CHURCH & DWIGHT CO INC /DE/
Form 10-K
February 24, 2011
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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, 2010	**Commission file number 1-10585**

CHURCH & DWIGHT CO., INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-4996950**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

469 North Harrison Street, Princeton, N.J. 08543

(Address of principal executive offices)

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ¨ No x

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 twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 .. Yes ¨ No x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of July 2, 2010 (the last business day of the registrant s most recently completed second fiscal quarter) was approximately $4.4 billion. For purposes of making this calculation only, the registrant included all directors, 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 July 2, 2010.

As of February 18, 2011, there were 71,300,995 shares of Common Stock outstanding.

Documents Incorporated by Reference

Certain provisions of the registrant s definitive proxy statement to be filed not later than April 30, 2011 are incorporated by reference in Items 10 through 14 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, including, among others, statements relating to short- and long-term financial objectives, sales and earnings growth, earnings per share, margin improvement, price increases, trade and marketing spending, the Company s hedge programs, increases in research and development and product development spending, interest rate collars and swap agreements, the impact of foreign exchange and commodity fluctuations, the effective tax rate, the impact of tax audits and the lapse of applicable statutes of limitations, pension plan contributions, the completion of the York, Pennsylvania laundry detergent and warehouse facility, capital expenditures relating to the new facility, facility restructuring charges, environmental matters, the closing of the Company s facilities in North Brunswick, New Jersey and certain facilities at an international location, the sufficiency of cash flows from operations and the Company s current and anticipated future borrowing capacity to meet capital expenditure program costs, and payment of dividends, the acquisition of the Simply Saline brand, Feline Pine brand and oral care technology, divestitures, the effect of the credit environment on the Company s liquidity and the Company s ability to renew its accounts receivable securitization facility. These statements represent the intentions, plans, expectations and beliefs of the Company, 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. Important factors that could cause actual results to differ materially from those in the forward-looking statements include a decline in market growth and consumer demand (including the effect of political, economic and marketplace conditions and events on consumer demand); unanticipated increases in raw material and energy prices; adverse developments affecting the financial condition of major customers and suppliers; competition; the impact of trade customer actions in response to changes in consumer demand and the economy, including increasing shelf space of private label products; consumer reaction to new product introductions and features; disruptions in the banking system and financial markets and the outcome of contingencies, including litigation, pending regulatory proceedings and environmental remediation.

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.

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PART I

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PART I

ITEM 1. BUSINESS

GENERAL

The Company, founded in 1846, develops, manufactures and markets a broad range of household, personal care and specialty products. The Company focuses its marketing efforts principally on its eight power brands. These well-recognized brand names include ARM & HAMMER, (used in multiple product categories such as baking soda, carpet deodorization and laundry detergent), TROJAN Condoms, XTRA laundry detergent, OXICLEAN pre-wash laundry additive, NAIR depilatories, FIRST RESPONSE home pregnancy and ovulation test kits, ORAJEL oral analgesics and SPINBRUSH battery-operated toothbrushes. The Company s business is divided into three primary segments, Consumer Domestic, Consumer International and Specialty Products. The Consumer Domestic segment includes the eight power brands and other household and personal care products such as SCRUB FREE, KABOOM and ORANGE GLO cleaning products, ANSWER home pregnancy and ovulation test kits, ARRID antiperspirant, and CLOSE-UP and AIM toothpastes. The Consumer International segment primarily sells a variety of personal care products, some of which use the same brands as our domestic product lines, in international markets, including Canada, France, Australia, the United Kingdom, Mexico, Brazil and China. The Specialty Products segment is the largest U.S. producer of sodium bicarbonate, which it sells together with other specialty inorganic chemicals for a variety of industrial, institutional, medical and food applications. This segment also sells a range of animal nutrition and specialty cleaning products. In 2010, the Consumer Domestic, Consumer International and Specialty Products segments represented approximately 73%, 17% and 10%, respectively, of the Company s net sales.

All domestic brand rankings contained in this report are based on dollar share rankings from AC Nielsen FDM excluding Wal-Mart for the 52 weeks ending December 25, 2010. Foreign brand rankings are derived from several sources.

2010 DEVELOPMENTS

On June 4, 2010, the Company acquired the SIMPLY SALINE brand of Nasal Saline Moisturizers from Blairex Laboratories (Simply Saline Acquisition) for cash consideration of $70.0 million. This brand will complement the Company s existing STERIMAR brand nasal saline solution business in Europe and other parts of the world. The SIMPLY SALINE brand will be managed principally within the Consumer Domestic segment.

On December 21, 2010, the Company acquired the FELINE PINE cat litter brand from Nature s Earth Products, Inc. (Feline Pine Acquisition) for a cash consideration of $46.0 million. This brand will complement the Company s existing cat litter business and position the Company as the leading supplier of natural cat litter. The FELINE PINE brand will be managed within the Consumer Domestic segment.

In the first quarter of 2010, the Company sold the BRILLO and certain LAMBERT KAY product lines, along with associated productive assets, that were classified as net assets held for sale at December 31, 2009. The aggregate carrying value of these assets at December 31, 2009 was approximately $8.8 million. Subsequent to December 31, 2009, the Company received net proceeds from the sale of these assets of $8.2 million, along with a note receivable of $1.8 million, and, in the first quarter of 2010, recognized a gain of approximately $1.0 million that was recorded as an offset to selling, general and administrative expenses in the Consumer Domestic segment.

On January 27, 2010, the Company s Board of Directors approved the termination, effective April 15, 2010, of the Church & Dwight Co., Inc. Retirement Plan for Hourly Employees (the U.S. Pension Plan), under which approximately 766 participants, including 46 active employees, have accrued benefits. On December 1, 2010, the Company as plan sponsor of the U.S. Pension Plan, purchased a non participating group annuity contract from the Principal Life Insurance Company for the benefit of certain former and current employees with vested benefits in, and retired participants currently receiving benefits from the U.S. Pension Plan. In addition, effective December 1, 2010, an existing participating annuity contract with Aetna Insurance Company was changed to a non-participating annuity contract.

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The purchase price of the contracts was approximately $63 million, which was funded from the assets of the U.S. Pension Plan on December 1, 2010 (considered the measurement date for accounting purposes) and a one-time payment by the Company of approximately $14 million (or $9 million after taxes). The transactions have resulted in the transfer and settlement of the U.S. pension benefit obligation, thus relieving the Company of any responsibility for the U.S. Pension Plan obligation. As a result of the transfer of the U.S. Pension Plan obligations and assets described above, the Company recorded a charge to earnings in the fourth quarter of 2010 of approximately $24 million pre-tax or $0.21 per share. This charge is included in selling, general and administrative costs.

The Company s York, Pennsylvania manufacturing and distribution facility, which started production in late 2009, has met the Company s expectation concerning production throughput and operating costs and was a key contributor to gross margin improvement in 2010.

FINANCIAL INFORMATION ABOUT SEGMENTS

As noted above, the Company s business is organized into three reportable segments, Consumer Domestic, Consumer International and Specialty Products (SPD). These segments are based on differences in the nature of products and organizational and ownership structures. The businesses of these segments generally are not seasonal, although the Consumer Domestic and Consumer International segments are affected by sales of SPINBRUSH battery-operated toothbrushes, which typically are higher during the fall, in advance of the holiday season, and sales of the depilatories and waxes product group, which typically are higher in the spring and summer months. Information concerning the net sales, operating income and identifiable assets of each of the segments is set forth in Note 19 to the consolidated financial statements included in this report and in Management s Discussion and Analysis of Financial Condition and Results of Operations, which is Item 7 of this report.

CONSUMER PRODUCTS

Consumer Domestic

Principal Products

The Company s founders first marketed baking soda in 1846 for use in home baking. Today, this product has a wide variety of uses in the home, including as a refrigerator and freezer deodorizer, scratch-free 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. In addition, this segment includes other deodorizing and household cleaning products, as well as laundry and personal care products. The following table sets forth the principal products of the Company s Consumer Domestic segment.

Type of Product	Key Brand Names
Household	ARM & HAMMER Pure Baking Soda
	ARM & HAMMER and XTRA Powder and Liquid Laundry Detergents
	ARM & HAMMER Carpet & Room Deodorizers
	ARM & HAMMER Cat Litter Deodorizer
	ARM & HAMMER Clumping Cat Litters
	ARM & HAMMER FRESH N SOFT Fabric Softeners
	ARM & HAMMER Total 2-in-1 Dryer Cloths
	ARM & HAMMER Super Washing Soda
	SCRUB FREE Bathroom Cleaners
	CLEAN SHOWER Daily Shower Cleaner
	CAMEO Aluminum & Stainless Steel Cleaner
	SNO BOL Toilet Bowl Cleaner

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Type of Product	**Key Brand Names**
	XTRA and NICE N FLUFFY Fabric Softeners
	DELICARE Fine Fabric Wash
	OXICLEAN Detergent and Cleaning Solution
	KABOOM Cleaning Products
	ORANGE GLO Cleaning Products
	FELINE PINE Cat Litter
Personal Care	ARM & HAMMER Toothpastes
	SPINBRUSH Battery-operated Toothbrushes
	MENTADENT Toothpaste, Toothbrushes
	AIM Toothpaste
	PEPSODENT Toothpaste
	CLOSE-UP Toothpaste
	PEARL DROPS Toothpolish and Toothpaste
	RIGIDENT Denture Adhesive
	ARM & HAMMER Deodorants & Antiperspirants
	ARRID Antiperspirants
	LADY S CHOICE Antiperspirants
	TROJAN Condoms
	NATURALAMB Condoms
	CLASS ACT Condoms
	FIRST RESPONSE Home Pregnancy and Ovulation Test Kits
	ANSWER Home Pregnancy and Ovulation Test Kits
	NAIR Depilatories, Lotions, Creams and Waxes
	ORAJEL Oral Analgesics
	SIMPLY SALINE Nasal Saline Moisturizer
	CARTERS LITTLE PILLS Laxative

Household Products

In 2010, household products constituted approximately 64% of the Company s Domestic Consumer sales and approximately 47% of the Company s total sales.

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 household products. For example, the Company markets ARM & HAMMER FRIDGE FRESH, a refrigerator deodorizer equipped with a baking soda filter to keep food tasting fresher. In addition, ARM & HAMMER Carpet and Room Deodorizer is the number one brand in the domestic carpet and room deodorizer market.

The Company s laundry detergents constitute its largest consumer business, measured by net 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. Although the powder laundry detergent segment continued its long-term steady decline throughout 2010, ARM & HAMMER powder maintained its position as the leading powder detergent value brand by dollar share. The Company also markets XTRA SCENTSATIONS, a highly fragranced and concentrated liquid laundry detergent, and OXICLEAN pre-wash laundry additive. OXICLEAN is the number one brand in the laundry pre-wash additives market in the U.S. The Company markets ARM & HAMMER plus OXICLEAN liquid and powder laundry detergents, combining the benefits of these two powerful laundry detergent products. In 2010, the Company launched ARM & HAMMER Power Gel Laundry Detergent.

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The Company s laundry products also include fabric softener sheets that prevent static cling and soften and freshen clothes. The Company markets ARM & HAMMER FRESH N SOFT liquid fabric softener and offers another liquid fabric softener, NICE N FLUFFY, at a slightly lower price enabling the Company to compete at several price points. The Company markets ARM & HAMMER Total 2-in-1 Dryer Cloths, a fabric softener sheet used in the clothes dryer that delivers liquid-like softening, freshening and static control.

The Company also markets a line of cat litter products, including ARM & HAMMER SUPER SCOOP clumping cat litter. Line extensions of SUPER SCOOP include ARM & HAMMER Multi-Cat cat litter, designed for households with more than one cat, ARM & HAMMER ODOR ALERT cat litter, with crystals that change color when activated, and ARM & HAMMER ESSENTIALS clumping cat litter, a corn-based scoopable litter made for consumers who prefer to use products made from natural ingredients. In December 2010, the Company acquired FELINE PINE brand cat litter. FELINE PINE cat litter is the number one brand in the natural litter segment, which is the highest growth segment in the litter category. This brand will complement the Company s existing cat litter business and position the Company as the leading supplier of natural cat litter. In 2010, the Company launched ARM & HAMMER Double Duty Cat Litter, which eliminates both urine and feces odors on contact.

In addition, the Company markets a line of household cleaning products including CLEAN SHOWER daily shower cleaner, SCRUB FREE bathroom cleaners and SNO BOL toilet bowl cleaner. The Company also markets KABOOM bathroom cleaner and ORANGE GLO household cleaning products.

Personal Care Products

The Company entered the personal care business using the unique strengths of its ARM & HAMMER trademark and baking soda technology, and has expanded its presence through its acquisition of antiperspirants, oral care products, depilatories, reproductive health products, oral analgesics and nasal saline moisturizers. In 2010, Personal Care Products constituted approximately 36% of the Company s Consumer Domestic sales and approximately 26% of the Company s total sales.

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 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 manufactures in the United States and markets in the United States (including Puerto Rico) and Canada, CLOSE-UP, PEPSODENT and AIM toothpastes, which are priced at a discount from the market leaders, and the MENTADENT brand of toothpaste and toothbrushes.

The Company markets ORAJEL oral analgesics, which includes products for adults as well as BABY ORAJEL Cooling Cucumber Teething Gel and BABY ORAJEL Tooth and Gum Cleanser.

The Company markets SPINBRUSH battery-operated toothbrushes in the United States (including Puerto Rico), the United Kingdom, Canada, China and Australia. In 2010, the SPINBRUSH battery-operated toothbrush was the number one brand of battery-operated toothbrushes in the United States. The Company also markets SPINBRUSH Pro-Select toothbrushes, a two speed version of SPINBRUSH, SPINBRUSH Pro-Recharge, a rechargeable toothbrush offering up to one week of power brushes between charges and SPINBRUSH Sonic, a reasonably priced high speed battery-operated toothbrush which competes with much more expensive sonic toothbrushes. In September 2010, the Company acquired additional technology related to our oral care business.

The Company s deodorant and antiperspirant products are marketed under the ARM & HAMMER, ARRID and LADY S CHOICE brand names.

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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 90 years. In 2010, the brand continued its market share leadership in the United States with the launch of the new ECSTASY product line and continued success of such products as EXTENDED PLEASURE, HER PLEASURE, TWISTED PLEASURE, SHARED PLEASURE, MAGNUM WITH WARM SENSATIONS, a unique lubricant system which warms the skin on contact for enhanced pleasure, and TROJAN Ultra Thin condoms. In 2010, the Company launched TROJAN Fire and Ice Condoms. The Company also markets a series of vibrating products under the TROJAN name.

In 2010, FIRST RESPONSE continued to be the number one brand in the home pregnancy and ovulation test kit business category. The Company also markets FIRST RESPONSE Rapid Result test kit, designed to tell a woman if she is pregnant within one minute after taking the test and ANSWER, which competes in the value segment of the home pregnancy and ovulation test kit market. The Company also markets an at-home female fertility test under the FIRST RESPONSE brand name.

The NAIR depilatory brand is the number one depilatory brand in the United States, with innovative products that address consumer needs for quick, complete and longer-lasting hair removal. The Company offers a full array of depilatory products for women, men and teens under the NAIR brand name.

In June 2010, the Company acquired the SIMPLY SALINE brand of nasal saline moisturizers. This brand will complement the Company s existing STERIMAR brand nasal saline solution business in Europe and other parts of the world.

Consumer International

The Consumer International segment markets and sells a variety of personal care products, over-the-counter and household products in international markets, including Canada, France, Australia, the United Kingdom, Mexico, Brazil and China.

Total Consumer International sales represented approximately 17% of the Company s consolidated net sales in 2010. Canada, France and the United Kingdom accounted for 38%, 18% and 16%, respectively, of the Company s international net sales in this segment in 2010. No other country in which the Company operates accounts for more than 10% of its total international net sales in this segment, and no brand accounts for more than 10% of total international net sales.

Certain of the Company s international product lines are similar to its domestic product lines. The Company markets depilatories and waxes, home pregnancy and ovulation test kits and oral care products in most of its international markets. For example, the Company markets waxes and depilatory products in virtually all international locations, and TROJAN condoms in Canada and Mexico.

The Company has expanded distribution of ARM & HAMMER products internationally by selling ARM & HAMMER laundry and pet care products in Canada and ARM & HAMMER laundry care products in Mexico. The Company also markets SPINBRUSH battery-operated toothbrushes, primarily in the United Kingdom, Canada, China and Australia, and OXICLEAN, KABOOM and ORANGE GLO products primarily in Mexico and Canada.

The Company sells PEARL DROPS products in Europe, Canada and Australia and STERIMAR nasal hygiene products in a number of markets in Europe, Latin America and Australia.

COMPETITION FOR CONSUMER DOMESTIC AND CONSUMER INTERNATIONAL

The Company competes in the oral care, personal care and deodorizing markets using the strengths of its trademarks and technologies. These are highly innovative markets, characterized by a continuous flow of new products and line extensions, and requiring heavy advertising and promotion.

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The domestic condom market is highly concentrated in product offerings with a limited number of competitors. The market is divided between premium brands and price brands, with companies competing on the basis of quality, innovation and price.

The domestic depilatories and waxes market is highly concentrated with a limited number of competitors. Products compete based on their functionality, innovation and price.

Consumer products, particularly those that are value-priced, such as laundry and household cleaning products, are subject to significant price competition. As a result, 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.

Internationally, the Company s products compete in similar competitive categories.

Many of the Company s competitors are large companies, including The Procter & Gamble Company, Sun Products Corporation, The Clorox Company, Colgate-Palmolive Company, S.C. Johnson & Son, Inc., Henkel AG & Co. KGaA, Reckitt Benckiser Group plc, Johnson & Johnson and Inverness Medical Innovations, Inc.. Many of these companies have greater financial resources than the Company and have the capacity to outspend the Company if they attempt to gain market share.

Product introductions typically involve heavy marketing costs in the year of launch, and the Company usually is not able to determine whether the new products and line extensions will be successful until a period of time has elapsed following the introduction of the new products or the extension of the product line.

Because of the competitive environment facing retailers, the Company faces pricing pressure from 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 competitors and reduce purchases from the Company, which would harm the Company s sales and profitability.

DISTRIBUTION FOR CONSUMER DOMESTIC

Products in the Consumer Domestic segment are marketed throughout the United States primarily through a broad distribution platform that includes supermarkets, mass merchandisers, wholesale clubs, drugstores, convenience stores, pet specialty stores and dollar stores. The Company employs a sales force based regionally throughout the United States. In each market, the sales force utilizes the services of independent food brokers, who represent our products in the Food, Pet, Dollar and Club classes of trade. The Company s products are stored in Company plants and public warehouses and are either delivered by independent trucking companies or picked up by customers.

DISTRIBUTION FOR CONSUMER INTERNATIONAL

The Company s Consumer International distribution network reflects capacity and cost considerations in the markets served. In Canada, Mexico and Australia, finished goods are warehoused internally and shipped directly to customers through independent freight carriers. In the United Kingdom, domestic product distribution is subcontracted to professional distribution companies, while export product distribution is handled internally and shipped from the Company s warehouses. In France, distribution of consumer products to mass markets is handled internally while distribution of OTC products to pharmacies and professional diagnostics to laboratories is handled by outside agencies. In Brazil and China, all product distribution is subcontracted to professional distribution companies.

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Specialty Products (SPD)

Principal Products

The Company s SPD segment focuses on sales to businesses and participates in three product areas: Specialty Chemicals, Animal Nutrition and Specialty Cleaners. The following table sets forth the principal products of the Company s SPD segment.

Type of Product	Key Brand Names
Specialty Chemicals	ARM & HAMMER Performance Grade Sodium Bicarbonate ARMAND PRODUCTS Potassium Carbonate and Potassium Bicarbonate(1)
Animal Nutrition	ARM & HAMMER Feed Grade Sodium Bicarbonate MEGALAC Rumen Bypass Fat SQ-810 Natural Sodium Sesquicarbonate BIO-CHLOR and FERMENTEN Rumen Fermentation Enhancers DCAD Plus Feed Grade Potassium Carbonate(2) MEGALAC R, Omega 3 & Omega 6 Essential Fatty Acids MEGAMINE-L, Rumen Bypass Lysine
Specialty Cleaners	Commercial & Professional Cleaners and Deodorizers ARMAKLEEN Aqueous Cleaners(3) ARMEX Blast Media(3)

(1) Manufactured and marketed by Armand Products Company, an entity in which the Company holds a 50% joint venture interest.
(2) Manufactured for the Company by Armand Products Company.
(3) Distributed in North America by The ArmaKleen Company, an entity in which the Company holds a 50% joint venture interest.

Specialty Chemicals

The Company s specialty chemicals business primarily encompasses the manufacture, marketing and sale of sodium bicarbonate in a range of grades and granulations for use in industrial 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 buffer in kidney dialysis.

The Company s 99.2% owned Brazilian subsidiary, Quimica Geral do Nordeste (QGN), is South America s leading provider of sodium bicarbonate.

The Company and Occidental Petroleum Corporation are equal partners in a joint venture, Armand Products Company, which manufactures and markets potassium carbonate and potassium bicarbonate for sale in domestic and international markets. The potassium-based products are used in a wide variety of applications, including agricultural products, specialty glass and ceramics, and potassium silicates. Armand Products also manufactures for the Company a potassium carbonate-based animal feed additive for sale in the dairy industry, described below under Animal Nutrition Products.

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 also markets and sells DCAD Plus feed grade potassium carbonate, which is manufactured by the Armand Products Company as a feed additive into the animal feed market.

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

The Company also manufactures, markets and sells BIO-CHLOR and FERMENTEN, a range of specialty feed ingredients for dairy cows, which improve rumen feed efficiency and help increase milk production.

Specialty Cleaners

The Company also provides a line of cleaning and deodorizing products for use in commercial and industrial applications such as office buildings, hotels, restaurants and other facilities.

The Company and Safety-Kleen Corporation are equal partners in a joint venture, The ArmaKleen Company, which was formed to build a specialty cleaning products business based on the Company s technology and Safety-Kleen s sales and distribution organization. In North America, 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. The Company continues to pursue opportunities to build this industrial cleaning business using the Company s aqueous-based technology as well as the ARMEX blast media line of products.

COMPETITION FOR SPD

Competition within the specialty chemicals and animal nutrition product lines is intense. The specialty chemicals business operates in a competitive environment influenced by capacity utilization, buyers leverage and the impact of raw material and energy costs. Product introductions typically involve introductory costs in the year of launch, and the Company usually is not able to determine whether new products and line extensions will be successful until some time following the introduction of new products or the extension of the product lines.

DISTRIBUTION FOR SPD

SPD markets sodium bicarbonate and other chemicals to industrial and agricultural customers primarily throughout the United States and Canada. Distribution is accomplished through a dedicated sales force supplemented by manufacturer s representatives and the sales personnel of independent distributors throughout the country. The Company s products in this segment are located in Company plants and public warehouses and are either delivered by independent trucking companies or picked up by customers at the Company s facilities.

RAW MATERIALS AND SOURCES OF SUPPLY

The Company manufactures sodium bicarbonate for both its consumer and specialty products businesses at its plants located at Green River, Wyoming and Old Fort, Ohio. The primary source of soda ash, a basic raw material used by the Company in the production of sodium bicarbonate 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 under mineral leases to support the Company s sodium bicarbonate requirements for the foreseeable future.

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 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. The Company also uses a palm oil fraction in its rumen bypass fats products. Alternative sources of supply are available in case of disruption or termination of the supply agreements.

Following a raw material price decline in 2009, prices for commodities generally increased in 2010. As a result, the cost of surfactants, diesel fuel, corrugated paper and oil-based raw and packaging materials used in the household and specialty products businesses were all higher at the end of 2010 than the 2009 average. Moreover, the price of palm fatty acid distillate (PFAD), which generally fluctuates with the price of global vegetable oil, and latex were at record levels by the end of 2010. Additional 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 Company utilizes the services of third party contract manufacturers around the world for certain products.

PATENTS AND TRADEMARKS

The Company s trademarks (identified throughout this 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 1867, and is a valuable asset and important to the successful operation of the Company s business. The Company s other valuable trademarks include TROJAN, NAIR, ORAJEL, FIRST RESPONSE, MENTADENT, CLOSE-UP, AIM, PEPSODENT, XTRA, ARRID, KABOOM, ORANGE GLO, SCRUB FREE, OXICLEAN, CLEAN SHOWER, SPINBRUSH, SIMPLY SALINE and FELINE PINE. A United States trademark registration has a term of 10 years and is renewable every 10 years so long as the trademark is used in the regular course of trade. The Company s portfolio of trademarks represent 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. Although the Company actively seeks and maintains a number of patents, no single patent is considered significant to the business as a whole.

In conjunction with the 2005 acquisition of SPINBRUSH from Procter & Gamble, the Company received a royalty free license to use the Crest tradename until October 29, 2009, and Procter & Gamble agreed to refrain from using the Crest tradename on battery-operated toothbrushes for two years thereafter. The Company completed its transition plan to remove the Crest tradename from its SPINBRUSH products prior to termination of the license. The Company retained its position in 2010 as the number one brand in battery-operated toothbrushes but cannot predict the long-term effect that the loss of the tradename, or any effort by Proctor & Gamble to market battery-operated toothbrushes under the Crest tradename after October 2011, will have on SPINBRUSH sales and profitability.

CUSTOMERS AND ORDER BACKLOG

In each of the years ended December 31, 2010, 2009, and 2008, net sales to the Company s largest customer, Wal-Mart Stores, Inc. and its affiliates were 23%, 22% and 22% respectively, of the Company s total consolidated net sales. 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 activities primarily at its Princeton and Cranbury facilities in 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 and to provide increased convenience and value to its customers. To increase its innovative capabilities, the Company

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engages outside contractors for general research and development in activities beyond its core areas of expertise. The Company spent $53.7 million, $55.1 million and $51.2 million on research and development activities in 2010, 2009 and 2008, respectively.

GOVERNMENT 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 and the Insecticide, Fungicide and Rodenticide Act and the Toxic Substances Control Act, which are administered by the Environmental Protection Agency. The Company also is 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 union employees may be overseen by the National Labor Relations Board. The Company s activities also are regulated by various agencies of the states, localities and foreign countries in which the Company sells its products.

ENVIRONMENTAL MATTERS

The Company s operations are subject to federal, state and local regulations governing air emissions, wastewater 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 independent engineering firms with expertise in 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. Other than the item noted below, the Company believes that it is in compliance with existing environmental regulations.

In 2000, the Company acquired majority ownership in its Brazilian subsidiary, Quimica Geral Do Nordeste S.A. (QGN). The acquired operations included an inorganic salt manufacturing plant which began site operations in the late 1970 s. Located on the site were two closed landfills, two active landfills and a pond for the management of the process waste streams. In 2009, QGN was advised by environmental authorities in the State of Bahia, the Institute of the Environment (IMA), that the plant was discharging contaminants into an adjacent creek. After learning of the discharge, QGN took immediate action to cease the discharge and retained two nationally recognized environmental firms to prepare a site investigation / remedial action plan (SI/RA). The SI/RA report was submitted by QGN to IMA in April 2010. The report concluded that the likely sources of the discharge were the failure of the pond and closed landfills.

In November 2010, IMA responded to QGN s recommendation for an additional study by issuing a notification requiring a broad range of remediation measures (the Remediation Notification). In addition, notwithstanding repeated discussions with IMA at QGN s request to consider QGN s proposed remediation alternatives, in December 2010, IMA imposed a fine of five million reals (approximately $3 million) for the discharge of contaminants above allowable limits. QGN filed with IMA an administrative defense to the fine. IMA has not yet responded to QGN s administrative defense.

With respect to the Remediation Notification, QGN engaged in discussions with IMA during which QGN asserted that a number of the remediation measures and the timeframes for implementation were not appropriate and requested that the Remediation Notification be withdrawn. In response, IMA stayed the Remediation Notification pending its further review. QGN intends to continue discussions with IMA to seek agreement on a rational and appropriate remediation plan.

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As a result of the foregoing events, the Company accrued approximately $3 million in 2009 and an additional $4.8 million in 2010 for remediation, fines and related costs. However, the Company cannot assure that additional costs will not be incurred in connection with this matter.

GEOGRAPHIC AREAS

Approximately 79%, 81% and 78% of the Company s net sales in 2010, 2009 and 2008, respectively, were to customers in the United States. Approximately 96%, 95% and 94% of the Company s long-lived assets were located in the United States at December 31, 2010, 2009 and 2008, respectively. Other than the United States, no one country accounts for more than 7% of consolidated net sales and 3% of total assets.

EMPLOYEES

At December 31, 2010, the Company had approximately 3,600 employees. The Company is party to a labor contract with the International Machinists Union at its Colonial Heights, Virginia plant, which expires May 31, 2013. Internationally, the Company employs union employees in France, Mexico, Brazil and New Zealand. The Company believes that its relations with both its union and non-union employees are satisfactory.

CLASSES OF SIMILAR PRODUCTS

The Company s operations, exclusive of unconsolidated entities, constitute three reportable segments, Consumer Domestic, Consumer International and Specialty Products (SPD). 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 2010, 2009 and 2008.

	% of Net Sales		
	2010	**2009**	**2008**
Consumer Domestic			
Household Products	**47%**	47%	45%
Personal Care Products	**26%**	27%	26%
Consumer International	**17%**	16%	17%
Specialty Products	**10%**	10%	12%

The table above reflects consolidated net sales, exclusive of net sales of unconsolidated entities.

PUBLIC INFORMATION

The Company maintains a web site at www.churchdwight.com and on the Investors SEC Filings page of the web site makes available free of charge 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 them to, the Securities and Exchange Commission. Also available on the Investors Corporate Governance page on the Company s website are the Company s Corporate Governance Guidelines, charters for the Audit, Compensation & Organization and Governance & Nominating Committees of the Company s Board of Directors and the Company s Code of Conduct. Each of the foregoing is also available in print free of charge and may be obtained upon written request to: Church & Dwight Co., Inc., 469 North Harrison Street, Princeton, New Jersey 08543, attention: Secretary. The information presented in the Company s web site is not a part of this report and the reference to the Company s web site is intended to be an inactive textual reference only.

ITEM 1A. RISK FACTORS

The following risks and uncertainties, as well as others described elsewhere in this report, could materially adversely affect our business, results of operations and financial condition:

Economic conditions could adversely affect our business.

Uncertainty about current global economic conditions has affected demand for many products. Factors that can affect demand include rates of unemployment, consumer confidence, health care costs, fuel and other energy costs and other economic factors affecting consumer spending behavior. While the Company s products generally are consumer staples that should be less vulnerable to decreases in discretionary spending than other products, they may become subject to increasing price competition as recessionary conditions continue. Moreover, some of our products, such as laundry additives and battery-operated toothbrushes, are more likely to be affected by consumer decisions to control spending.

Some of our customers, including mass merchandisers, supermarkets, drugstores, convenience stores, wholesale clubs, pet specialty stores and dollar stores have experienced declining financial performance, which could affect their ability to pay amounts due to us on a timely basis or at all. In response, we regularly conduct a review of the financial strength of our key customers. As appropriate, we modify customer credit limits, which may have an adverse impact on future sales. We also regularly conduct a similar review of our suppliers to assess both their financial viability and the importance of their products to our operations. Where appropriate, we intend to identify alternate sources of materials and services. To date, we have not experienced a material adverse impact from economic conditions affecting our customers or suppliers. However, a continued economic decline that adversely affects our suppliers and customers could adversely affect our operations and sales.

The banking system and financial markets have experienced severe disruption, including, among other things, bank failures and consolidations, severely diminished liquidity and credit availability, rating downgrades, declines in asset valuations, and fluctuations in foreign currency exchange rates. These conditions present the following risks to us, among others:

- We are dependent on the continued financial viability of the financial institutions that participate in the syndicate that is obligated to fund our $500 million revolving credit agreement. In addition, our revolving credit agreement includes a commitment increase feature that enables us to increase the size of the facility by up to an additional $500 million, subject to lending commitments and certain conditions as described in the agreement filed on the Company s Form 8-K on November 19, 2010. If one or more participating institutions are unable to honor their funding commitments, the cash availability under our revolving credit agreement may be curtailed.

- We are dependent on the continued financial viability of the bank that administers and makes available a backstop line of credit under our accounts receivable securitization facility. The facility currently provides for maximum funding of $115 million. Under the securitization facility, we sell from time to time throughout the term of the related agreements (which are renewed annually), our trade accounts receivable to a wholly-owned, consolidated, special purpose finance subsidiary. The finance subsidiary in turn sells on an ongoing basis, to a commercial paper issuer affiliated with the bank, an undivided interest in the pool of accounts receivable. The bank s backstop line of credit enables us to borrow from the bank in the event the commercial paper issuer is unable to sell commercial paper backed by the accounts receivable. We recently renewed the securitization facility, which now expires on February 14, 2012.

We have not been notified of any circumstances that would prevent any participating financial institution from funding our revolving credit agreement, or term loan accordion feature, or from participating in our securitization facility on February 14, 2012. However, under current or future circumstances, such constraints may exist. Although we believe that our operating cash flows, together with our access to the credit markets, provide us with significant discretionary funding capacity, the inability of one or more institutions to fund the credit facilities or participate in our securitization facility could have a material adverse effect on our liquidity and operations.

If our trade customers discontinue or reduce distribution of our products or increase private label products, our sales may decline, adversely affecting our financial performance.

The economic crisis caused many of our trade customers to more critically analyze the number of brands they sell which may result in their reduction or discontinuance of certain of our product lines, particularly those products that are not number one or two in their category. If this occurs and we are unable to improve distribution for those products at other trade customers, our Company s results could be adversely affected.

In addition, many of our trade customers sell products under their own private label brands that compete with products that we sell. As consumers look for opportunities to decrease discretionary spending during these difficult economic times, our trade customers may discontinue or reduce distribution of our products to encourage those consumers to purchase our trade customers less expensive private label products. To the extent some of our products are discontinued or are adversely affected by our trade customers actions to increase shelf space for their private label products, we are focusing our efforts on improving distribution with other customers. Our results could be adversely affected if our efforts are not effective.

If the reputation of one or more of our leading brands erodes our financial results could suffer.

Our financial success is directly dependent on the success of our brands, particularly the ARM & HAMMER, OXICLEAN and TROJAN brands. The success of these brands can suffer if our marketing plans or product initiatives do not have the desired impact on a brand s image or its ability to attract consumers. Further, our results could be adversely affected if one of our leading brands suffers damage to its reputation due to real or perceived quality issues.

We have recently developed and commenced sales of a number of new products and line extensions, but if they do not gain widespread customer acceptance or if they cause sales of our existing products to decline, our financial performance could decline.

We introduced new consumer product line extensions such as ARM & HAMMER Power Gel laundry detergent, ARM & HAMMER Double Duty Cat Litter and TROJAN Fire and Ice condoms. The development and introduction of new products involves substantial research, development and marketing expenditures, which we may be unable to recover if the new products do not gain widespread market acceptance. In addition, if sales generated by new products result in a concomitant decline in sales of our existing products, our financial performance could be harmed.

We may discontinue products or product lines which could result in returns, asset write-offs and shutdown costs. We also may engage in product recalls that would reduce our cash flow and earnings.

From time to time, we have discontinued certain products and product lines, which resulted in returns from customers, asset write-offs and shutdown costs. We may suffer similar adverse consequences in the future to the extent we discontinue products that do not meet expectations or no longer satisfy consumer demand. Moreover, product quality defects or safety concerns could result in product recalls. Product returns or recalls, write-offs or shutdown costs would reduce sales, cash flow and earnings.

We face intense competition in a mature industry and we may be required to increase expenditures and accept lower profit margins to preserve or maintain our market share. Unless the markets in which we compete grow substantially, a loss of market share will result in reduced sales levels and declining operating results.

During 2010, approximately 79% of our sales were generated in U.S. markets. U.S. markets for consumer products are considered mature and commonly characterized by high household penetration, particularly with respect to our most significant product categories, such as laundry detergents, deodorizers, household cleaning products, toothpastes, antiperspirants and deodorants. Our unit sales growth in domestic markets will depend on increased use of our products by consumers, product innovation and our ability to capture market share from competitors. We may not succeed in implementing strategies to increase domestic revenues.

The consumer products industry, particularly the laundry detergent, personal care and air deodorizer categories, is intensely competitive. To protect existing market share or to capture increased market share, we may need to increase expenditures for promotion and advertising and to introduce and establish new products. Increased expenditures may not prove successful in maintaining or enhancing market share and could result in lower sales and profits. Many of our competitors are large companies, including The Procter & Gamble Company, Sun Products Corporation, The Clorox Company, Colgate-Palmolive Company, Henkel AG & Co. KGaA, Reckitt Benckiser Group plc, Johnson & Johnson, Inverness Medical Innovations, Inc. and S.C. Johnson & Son, Inc. Many of these companies have greater financial resources than we do, and, therefore, have the capacity to outspend us should they attempt to gain market share. If we lose market share and the markets in which we compete do not grow substantially, our sales levels and operating results will decline.

Loss of the Crest tradename on our SPINBRUSH products, or use of that tradename on a competitor s battery-operated toothbrushes, could cause SPINBRUSH sales to decline.

In conjunction with our 2005 acquisition of SPINBRUSH from Procter & Gamble, we received a royalty free license to use the Crest tradename until October 29, 2009, and Procter & Gamble agreed to refrain from using the Crest tradename on battery-operated toothbrushes for two years thereafter. We completed the transition plan to remove the Crest tradename from its SPINBRUSH products prior to termination of the license. SPINBRUSH retained its position in 2010 as the number one brand in battery-operated toothbrushes, but we cannot predict the long-term effect that the loss of the tradename, or any effort by Procter & Gamble to market battery-operated toothbrushes under the Crest tradename after October 2011, will have on SPINBRUSH sales and profitability.

Providing price concessions or trade terms that are acceptable to our trade customers, or the failure to do so, could adversely affect our sales and profitability.

Consumer products, particularly those that are value-priced like many of our products, are subject to significant price competition. As a result, we may need to reduce the prices for some of our products, or increase prices by an amount that does not cover manufacturing cost increases, to respond to competitive and customer pressures and to maintain market share. Any reduction in prices, or inability to raise prices sufficiently to cover manufacturing cost increases, in response to these pressures would harm profit margins. In addition, if our sales volumes fail to grow sufficiently to offset any reduction in margins, our results of operations would suffer.

Because of the competitive environment facing retailers, many of our trade customers, particularly our high-volume retail store customers, have increasingly sought to obtain pricing concessions or better trade terms. To the extent we provide concessions or better trade terms, our margins are reduced. Further, if we are unable to maintain terms that are acceptable to our trade customers, these trade customers could reduce purchases of our products and increase purchases of products from our competitors, which would harm our sales and profitability.

Reductions in inventory by our trade customers, including as a result of consolidations in the retail industry, could adversely affect orders for our products in periods during which the reduction occurs.

From time to time our retail customers have reduced inventory levels in managing their working capital requirements. Any reduction in inventory levels by our retail customers would result in reduced orders and harm our operating results for the financial periods affected by the reductions. In particular, continued consolidation within the retail industry could potentially reduce inventory levels maintained by our retail customers, which could result in reduced orders and adversely affect our results of operations for the financial periods affected by the reductions.

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A continued shift in the retail market from food and drug stores to club stores and mass merchandisers could cause our sales to decline.

Our performance also depends 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. Consumer products such as those marketed by us are increasingly being sold by club stores and mass merchandisers, while sales of consumer products by food and drug stores comprise a smaller proportion of the total volume of consumer products sold. Sales of our products are stronger in the food and drug channels of trade and not as strong in club stores and mass merchandiser channels. Although we have taken steps to improve sales to club stores and mass merchandisers, if we are not successful in further improving sales to these channels, and the current trend continues, our financial condition and operating results could suffer.

Loss of any of our principal customers could significantly decrease our sales and profitability.

Wal-Mart, together with its affiliates, is our largest customer, accounting for approximately 23% of net sales in 2010 and 22% in each of the years 2009 and 2008. Our top three customers accounted for approximately 33% of net sales in 2010, 32% of net sales in 2009 and 31% of net sales in 2008. The loss of or a substantial decrease in the volume of purchases by Wal-Mart and its affiliates or any of our other largest customers would harm our sales and profitability.

Failure to repay our indebtedness could adversely affect our financial condition and ability to operate our businesses.

As of December 31, 2010, we had $339.7 million of total consolidated indebtedness. Our failure to service our indebtedness or obtain additional financing as needed could have a material adverse effect on our business operating results and financial condition.

We may make acquisitions that result in dilution to our current stockholders or increase our indebtedness, or both. In addition, acquisitions that are not properly integrated or are otherwise unsuccessful could strain or divert our resources.

We have made several acquisitions in recent years, including businesses previously operated by Del Pharmaceuticals, Inc. and Orange Glo International, Inc., the SIMPLY SALINE nasal moisturizer product line and the FELINE PINE natural cat litter product line. We 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 our ongoing business and, generally, our potential inability to obtain the desired financial and strategic benefits from the acquisition or investment. The risks associated with assimilation are increased to the extent we acquire businesses that have operations or sources of supply outside of the United States and Canada, for which products are manufactured locally by third parties. These factors could harm our financial condition and operating results. Any future acquisitions or investments could result in substantial cash expenditures, the issuance of new equity by us or the incurrence of additional debt and contingent liabilities. In addition, any potential acquisitions or investments, whether or not ultimately completed, could divert the attention of management and divert other resources from other matters that are critical to our operations.

Our condom product line could suffer if the spermicide N-9 is proved or perceived to be harmful.

Our distribution of condoms under the TROJAN and other trademarks is regulated by the U.S. Food and Drug Administration (FDA). Certain of our condoms, and similar condoms sold by our competitors, contain the spermicide nonoxynol-9 (N-9). Some interested groups have issued reports that N-9 should not be used rectally or for multiple daily acts of vaginal intercourse. In late 2008, the FDA issued final labeling guidance for latex condoms but excluded N-9 lubricated condoms from the guidance. While we await further FDA guidance on N-9 lubricated condoms we believe that our present labeling for condoms with N-9 is compliant with the overall objectives of the FDA s guidance, and that condoms with N-9 will remain a viable contraceptive choice for those couples who wish to use them. However, we cannot predict the nature of the labeling that ultimately will be required by the FDA. If the FDA or state governments eventually promulgate rules that prohibit or restrict the use of N-9 in condoms (such as new labeling requirements), we could incur costs from obsolete products, packaging or raw materials, and sales of condoms could decline, which, in turn, could decrease our earnings.

Our manufacturing and other facilities may be subject to disruption from events beyond our control.

Operations at our manufacturing facilities may be subject to disruption from a variety of causes, including work stoppages, acts of war, terrorism, pandemics, fire, earthquake, flooding or other natural disasters. If a major disruption were to occur, it could result in harm to people or the natural environment, delays in shipments of products to customers or suspension of operations, any of which could have a material adverse effect on our business.

Price increases in raw and packaging materials or energy costs could erode our profit margins, which could harm operating results, and efforts to hedge against raw material price increases may adversely affect our operating results if raw material prices decline.

Increases in the prices of raw materials such as surfactants, which are cleaning agents, palm oil, paper products and bottles, or increases in energy costs, could significantly affect our profit margins. In particular, during the past few years, we have experienced extraordinary price increases for raw and packaging materials, diesel fuel and energy. Concerns about the adequacy of oil supply, in the face of increasing demand, continued to affect pricing. We use surfactants and bottles in the manufacture and marketing of laundry and household cleaning products. We use paper products for packaging in many of our consumer and specialty chemical products. We use palm oil in certain of our animal nutrition products. We have attempted to address these price increases through cost reduction programs and price increases of our own products, entering into pre-buying arrangements with certain suppliers and entering into hedge agreements for diesel fuel costs. If raw material price increases continue to occur, we may not be able to fully offset those price increases. This could harm our financial condition and operating results.

We use hedge agreements to mitigate the volatility of diesel fuel prices and related fuel surcharges. The hedge agreements are designed to add stability to our product costs, enabling us to make pricing decisions and lessen the economic impact of abrupt changes in diesel fuel prices over the term of the contract. However, in periods of declining fuel prices the hedge agreements can have the effect of increasing our expenditures for fuel.

We are subject to various government regulations in the countries in which we operate that could adversely affect our business.

The manufacturing, processing, formulation, packaging, labeling and advertising of our products are subject to regulation by federal agencies, including the FDA, the Federal Trade Commission (FTC) and the Consumer Product Safety Commission. In addition, our operations are subject to the oversight of the Environmental Protection Agency, the Occupational Safety and Health Administration and the National Labor Relations Board. Our activities are also regulated by various agencies of the states, localities and foreign countries in which our products are sold.

In particular, the FDA regulates the safety, manufacturing, labeling and distribution of condoms, home pregnancy and ovulation test kits, and over-the-counter pharmaceuticals. The FDA also exercises oversight over cosmetic products such as depilatories. In addition, under a memorandum of understanding between the FDA and the FTC, the FTC has jurisdiction with regard to the promotion and advertising of these products, and the FTC regulates the promotion and advertising of our other products as well. As part of its regulatory authority, the FDA

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may periodically conduct inspections of the physical facilities, machinery, processes and procedures that we use to manufacture regulated products and may observe compliance issues that would require us to make certain changes in our manufacturing facilities and processes. We may be required to make additional expenditures to address these issues or possibly stop selling certain products until a compliance issue has been remediated. As a result, our business could be adversely affected.

Our international operations, including the production of over-the-counter drug products, are subject to regulation in each of the foreign jurisdictions in which we manufacture or market goods. Changes in product standards or manufacturing requirements in any of these jurisdictions could require us to make certain modifications to our operations or product formulations, or to cease manufacturing certain products completely. The effect of the regulatory environment in foreign countries on our over-the-counter and medical devices may affect our ability to market and to make competitive claims for our products. As a result, our international business could be adversely affected.

We are subject to risks related to our international operations that could adversely affect our results of operations.

Our international operations subject us to risks customarily associated with foreign operations, including:

- currency fluctuations;
- import and export license requirements;
- trade restrictions;
- changes in tariffs and taxes;
- restrictions on repatriating foreign profits back to the United States; and
- difficulties in staffing and managing international operations.

In all foreign jurisdictions in which we operate, we are subject to laws and regulations that govern foreign investment, foreign trade and currency exchange transactions. These laws and regulations may limit our ability to repatriate cash as dividends or otherwise to the United States and may limit our ability to convert foreign currency cash flow into U.S. dollars. Outside the United States, sales and costs are denominated in a variety of currencies, including the Euro, British pound, Brazilian real, Canadian dollar, Mexican peso, Chinese yuan and Australian dollar. A weakening of the currencies in which sales are generated relative to the currencies in which costs are denominated would decrease operating profits and cash flow.

Environmental matters create potential liability risks.

We must comply with various environmental laws and regulations in the jurisdictions in which we operate, including those relating to the handling and disposal of solid and hazardous wastes and the remediation of contamination associated with the use and disposal of hazardous substances. A release of such substances due to accident or an intentional act could result in substantial liability to governmental authorities or to third parties. We have incurred, and will continue to incur, capital and operating expenditures and other costs in complying with environmental laws and regulations. It is possible that we could become subject to additional environmental liabilities in the future that could have a material adverse effect on our results of operations or financial condition.

Product liability claims could adversely affect the Company s sales and operating results.

We may be required to pay for losses or injuries actually or purportedly caused by our products. Claims could be based on allegations that, among other things, our products contain contaminants, provide inadequate instructions regarding their use, or inadequate warnings concerning interactions with other substances. Product liability claims also could result in negative publicity that could harm our sales and operating results. In addition, if one of our products is found to be defective, we could be required to recall it, which could result in adverse publicity and significant expenses. Although we maintain product liability insurance coverage, potential product liability claims may exceed the amount of insurance coverage or may be excluded under the terms of the policy, which could have a material adverse effect on our business, operating results and financial condition.

Failure to effectively utilize or successfully assert intellectual property rights could materially adversely affect our competitiveness. We rely on trademark, trade secret, patent and copyright laws to protect our intellectual property rights. We cannot be sure that these intellectual property rights will be effectively utilized or, if necessary, successfully asserted. There is a risk that we will not be able to obtain and perfect our own intellectual property rights, or, where appropriate, license from others intellectual property rights necessary to support new product introductions. We cannot be sure that these rights, if obtained, will not be invalidated, circumvented or challenged in the future. In addition, even if such rights are obtained in the United States, the laws of some of the other countries in which our products are or may be sold do not protect intellectual property rights to the same extent as the laws of the United States. Our failure to perfect or successfully assert intellectual property rights could make us less competitive and could have a material adverse effect on our business, operating results and financial condition.

A failure of a key information technology system could adversely affect our ability to conduct business. We rely extensively on information technology systems, some of which are managed by third-party service providers, to interact with internal personnel and external customers and suppliers, and other persons. These interactions include, but are not limited to, ordering and managing materials from suppliers, converting materials to finished products, shipping product to customers, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal or tax requirements, and other processes necessary to manage our business. Our systems could be damaged or cease to function properly due to any number of causes, including catastrophic events, power outages, and security breaches. Although we have business continuity plans in place to address service interruptions, if our business continuity plans do not provide effective alternative processes on a timely basis, we may suffer interruptions in our ability to manage operations which may adversely affect our business. In addition, we are transitioning our ordering, shipping and billing systems in North America and Western Europe to a new system during 2011 and 2012. If the new system does not function properly upon implementation, our ability to process and deliver customer orders in regions in which we conduct the substantial majority of our business could be limited, which could adversely impact our results of operations during the period(s) of transition. In addition, we may be unable to process and receive payments for products sold, which could negatively impact our cash flows during those periods.

Changes in our effective tax rate may adversely affect our earnings and cash flow. Our future effective tax rate could be affected by changes in tax laws and regulations or their interpretation, changes in the mix of earnings in countries with differing statutory tax rates, or changes in the valuation of deferred tax assets and liabilities. The realization of deferred income tax assets is assessed and a valuation allowance is recorded if it is more likely than not that all or a portion of the deferred tax asset will not be realized. If the actual amount of our future taxable income is less than the amount we are currently projecting with respect to specific tax jurisdictions, or if there is a change in the time period within which the deferred tax asset becomes deductible, we could be required to record a valuation allowance against our deferred tax assets. The recording of a valuation allowance would result in an increase in our effective tax rate, and would have an adverse effect on our operating results. In addition, changes in statutory tax rates may change our deferred tax assets or liability balances, which would have either a favorable or unfavorable impact on our effective tax rate.

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Resolutions of tax disputes may adversely affect our earnings and cash flow.

Significant judgment is required in determining our effective tax rate and in evaluating our tax positions. We provide for uncertain tax positions with respect to tax positions that do not meet the recognition thresholds or measurement standards mandated by applicable accounting guidance. Changes to uncertain tax positions, including related interest and penalties, impact our effective tax rate. When particular tax matters arise, a number of years may elapse before such matters are audited and finally resolved. Favorable resolution of such matters could be recognized as a reduction to our effective tax rate in the year of resolution. Unfavorable resolution of any tax matter could increase the effective tax rate. Any resolution of a tax issue may require the use of cash in the year of resolution.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES.

The Company s executive offices and primary research and development facilities are owned by the Company and are located on 22 acres of land in Princeton, New Jersey. These facilities include approximately 127,000 square feet of office and laboratory space. The Company also owns a 36,000 square foot research and development facility in Cranbury, New Jersey. In addition, the Company leases space in three buildings adjacent to its Princeton facility that contain approximately 140,000 square feet of office space under three leases, of which two expire in 2012, and the other expires in 2022. The Company also leases regional sales offices in various locations throughout the United States, Brazil and China.

The Company and its consolidated subsidiaries also own or lease other facilities as set forth in the following table:

Location	**Products Manufactured**	**Approximate Area (Sq. Feet)**
Owned:		
Manufacturing facilities		
York, Pennsylvania	Liquid laundry detergent	450,000
Harrisonville, Missouri	Liquid laundry detergent and fabric softener	360,000
Green River, Wyoming	Sodium bicarbonate and various consumer products	273,000
Lakewood, New Jersey	Various consumer products	250,000
Colonial Heights, Virginia	Condoms	220,000
Old Fort, Ohio	Sodium bicarbonate, rumen bypass fats and various consumer products	208,000
Montreal, Canada	Personal care products	157,000
Camaçari, Bahia, Brazil	Sodium bicarbonate and other products	120,000
Feira de Santana, Bahia, Brazil	Barium carbonate and other products	106,000
Folkestone, England	Personal care products	78,000
Madera, California	Rumen bypass fats and related products	50,000
Itapura, Bahia, Brazil	Barite	35,000
New Plymouth, New Zealand	Condom processing	31,000
Oskaloosa, Iowa	Animal nutrition products	27,000
Warehouses		
York, Pennsylvania		650,000
Harrisonville, Missouri		150,000
Green River, Wyoming		101,000
Camaçari, Bahia, Brazil		39,200
Itapura, Bahia, Brazil		19,600
Feira de Santana, Bahia, Brazil		13,100

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Location	**Products Manufactured**	**Approximate Area (Sq. Feet)**
Leased:		
Manufacturing facilities		
North Brunswick, New Jersey(1)		360,000
Folkestone, England	Personal care products	21,500
Warehouses		
Fostoria, Ohio		125,000
Grandview, Missouri		304,285
Mississauga, Canada(3)		123,000
San Bernardino, California(2)		450,500
Barcelona, Spain(4)		20,000
Folkestone, England		65,000
Revel, France		35,500
Mexico City, Mexico		27,500
Sydney, Australia		24,900
Feira de Santana, Bahia, Brazil		21,700
Diadema, SP, Brazil		13,000
Atlanta, Georgia		23,071
Offices		
Barcelona, Spain(4)		85,000
Levallois, France		21,600
Mississauga, Canada		17,000
Folkestone, England		10,000
Dover, England(5)		9,400

(1) Lease expires in 2015. In conjunction with the opening of the new facility in York, Pennsylvania, the Company has subleased this building until July 2011.
(2) Lease expires in 2024, subject to two five-year extensions at the option of the Company.
(3) Lease expires in 2022, subject to two five-year extensions at the option of the Company.
(4) In Barcelona, Spain, the Company leases an 85,000 square foot facility in which manufacturing operations ceased in the first quarter 2006. The lease expires in November 2012. The Company has subleased 57,000 square feet of the plant to a third party.
(5) Lease expires on July 1, 2011.

In Syracuse, New York, the Company owns a 21 acre site which includes a group of connected buildings. This facility was closed in 2001 and a portion of the facility is now leased to a third party.

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

The Company s 99.2% owned Brazilian subsidiary, QGN, has its administrative headquarters in Rio de Janeiro.

The Old Fort, Ohio plant has a production capacity for sodium bicarbonate of 280,000 tons per year. The Green River plant has a production capacity for sodium bicarbonate of 200,000 tons per year.

The Company believes that its operating and administrative facilities are adequate and suitable for the conduct of its business. The Company also believes that its production facilities are suitable for current

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manufacturing requirements for its consumer and specialty products businesses. In addition, the facilities possess a capacity sufficient to accommodate the Company s estimated increases in production requirements over the next several years, based on its current product lines.

ITEM 3. LEGAL PROCEEDINGS

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 liability ultimately arising from these actions will not have a material adverse effect on its financial condition or results of operation, including cash flows.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

		2010			2009	
Common Stock Price Range and Dividends	**Low**	**High**	**Dividend**	**Low**	**High**	**Dividend**
1st Quarter	$ 59.07	$ 69.36	$ 0.14	$ 45.41	$ 56.15	$ 0.09
2nd Quarter	$ 61.98	$ 69.95	$ 0.14	$ 49.27	$ 58.50	$ 0.09
3rd Quarter	$ 59.44	$ 67.84	$ 0.17	$ 52.52	$ 61.14	$ 0.14
4th Quarter	$ 64.00	$ 71.00	$ 0.17	$ 54.54	$ 62.42	$ 0.14
Full Year	$ 59.07	$ 71.00	$ 0.62	$ 45.41	$ 62.42	$ 0.46

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, 2010: 1,700

The following graph compares the yearly change in the cumulative total stockholder return on the Company Common Stock for the past five fiscal years with the cumulative total return of the S&P 500 Index and the S&P 500 Household Products Index described more fully below. The returns are indexed to a value of $100 at December 31, 2005. Dividend reinvestment has been assumed.

Comparison of Cumulative Five-Year Total Return among Company, S&P 500 Index and the S&P 500 Household Products Index[1]

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ITEM 6. SELECTED FINANCIAL DATA

The following selected historical consolidated financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the Company s audited consolidated financial statements and related notes to those statements included in this report. The selected historical consolidated financial data for the periods presented have been derived from the Company s audited consolidated financial statements.

CHURCH & DWIGHT CO., INC. AND SUBSIDIARIES

FIVE-YEAR FINANCIAL REVIEW

(Dollars in millions, except per share data)

(in millions)	2010[1]	2009[1]	2008[1]	2007[1]	2006[1]
Operating Results					
Net Sales	**$ 2,589.2**	$ 2,520.9	2,422.4	2,220.9	1,945.7
Marketing	**$ 338.0**	$ 353.6	294.1	256.7	216.7
Research & Development	**$ 53.7**	$ 55.1	51.2	49.8	44.7
Income from Operations[2,3,4]	**$ 445.0**	$ 412.9	340.3	305.0	252.1
% of Sales	**16.4%**	16.4%	14.1%	13.7%	13.0%
Net Income attributable to Church & Dwight Co., Inc.[2,3]	**$ 270.7**	$ 243.5	195.2	169.0	138.9
Net Income per Share-Basic	**$ 3.81**	$ 3.46	2.88	2.57	2.14
Net Income per Share-Diluted	**$ 3.75**	$ 3.41	2.78	2.46	2.07
Financial Position					
Total Assets	**$ 2,945.2**	$ 3,118.4	2,801.4	2,532.5	2,334.2
Total Debt[4]	**$ 339.7**	$ 816.3	856.1	856.0	933.3
Total Stockholders Equity	**$ 1,870.9**	$ 1,601.8	1,331.7	1,080.5	864.2
Total Debt as a % of Total Capitalization	**15%**	34%	39%	44%	52%
Other Data					
Average Common Shares Outstanding-Basic (in thousands)	**71,031**	70,379	67,870	65,840	64,856
Cash Dividends Paid	**$ 44.0**	$ 32.3	23.1	19.7	16.9
Cash Dividends Paid per Common Share	**$ 0.62**	$ 0.46	0.34	0.30	0.26
Stockholders Equity per Common Share	**$ 26.34**	$ 22.76	19.62	16.41	13.32
Additions to Property, Plant & Equipment[5]	**$ 63.8**	$ 135.4	98.3	48.9	47.6
Depreciation & Amortization	**$ 71.6**	$ 85.4	71.4	56.7	51.7
Employees at Year-End	**3,543**	3,664	3,530	3,682	3,655

(1) Period to period comparisons of the data presented above are impacted by the effect of acquisitions and divestitures made by the Company. For further explanation of the impact of the acquisition occurring in 2008 and 2010, reference should be made to Note 6 to the consolidated financial statements and for the impact of divestitures occurring in 2008 and 2010 reference should be made to Note 9 of such financial statements, which are included in Item 8 of this report.

(2) 2009 includes a pre-tax Abbott Litigation Settlement net gain of $20 million ($12.0 million after tax), and the North Brunswick, New Jersey shutdown pre-tax charge of $25.5 million ($15.6 million after tax).

(3) 2010 includes pension settlement charge of approximately $24 million pre-tax ($15.5 million after tax).

(4) Debt change in 2010 due to termination and payoff of bank term loans of $408 million.

(5) Includes in 2008 and 2009 $51 million and $85 million, respectively, for construction of the York, Pennsylvania facility.

ITEM 7 MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Company s consolidated financial statements.

OVERVIEW

The Company develops, manufactures and markets a broad range of consumer and specialty products. It recognizes revenues and profits from selling its products under a variety of brands to supermarkets, drug stores and mass merchandisers that sell the products to consumers. The Company also sells its products to industrial customers and distributors. The Company focuses its marketing efforts principally on its eight power brands. These well-recognized brand names include ARM & HAMMER, (used in multiple product categories such as baking soda, carpet deodorization and laundry detergent), TROJAN condoms, XTRA laundry detergent, OXICLEAN pre-wash laundry additive, NAIR depilatories, FIRST RESPONSE home pregnancy and ovulation test kits, ORAJEL oral analgesics and SPINBRUSH battery-operated toothbrushes. The Company s business is divided into three primary segments, Consumer Domestic, Consumer International and Specialty Products. The Consumer Domestic segment includes the eight power brands and other household and personal care products such as SCRUB FREE, KABOOM, ORANGE GLO cleaning products, ANSWER home pregnancy and ovulation test kits, ARRID antiperspirant, and CLOSE-UP and AIM toothpastes. The Consumer International segment primarily sells a variety of personal care products, some of which use the same brand names as our domestic product lines, in international markets, including Canada, France, Australia, the United Kingdom, Mexico, Brazil and China. The Specialty Products segment is the largest U.S. producer of sodium bicarbonate, which it sells together with other specialty inorganic chemicals for a variety of industrial, institutional, medical and food applications. This segment also sells a range of animal nutrition and specialty cleaning products. In 2010, the Consumer Domestic, Consumer International and Specialty Products segments represented approximately 73%, 17% and 10%, respectively, of the Company s net sales.

Recent Developments

On June 4, 2010, the Company acquired the SIMPLY SALINE brand of Nasal Saline Moisturizers from Blairex Laboratories (Simply Saline Acquisition) for cash consideration of $70.0 million. This brand will complement the Company s existing STERIMAR brand nasal saline solution business in Europe and other parts of the world. The SIMPLY SALINE brand will be managed principally within the Consumer Domestic segment.

On December 21, 2010, the Company acquired the FELINE PINE cat litter brand from Nature s Earth Products, Inc. (Feline Pine Acquisition) for a cash consideration of $46.0 million. This brand will complement the existing ARM & HAMMER cat litter business and position the Company as the leading supplier of natural cat litter. The FELINE PINE brand will be managed within the Consumer Domestic segment.

In the first quarter of 2010, the Company sold the BRILLO and certain LAMBERT KAY product lines, along with associated productive assets, that were classified as net assets held for sale at December 31, 2009. The aggregate carrying value of these assets at December 31, 2009 was approximately $8.8 million. Subsequent to December 31, 2009, the Company received net proceeds from the sale of these assets of $8.2 million, along with a note receivable of $1.8 million, and, in the first quarter of 2010, recognized a gain of approximately $1.0 million that was recorded as an offset to selling, general and administrative expenses in the Consumer Domestic segment.

On January 27, 2010, the Company s Board of Directors approved the termination, effective April 15, 2010, of The Church & Dwight Co., Inc. Retirement Plan for Hourly Employees (the U.S. Pension Plan), under which approximately 766 participants, including 46 active employees, have accrued benefits. On December 1, 2010, the Company as plan sponsor of U.S. Pension Plan, purchased a non participating group annuity contract from the Principal Life Insurance Company for the benefit of certain former and current employees with vested benefits in, and retired participants currently receiving benefits from the U.S. Pension Plan. In addition, effective December 1, 2010, an existing participating annuity contract with Aetna Insurance Company was changed to a non-participating annuity contract.

The purchase price of the contracts was approximately $63 million, which was funded from the assets of the U.S. Pension Plan on December 1, 2010 (considered the measurement date for accounting purposes) and a one-time payment by the Company of approximately $14 million ($9 million after taxes). The transactions resulted in the transfer and settlement of the U.S. pension benefit obligation, thus relieving the Company of any responsibility for the U.S. Pension Plan obligations. As a result of the transfer of the pension plan obligations and assets described above, the Company recorded a charge to earnings in the fourth quarter of 2010 of approximately $24 million pre-tax or $0.21 per share. This charge is included in selling, general and administrative costs (SG&A).

Following a raw material price decline in 2009, prices for commodities generally increased in 2010. As a result, the cost of surfactants, diesel fuel, corrugated paper and oil-based raw and packaging materials used in the household and specialty products businesses were all higher at the end of 2010 than the 2009 average. Moreover, the price of palm fatty acid distillate (PFAD), which generally fluctuates with the price of global vegetable oil, and latex were at record levels by the end of 2010. Additional 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 Company has recorded liabilities in connection with uncertain income tax positions that, although supportable, may be challenged by the tax authorities. Substantially all material federal, state, and international income tax matters have been effectively concluded for years through 2007. In 2010, the Company recognized a benefit from the reversal of approximately $4.0 million in income tax expense and $3.0 million in pretax interest expense associated with certain tax liabilities as a result of the settlement of an IRS audit and the lapse of applicable statutes of limitation of several state taxing authorities. In addition, as a result of the settlement of the IRS audit and the lapse of applicable statutes of limitation of several state taxing authorities, the Company s liabilities for uncertain income tax positions have decreased by $15.0 million, from $39.6 million at December 31, 2009 to $24.6 million at December 31, 2010.

In 2000, the Company acquired majority ownership in its Brazilian subsidiary, Quimica Geral Do Nordeste S.A. (QGN). The acquired operations included an inorganic salt manufacturing plant which began site operations in the late 1970 s. Located on the site were two closed landfills, two active landfills and a pond for the management of the process waste streams. In 2009, QGN was advised by environmental authorities in the State of Bahia, the Institute of the Environment (IMA), that the plant was discharging contaminants into an adjacent creek. After learning of the discharge, QGN took immediate action to cease the discharge and retained two nationally recognized environmental firms to prepare a site investigation / remedial action plan (SI/RA). The SI/RA report was submitted by QGN to IMA in April 2010. The report concluded that the likely sources of the discharge were the failure of the pond and closed landfills.

In November 2010, IMA responded to QGN s recommendation for an additional study by issuing a notification requiring a broad range of remediation measures (the Remediation Notification). In addition, notwithstanding repeated discussions with IMA at QGN s request to consider QGN s proposed remediation alternatives, in December 2010, IMA imposed a fine of five million reals (approximately $3 million) for the discharge of contaminants above allowable limits. QGN filed with IMA an administrative defense to the fine. IMA has not yet responded to QGN s administrative defense.

With respect to the Remediation Notification, QGN engaged in discussions with IMA during which QGN asserted that a number of the remediation measures and the timeframes for implementation were not appropriate and requested that the Remediation Notification be withdrawn. In response, IMA stayed the Remediation Notification pending its further review. QGN intends to continue discussions with IMA to seek agreement on a rational and appropriate remediation plan.

As a result of the foregoing events, the Company accrued approximately $3 million in 2009 and an additional $4.8 million in 2010 for remediation, fines and related costs. However, the Company cannot assure that additional costs will not be incurred in connection with this matter.

Economic Conditions

Uncertainty about current global economic conditions has affected demand for many products. Factors that can affect demand include rates of unemployment, consumer confidence, health care costs, fuel and other energy costs and other economic factors that affect consumer spending behavior. While the Company s products generally are consumer staples that should be less vulnerable to decreases in discretionary spending than other products, the Company s products may become subject to increasing price competition as recessionary conditions continue. Moreover, some of our products, such as laundry additives and battery-operated toothbrushes, are more likely to be affected by consumer decisions to control spending.

Some of our customers, including mass merchandisers, supermarkets, drugstores, convenience stores, wholesale clubs, pet specialty stores and dollar stores have experienced declining financial performance, which could affect their ability to pay amounts due to us on a timely basis or at all. In response, we regularly conduct a review of the financial strength of our key customers. As appropriate, we modify customer credit limits, which may have an adverse impact on future sales. We also regularly conduct a similar review of our suppliers to assess both their financial viability and the importance of their products to our operations. Where appropriate, we will seek to identify alternate sources of materials and services. To date, we have not experienced a material adverse impact from economic conditions affecting our customers or suppliers. However, a continued economic decline that adversely affects our suppliers and customers could adversely affect our operations and sales.

In addition, many of our trade customers sell products under their own private label brands that compete with products that we sell. As consumers look for opportunities to decrease discretionary spending during current difficult economic times, our trade customers may discontinue or reduce distribution of our products to encourage those consumers to purchase our trade customers less expensive private label products. To offset any adverse effect on our business that results when trade customers discontinue distribution of our products or take actions to increase shelf space for their private label products, we focus our efforts on improving distribution with other customers. Our results could be adversely affected if these efforts are not effective.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company s Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. By their nature, these judgments are subject to uncertainty. They are based on the Company s historical experience, its observation of trends in industry, information provided by its customers and information available from other outside sources, as appropriate. The Company s significant accounting policies and estimates are described below.

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Revenue Recognition and Promotional and Sales Return Reserves

Virtually all of the Company s revenue represents sales of finished goods inventory and is recognized when delivered or picked up by our customers. 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, such as coupons to consumers, and sales incentives provided to customers (such as slotting, cooperative advertising, incentive discounts based on volume of sales and other arrangements made directly with customers). All such costs are netted against sales. Slotting costs are recorded when the product is delivered to the customer. Cooperative advertising costs are recorded when the customer places the advertisement for the Company s products. Discounts relating to price reduction arrangements are recorded when the related sale takes place. Costs associated with end-aisle or other in-store displays are recorded when product that is subject to the promotion is sold. 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 Consumer Domestic coupons redeemed over the past several years, if the actual rate of redemptions were to deviate by 0.1% from the rate for which reserves are accrued in the financial statements, an approximately $2.4 million difference in the reserve required for coupons would result. With regard to other promotional reserves and sales returns, the Company uses experience-based estimates, customer and sales organization inputs and historical trend analysis in arriving at the reserves required. If the Company s estimates for promotional activities and sales returns were to change by 10% the impact to promotional spending and sales return accruals would be approximately $5.4 million. While management believes that its promotional and sales returns reserves are reasonable and that appropriate judgments have been made, estimated amounts could differ materially from actual future obligations. During the twelve months ended December 31, 2010, 2009 and 2008, the Company reduced promotion liabilities by approximately $6.8 million, $7.8 million and $4.0 million, respectively, based on a change in estimate as a result of actual experience and updated information.

Impairment of goodwill, trademarks and other intangible assets and property, plant and equipment

Carrying values of goodwill, trademarks and other indefinite lived intangible assets are reviewed periodically for possible impairment. The Company s impairment review is based on a discounted cash flow approach that requires significant judgment with respect to unit volume, revenue and expense growth rates, and the selection of an appropriate discount rate. Management uses estimates based on expected trends in making these assumptions. 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 future 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, distribution losses, or competitive activities and acts by governments and courts may indicate that an asset has become impaired.

The Company recognized tradename impairment charges within selling, general and administrative expenses for the three year period ended December 31, 2010 as follows:

(In thousands)	**2010**	**2009**	**2008**
Segments:			
Consumer Domestic	**$ 0**	$ 0	$ 1,910
Consumer International	**0**	0	3,764
Total	**$ 0**	$ 0	$ 5,674

The tradename impairment charges recorded in 2008 were a result of management s decision to exit a business, a potential change of a brand s name, lost distribution at key customer accounts and reduced profitability. The amount of the impairment charge was determined by comparing the estimated fair value of the asset to its carrying amount. Fair value was estimated based on a relief from royalty discounted cash flow method. Under this method, the owner of an intangible asset must determine the arm s length royalty that likely would have been charged if the owner had to license that asset from a third party. Estimates under the relief from royalty method involve numerous variables that are subject to change as business conditions change, and therefore could affect fair values in the future. The Company determined that the remaining carrying value of all tradenames was recoverable based upon the forecasted cash flows and profitability of the brands.

Property, plant and equipment and other long-lived assets are reviewed whenever events or changes in circumstances occur that indicate possible impairment. The Company s impairment review is based on an undiscounted cash flow analysis at the lowest level at which cash flows of the long-lived assets are largely independent of other groups of Company assets and liabilities. 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 to identify 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 Company recognized charges related to plant impairment and equipment obsolescence, which occurs in the ordinary course of business during the three year period ended December 31, 2010 as follows:

	For the Year Ended December 31,		
(In thousands)	**2010**	**2009**	**2008**
Segments:			
Consumer Domestic	**$ 628**	$ 3,231	$ 3,345
Consumer International	**37**	0	98
Specialty Products	**3,090**	6,916	142
Total	**$ 3,755**	$ 10,147	$ 3,585

In 2010, the Company recorded a plant asset impairment charge of approximately $3.1 million, representing the carrying value of certain assets associated with one of its international subsidiaries. The charge is a result of a reduction in forecasted sales volume which has negatively impacted projected profitability. The charge is included in cost of sales in the Specialty Products Division segment income statement. In 2009, the Company recorded a plant asset impairment charge of approximately $6.9 million, representing the carrying value of certain assets, associated with one of its international subsidiaries. The Company measured the impairment charges using the discounted cash flow method. This subsidiary manufactures some products that compete with imports priced in U.S. dollars. As the dollar has weakened, it has been necessary to lower prices in the local currency to stay competitive, leading to negative cash flows, which is the key input under the discounted cash flow method. The charge is included in cost of sales in the Specialty Products Division segment. The other charges in 2010 are due to the idling of certain equipment. The $3.2 million charge recorded in the Consumer Domestic Segment in 2009 is primarily a result of a lack of acceptance for certain products by our key customers that resulted in a decline of forecasted future cash flows and reduced profitability. The charges in 2008 are due to the idling of certain equipment. The estimates and assumptions used in connection with impairment analyses are consistent with the business plans and estimates that the Company uses to manage its business operations. Nevertheless, future outcomes may differ materially from management s estimates. 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.

Inventory valuation

When appropriate, the Company writes down the carrying value of its inventory to the lower of cost or market (net realizable value, which reflects any costs to sell or dispose). The Company identifies any slow moving, obsolete or excess inventory to determine whether an adjustment is needed. 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. In addition, the Company s allowance for obsolescence may be impacted by the reduction of the number of stock keeping units (SKUs). The Company evaluates its inventory levels and expected usage on a periodic basis and records adjustments as required. Adjustments to inventory to reflect a reduction in net realizable value were $6.1 million at December 31, 2010, and $8.8 million at December 31, 2009.

Valuation of pension and postretirement benefit costs

As noted above under Overview Recent Developments, the Company entered into transactions with insurance companies in 2010 that have resulted in the transfer and settlement of all of the Company s U.S. pension benefit obligation. The Company continues to have U.S. obligations with respect to non-pension postretirement benefits.

The Company s remaining pension costs relate solely to its international operations. Both pension and postretirement benefit costs are developed from actuarial valuations. Inherent in benefit cost valuations are key assumptions provided by the Company to its actuaries, including the discount rate and expected long-term rate of return on plan assets. Material changes in the Company s international pension and domestic/international postretirement benefit costs may occur in the future due to changes in these assumptions as well as fluctuations in plan assets.

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 the Company s pension plans and postretirement plans, the Company refers to an applicable index and expected term of benefit payments to select a discount rate at which it believes the pension benefits could be effectively settled. The Company s weighted average discount rate for its remaining international pension plans as of December 31, 2010 is 5.32% as compared to 5.76% used at December 31, 2009. Based on the published rate as of December 31, 2010 that matched estimated cash flows for the plans, the Company used a discount rate of 5.20% for its domestic postretirement plan as compared to 5.75% used at December 31, 2009.

The expected long-term rate of return on international pension plan assets is selected by taking into account a historical trend, 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 weighted average expected long-term rate of return for assets of its remaining pension plans for 2010 was 5.76%, compared to 6.72% used in 2009. A 50 basis point change in the expected long-term rate of return would result in approximately $0.3 million change in pension expense for 2011.

As noted above, changes in assumptions used by management may result in material changes in the Company s pension and postretirement benefit costs. In 2010, other comprehensive income reflected a $3.4 million increase in its remaining pension plan obligations and a $1.3 million increase for postretirement benefit plans. The changes are primarily related to the change in discount rates for all plans.

The Company made cash contributions of approximately $19.1 million to its pension plans in 2010 which includes approximately $14.0 million to settle the U.S. pension plan. The Company estimates it will be required to make cash contributions to its international pension plans of approximately $3.5 million in 2011 to offset 2011 benefit payments and administrative costs in excess of investment returns.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized to reflect the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the differences are expected to be recovered or settled. Management

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provides a valuation allowance against deferred tax assets for amounts which are not considered more likely than not to be realized. The liabilities relate to tax return positions that, although supportable by the Company, may be challenged by the tax authorities and do not meet the minimum recognition threshold required under applicable accounting guidance for the related tax benefit to be recognized in the income statement. The Company adjusts this liability as a result of changes in tax legislation, interpretations of laws by courts, rulings by tax authorities, changes in estimates and the expiration of the statute of limitations. Many of the judgments involved in adjusting the liability involve assumptions and estimates that are highly uncertain and subject to change. In this regard, settlement of any issue, or an adverse determination in litigation, with a taxing authority could require the use of cash and result in an increase in our annual tax rate. Conversely, favorable resolution of an issue with a taxing authority would be recognized as a reduction to our annual tax rate of Income before Income Taxes.

New Accounting Pronouncements

There are no accounting pronouncements issued but not yet adopted by the Company which are expected to have a material impact on the Company s financial position, results of operations or cash flows. Accounting pronouncements adopted during the periods presented resulted in changes to disclosures but did not have a material impact on the Company s financial position, results of operations or cash flows.

RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008

The discussion of results of operations at the consolidated level presented below is followed by a more detailed discussion of results of operations by segment. The discussion of the Company s consolidated results of operations and segment operating results is presented on a historical basis for the years ending December 31, 2010, 2009, and 2008. The segment discussion also addresses certain product line information. The Company s operating units are consistent with its reportable segments.

Consolidated results

2010 compared to 2009

Net Sales

Net sales for the year ended December 31, 2010 were $2,589.2 million, $68.3 million or approximately 2.7% above 2009 net sales. The components of the net sales increase are the following:

Net Sales Consolidated	**December 31, 2010**
Product volumes sold	5.5%
Pricing and sales mix	(2.5%)
Foreign exchange rate fluctuations	1.1%
Change in customer delivery arrangements and allowances	(0.9%)
Acquired product lines[(1)]	0.5%
Divested product lines[(2)]	(1.0%)
Net Sales increase	**2.7%**

(1) On June 4, 2010, the Company acquired the SIMPLY SALINE product line, and in late December 2010, acquired the FELINE PINE product line. Net sales of the acquired product lines subsequent to the acquisition are included in the Company s results. (See Note 6 to the consolidated financial statements included in this report for further information.)

(2) Product lines divested include the BRILLO and certain LAMBERT KAY product lines, which were divested in the first quarter of 2010, and ancillary products divested in the third quarter of 2009 that initially were acquired in connection with the Company s acquisition of the ORAJEL brand of products from Del Laboratories, Inc., a subsidiary of Coty, Inc., in October 2008 (the Orajel Acquisition).

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The reductions resulting from pricing and sales mix primarily reflect higher trade promotion and slotting costs in support of new product launches. At the beginning of the second quarter of 2010, the Company changed delivery arrangements with certain customers, which resulted in a reduction in net sales due to a transportation allowance for a customer pick-up program. Previously, the cost to ship product was included in cost of sales.

Operating Costs

The Company s gross profit was $1,157.8 million in 2010, a $56.8 million increase as compared to 2009. The gross profit increase was attributable to higher sales volumes and lower manufacturing conversion costs, partially as a result of cost efficiencies derived from the Company s new manufacturing facility in York, Pennsylvania, a reduction in costs associated with the shutdown of the Company s manufacturing and warehouse facility in North Brunswick, New Jersey in 2009; a contribution from the SIMPLY SALINE business, which was acquired late in the second quarter of 2010; and favorable foreign exchange rates. Partially offsetting the gross profit improvement were higher trade promotion and slotting costs, higher commodity costs, the net effect of the divested and acquired product lines, and the change in customer delivery arrangements. The 2010 gross profit includes charges for environmental remediation, asset impairment and plant shutdown of $7.6 million at a Company s international subsidiary. The gross profit in 2009 reflected an asset impairment charge and an environmental remediation charge of approximately $6.0 million also at the Company s international subsidiary. Gross margin increased 100 basis points to 44.7% as compared to 43.7% in 2009. This increase is principally due to the reduction in costs related to the North Brunswick plant shutdown, manufacturing efficiencies in the new plant in York, Pennsylvania, and the change in customer delivery arrangements, partially offset by higher trade spending and commodity costs.

Marketing expenses for 2010 were $338.0 million, a decrease of $15.7 million or 4.4% as compared to 2009. Marketing spending primarily was in support of the Company s eight power brands. Funds from the reduction in marketing expenses were primarily used to increase trade promotion expenses (reflected in net sales) due to competitive pricing activity.

Selling, general and administrative expenses (SG&A) were $374.8 million in 2010, an increase of $20.3 million as compared to 2009. The increase in SG&A in 2010 includes the approximate $24.0 million expense related to the transfer and settlement of the U.S. Pension Plan obligations. The increase also is attributable to the effect of foreign exchange rates, higher selling costs in support of higher sales, costs associated with a global information system upgrade project and higher legal expenses partially offset by lower incentive compensation costs and the $1.0 million gain on the sale of certain LAMBERT KAY product lines during the first quarter of 2010.

The consolidated statement of income for 2009 reflects the $20.0 million pre-tax gain, net of legal expenses, recognized by the Company in connection with the settlement of its litigation against Abbott Laboratories, Inc. (see Note 17 to the consolidated financial statements included in this report for further information).

Other Income and Expenses

In 2010, equity in earnings of affiliates was $5.0 million as compared to $12.1 million in 2009. The decrease is due to lower equity income from the Company s Armand Products Company joint venture due to lower pricing resulting from increased competitive activity and higher raw material costs.

Other expense was approximately $4.6 million in 2010 as compared to other income of $1.5 million in 2009, which is primarily attributable to the write-off of approximately $4.5 million of unamortized deferred financing costs associated with the Company s prepayment of variable and subordinated debt. (See the liquidity section in Management s Discussion and Analysis for further information.)

Interest expense for 2010 decreased $7.8 million compared to 2009. The decline was due to the reversal of interest accruals of approximately $3.0 million associated with certain tax reserves following the settlement of an

IRS audit and the lapse of applicable statutes of limitations, lower interest rates compared to the prior year, and lower average debt outstanding, partially offset by a charge of $4.6 million relating to the termination of the Company s interest rate collar and interest rate swap agreements. This termination was due to the Company s repayment of its variable rate debt in the fourth quarter of 2010. (See Note 11 to the consolidated financial statements included in this report for further information.)

Investment earnings of $0.6 million were lower due to a significant decline in interest rates.

Taxation

The 2010 tax rate was 35.3% as compared to 37.9% in 2009. The effective tax rate for 2010 included a benefit from an increase in the U.S. manufacturing tax deduction and the reversal of approximately $4.1 million associated with certain tax liabilities following the settlement of an IRS audit and the lapse of applicable statutes of limitations.

Consolidated results

2009 compared to 2008

Net Sales

Net sales for the year ended December 31, 2009 were $2,520.9 million, $98.5 million or approximately 4% above 2008 net sales. Foreign exchange rate fluctuations reduced sales in 2009 by 2%. Of the increase, approximately 2% is due to sales in the first half of 2009 of products acquired in connection with the July 2008 Orajel Acquisition. The balance of the increase in net sales is due primarily to higher prices and improved sales mix of approximately 3% and higher volumes of approximately 2%. These factors were offset in part by the reduction in sales resulting from the divestiture in the first quarter of 2008 of Brotherton Speciality Products Ltd. (Brotherton), a former United Kingdom subsidiary that was included in the Company s Specialty Products Division, the third quarter 2009 divestiture of certain non-core product lines acquired in the Orajel Acquisition and the third quarter 2008 divestiture of the Company s consumer products subsidiary in Spain.

Operating Costs

The Company s gross profit was $1,101.0 million in 2009, a $129.3 million increase as compared to 2008. Gross margin increased 360 basis points to 43.7% as compared to 40.1% in 2008. The increase in gross margin reflects lower commodity costs, the impact of price increases instituted in 2008, the benefits of cost reduction programs and the higher margins associated with sales of products related to the Orajel Acquisition. The gross profit increase was partially offset by increased costs related to the planned closing of the Company s North Brunswick, New Jersey manufacturing and warehousing facility, a fixed asset impairment charge of $6.9 million at an international subsidiary in 2009, and the impact of foreign exchange rate fluctuations.

Marketing expenses for 2009 were $353.6 million, an increase of $59.5 million or 20% as compared to 2008. The increased marketing spending included expenditures in support of ARM & HAMMER liquid laundry detergent, OXICLEAN powder and liquid laundry additives, TROJAN condoms and vibrating products, SPINBRUSH battery-operated toothbrushes, ARM & HAMMER baking soda and ARM & HAMMER DENTAL CARE, and expenditures for products acquired in the Orajel Acquisition, partially offset by the effect of foreign exchange rates.

Selling, general and administrative expenses (SG&A) were $354.5 million in 2009, an increase of $17.3 million as compared to 2008. The increase in SG&A in 2009 reflects increases in compensation and information systems costs, as well as higher amortization and operating costs related to the Orajel Acquisition, partially offset by lower international costs due in part to favorable foreign exchange rate fluctuations. In addition, 2008 SG&A reflected charges related to the divestiture of the Spain subsidiary and the associated asset impairment charges of $5.7 million, offset by the $3.0 million gain on the divestiture of Brotherton.

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The consolidated statement of income for 2009 reflects the $20.0 million pre-tax gain, net of legal expenses, recognized by the Company in connection with the settlement of its litigation against Abbott Laboratories, Inc. (see Note 17 to the consolidated financial statements included in this report for further information).

Other Income and Expenses

In 2009, equity in earnings of affiliates was $12.1 million as compared to $11.3 million in 2008. The changes primarily reflect improved profitability of Armand Products Company.

Other income was approximately $1.5 million in 2009 as compared to other expense of $3.2 million in 2008. The changes in both years principally reflect foreign exchange rate fluctuations.

Interest expense for 2009 decreased $11.4 million compared to 2008. The decline was due to lower interest rates compared to the prior year. Investment earnings of $1.3 million were lower due to a significant decline in interest rates.

Taxation

The 2009 tax rate was 37.9% as compared to 36.7% in 2008. The 2009 tax rate reflects higher U.S. taxable income, which carries a higher effective tax rate than our foreign entities. The 2008 tax rate reflects a tax benefit of $4.0 million related to the divestiture of the subsidiary in Spain, partially offset by non-deductible losses in Company owned life insurance.

Segment results for 2010, 2009 and 2008

The Company operates three reportable segments: Consumer Domestic, Consumer International and Specialty Products Division (SPD). These segments are determined based on differences in the nature of products and organizational and ownership structures. The Company also has a Corporate segment.

Segment	**Products**
Consumer Domestic	Household and personal care products
Consumer International	Primarily personal care products
SPD	Specialty chemical products

The Corporate segment income consists of equity in earnings of affiliates. The Company had 50% ownership interests in Armand Products Company (Armand) and The ArmaKleen Company (ArmaKleen) as of December 31, 2010. The Company s 50% ownership interest in Esseco U.K. LLP (Esseco) was divested in the first quarter of 2008 as part of the sale of Brotherton. The Company s equity in earnings of Armand and ArmaKleen for the twelve months ended December 31, 2010, 2009 and 2008, and Esseco for the two months ended February 29, 2008 (prior to the sale of Brotherton), is included in the Corporate segment.

Some of the subsidiaries that are included in the Consumer International segment manufacture and sell personal care products to the Consumer Domestic segment. These sales are eliminated from the Consumer International segment results set forth below.

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Segment sales and income before taxes and minority interest for each of the three years ended December 31, 2010, 2009 and 2008 were as follows:

(In thousands)	Consumer Domestic	Consumer International	SPD	Corporate	Total
Net Sales[1]					
2010	**$ 1,886,082**	**$ 444,033**	**$ 259,105**	**$ 0**	**$ 2,589,220**
2009	1,881,748	393,696	245,478	0	2,520,922
2008	1,716,801	420,192	285,405	0	2,422,398
Income Before Income Taxes[2]					
2010	**$ 341,858**	**$ 52,577**	**$ 18,784**	**$ 5,037**	**$ 418,256**
2009	325,633	38,562	15,991	12,050	392,236
2008	236,956	34,635	25,335	11,334	308,260

(1) Intersegment sales from Consumer International to Consumer Domestic, which are not reflected in the table, were $3.6 million, $3.0 million and $5.2 million for the years ended December 31, 2010, 2009 and 2008, respectively.

(2) In determining Income before Income Taxes, interest expense, investment earnings, and other income (expense) were allocated among the segments based upon each segment s relative operating profit.

Product line revenues for external customers for the years ended December 31, 2010, 2009 and 2008 were as follows:

(In thousands)	2010	2009	2008
Household Products	**$ 1,207,390**	$ 1,196,474	$ 1,081,440
Personal Care Products	**678,692**	685,274	635,361
Total Consumer Domestic	**1,886,082**	1,881,748	1,716,801
Total Consumer International	**444,033**	393,696	420,192
Total SPD	**259,105**	245,478	285,405
Total Consolidated Net Sales	**$ 2,589,220**	$ 2,520,922	$ 2,422,398

Consumer Domestic

2010 compared to 2009

Consumer Domestic net sales in 2010 were $1,886.1 million, an increase of $4.3 million or 0.2% compared to net sales of $1,881.7 million in 2009. The components of the net sales change are the following:

Net Sales Consumer Domestic	December 31, 2010
Product volumes sold	5.6%
Pricing and sales mix	(3.5%)
Change in customer delivery arrangements and allowances	(1.2%)
Acquired product lines[1]	0.6%
Divested product lines[2]	(1.3%)
Net Sales increase	**0.2%**

(1) On June 4, 2010, the Company acquired the SIMPLY SALINE product line, and in late December 2010, acquired the FELINE PINE product line. Net sales of acquired product lines subsequent to the acquisition are included in the Company s segment results. (See Note 6 to the condensed consolidated financial statements included in this report for further information.)

(2) Product lines divested included the BRILLO and certain LAMBERT KAY product lines, which were divested in the first quarter of 2010, and ancillary products divested in the third quarter of 2009 that initially were acquired in connection with the Orajel Acquisition.

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