costs savings are key to it. Price/mix in total this year should be positive. Raw materials are worse, but coverable. And the net, the bottom line, we will get to our goal there.

Cash position, again, I like this little chart that we're going to generate $1 billion in free cash flow over the next three years; we like that.

And acquisitions. Again, I mentioned earlier, this has been a key part of our Company history, it is seven or eight power brands today. We are very active, probably working more than we have ever worked before on acquisitions. I think it is actually kind of stunning -- most investment bankers, I think, would tell you they are stunned by the lack of activity in the consumer packaged goods category so far this year.

I would tell you -- we are actively involved with this. A couple key factors. One, sellers still have lofty price tags in their heads out there, and the buyers are showing great discipline right now. We have been in several auctions that have broken and not happened because the seller has backed off because they couldn't get their price. That is good news, because otherwise who buys them is trouble.

I would tell you too right now, people are worried about the economy. But that could be a good news, because if the economy does soften, I think the sellers will drop their price tags and the buyers will jump in and buy them.

And the third thing is there is not any pure 100% jewel out there. If a company has a one brand, everybody wants it. There are companies out there that have a jewel and they have a lot of junk. And you are seeing some of the buyers kind of for years now have liked those companies in a sense, but not enough to buy it with the junk. And I think people are trying to get over the hurdle on that.

When we bought Orajel, we loved Orajel; it was 70% of the business. But it came along with five brands, with lice treatment, eye treatment -- whatever it was -- we call them the five plagues. We sold them off within a year and just kept the Orajel business. And so other companies are looking at that right now and trying to get over the hump on buying a business that has but one part they love, but also some junk in it. So it is kind of holding up the buyers' side a little bit to me.

Money is available, is out there. We have a lot of money to go out there with, so it is fine. This thing shows you, we could easily -- we have got $1.5 billion of spending power right now and growing out there, so we have got plenty of cash to do it and to borrow.

This is the guidance we gave in May. The guidance is still good. 3% to 4% organic revenue growth, 50 to 100 basis points of gross margin. Zero to 50 point improvement on the marketing side, leading to 10% to 11% increase in the EPS, which I think is the highest in our industry. And we're paying about a 2% dividend.

Matt mentioned this -- we are the only Company who has done 10 straight years of 10% plus EPS growth a year. So we're the only 10 for 10 club member in the CPG world. Our goal is now another 10 years of 10% growth a year, to get to the 10 for 20 club.

So I always hear the question about Church & Dwight is I missed the boat, I missed the boat -- or in this case, I missed the train. You already had a jump -- we're already up 16% this year. I keep telling you, jump on the train. The train is still going, the train is still going up the mountain, and I still believe we can deliver 10% plus EPS growth for the next 10 years.

With that, I will take questions.

Joe Altobello - *Oppenheimer & Company - Analyst*

(inaudible)

Jim Craigie - *Church & Dwight Company, Inc. - Chairman, CEO*

We're out of time. Obviously, there are no questions. Joe doesn't have any questions. Anyways, if you want to catch us, we are in a breakout group down the hallway and --

Joe Altobello - *Oppenheimer & Company - Analyst*

Blackstone Room.

Jim Craigie - *Church & Dwight Company, Inc. - Chairman, CEO*

The Blackstone Room, so Joe says. So come down there and ask us any of your easy questions. If they're tough questions, we will give them to Joe. Thank you.