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PLAYTEX PRODUCTS INC
Form 10-K405
March 27, 2002

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

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

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

FOR THE FISCAL YEAR ENDED DECEMBER 29, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NO. 1-12620

PLAYTEX PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Delaware 51-0312772
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

300 Nyala Farms Road
Westport, Connecticut 06880

(Address of principal executive offices)

Telephone Number: (203) 341-4000

(Registrant's telephone number, including area code)

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, par value \$.01 per share	New York Stock Exchange

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

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FORM 10-K
(FACING SHEET CONTINUATION)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (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 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 amendments to this Form 10-K .

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 25, 2002 was \$304,963,243 (based on the closing sale price of \$10.56 on March 25, 2002 as reported by the New York Stock Exchange-Composite Transactions). For this computation, the registrant has excluded the market value of all shares of its Common Stock reported as beneficially owned by named executive officers and directors of the registrant; such exclusion shall not be deemed to constitute an admission that any such person is an "affiliate" of the registrant.

At March 25, 2002, 61,061,165 shares of Playtex Products, Inc. common stock, par value \$.01 per share, were outstanding.

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DOCUMENTS INCORPORATED BY REFERENCE:

DOCUMENT -----	PART OF FORM 10-K -----
Portions of our definitive Proxy Statement (the "Proxy Statement") for our 2002 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days after the end of our fiscal year ended December 29, 2001 pursuant to Regulation 14A.....	III

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PART I

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This document includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future results. When we use words in this document such as "anticipates," "intends," "plans," "believes," "estimates," "expects," and similar expressions we do so to identify forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements. These forward-looking statements are affected by risks, uncertainties, and assumptions that we make, including, among other things, the Risk Factors that are listed in Part 1, Item I. of this Annual Report on Form 10-K, and:

- | | |
|---|--|
| <ul style="list-style-type: none"> o price and product changes, o promotional activity by competitors, o the loss or bankruptcy of a significant customer, o capacity limitations, o the difficulties of integrating acquisitions, o raw material and manufacturing costs, o adverse publicity and product liability claims, | <ul style="list-style-type: none"> o impact of weather conditions, especially on Sun Care product sales, o our level of debt, o interest rate fluctuations, o future cash flows, o dependence on key employees, and o highly competitive nature of consumer products business. |
|---|--|

You should keep in mind that any forward-looking statement made by us in this document, or elsewhere, speaks only as of the date on which we make it. New risks and uncertainties come up from time to time, and it's impossible for us to predict these events or how they may affect us. In light of these risks and uncertainties, you should keep in mind that any forward-looking statements made in this report or elsewhere might not occur. In addition, the preparation of financial statements in accordance with generally accepted accounting principles

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requires us to make estimates and assumptions. These estimates and assumptions affect:

- o the reported amounts and timing of revenue and expenses,
- o the reported amounts and classification of assets and liabilities, and
- o the disclosure of contingent liabilities.

Actual results could vary from our estimates and assumptions. These estimates and assumptions are based on historical results, assumptions that we make as well as assumptions by third parties. The level of reserves for Sun Care product returns, bad debts and advertising and promotional costs are three areas of which you should be aware (see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies of this Annual Report on Form 10-K).

TRADEMARKS

We have proprietary rights to a number of trademarks important to our business, such as: ACTIVE SPORT, BABY MAGIC, BANANA BOAT, BINACA, BLASTERS, BIG SIPSTER, COOL COLORZ, COOLSTRAW, DIAPER GENIE, DENTAX, DROP-INS, FAST BLAST, GENTLE GLIDE, GET ON THE BOAT, GRIPSTER, HANDSAVER, HEAVY TRAFFIC, INSULATOR, LIPPOPS, MOST LIKE MOTHER, MR. BUBBLE, NATURAL ACTION, OGILVIE, POWER SHOT, PRECISELY RIGHT, QUICKSTRAW, QUIK BLOK, SAFE'N SURE, SILK GLIDE, SIPEASE, SLIMFITS, SOOTH-A-CAINE, TUB MATE, TEK, TUSSY, VENTAIRES, VITASKIN, and WET ONES. We also own a royalty free license in perpetuity to the PLAYTEX and LIVING trademarks, and to the WOOLITE trademark for rug and upholstery cleaning products in the United States and Canada.

All references to market share and market share data are for comparable 52 week periods and represent our percentage of the total U.S. dollar volume of products purchased by consumers in the applicable category (dollar market share, or retail consumption). This information is provided to us from the ACNielsen Company ("ACNielsen") and is subject to revisions. During 2001, Wal-Mart Stores, Inc. ("Walmart"), ceased providing scanner/consumption data to third parties. As a result, references to market share data for the twelve months ended December 29, 2001 do not include

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consumption data from Walmart. We do not believe there were any meaningful changes in market share trends or comparatives as a result of the elimination of data from Walmart.

ITEM 1. BUSINESS

A. HISTORY

Our business was founded in 1932 under the name International Latex Company and operated for many years prior to 1986 under the name International Playtex, Inc. In the mid-1950's, using latex technology developed for the manufacture of girdles, we began to market household gloves. This was the first of many products to constitute our consumer products division. Through the marketing of gloves, the addition of disposable infant feeding products in the mid-1960's and the acquisition in 1967 and the expansion of our tampon manufacturing business, we established a major presence in the drug store, supermarket and mass merchandise channels of distribution.

In 1986, we were taken private in a management led leveraged buyout and, in 1988, we were reorganized by certain management investors and others. In the

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reorganization, Playtex Apparel, Inc. ("Apparel"), which manufactures women's intimate apparel, was spun-off to the management of that business. Today, we no longer have any corporate relationship with Apparel, except that we each own 50% of the stock of Playtex Marketing Corporation ("Playtex Marketing"), which owns the PLAYTEX and LIVING trademarks. Playtex Marketing licenses the PLAYTEX and LIVING trademarks to us on a royalty-free perpetual basis. In 1994, we completed an initial public offering of our common stock. Our common stock trades on the New York Stock Exchange under the symbol "PYX".

In 1995, a group of investors associated with Haas Wheat & Partners Incorporated ("Haas Wheat") purchased 20 million shares of our common stock at a price of \$9 per share. The Haas Wheat shares represented approximately 40% of our outstanding common stock at the time of the investment and individuals associated with Haas Wheat were elected by our stockholders as a simple majority of our Board of Directors.

Since 1992, we have acquired a number of leading consumer products brands and companies, including:

- o In December 1992, we acquired 22% of the company that made BANANA BOAT sun and skin care products. Subsequently, in October 1995, we acquired the remaining 78% of the company, giving us 100% ownership of this business. This brand has grown to become the number two brand in the sun care category.
- o In February 1995, we acquired the WOOLITE rug and upholstery cleaning products business, the number two brand in this category. We purchased the rights for the United States and Canada.
- o In January 1998, we acquired Personal Care Holdings, Inc. ("PCH"), Carewell Industries, Inc. ("Carewell"), and the BINKY pacifier business ("BINKY"). We added, as a result of these acquisitions, a number of leading consumer product brands, including:
 - o WET ONES-pre-moistened towelettes, the number one brand in the hands and face towelettes category,
 - o OGILVIE-home permanent products, the number one brand in the home permanents category,
 - o BINACA-breath freshener products, the number one brand in the spray and drops breath fresheners category,
 - o MR. BUBBLE-children's bubble bath products, the number two brand in the bath additives category,
 - o CHUBS-baby wipes,
 - o DIAPARENE-infant care products,
 - o TUSSY-deodorants,
 - o DOROTHY GRAY-skin care products,
 - o BETTER OFF-depilatories,
 - o DENTAX-oral care products, and
 - o BINKY-pacifiers.

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- o In January 1999, we acquired the DIAPER GENIE business. DIAPER GENIE is the market leading diaper disposal system.
- o In June 1999, we acquired the BABY MAGIC brand of infant toiletries. BABY MAGIC is the number two brand in this category. We purchased the rights for the United States and Canada.

B. EXECUTIVE OFFICERS OF REGISTRANT

Listed below are our executive officers and a short description of their prior work experiences. There are no family relationships or arrangements between any of them pursuant to which they were hired or promoted by the Company. Ages and positions are shown as of March 15, 2002.

NAME	AGE	POSITION
----	---	-----
Michael R. Gallagher	56	Chief Executive Officer and Director
Glenn A. Forbes	51	Executive Vice President, Chief Financial Officer and Director
Kevin M. Dunn	49	President, Consumer Products Division
John D. Leahy	48	President, International/Corporate Sales Division
Richard G. Powers	56	President, Personal Products Division
James S. Cook	50	Senior Vice President, Operations
Paul A. Siracusa, Ph.D.	45	Senior Vice President, Research and Development
Paul E. Yestrumskas	50	Vice President, General Counsel and Secretary

MICHAEL R. GALLAGHER has been Chief Executive Officer and a Director since 1995. Prior to joining the Company, Mr. Gallagher was Chief Executive Officer of North America for Reckitt & Colman PLC ("R&C") (a consumer products company) from 1994 to 1995. Mr. Gallagher was President and Chief Executive Officer of Eastman Kodak's L&F Products subsidiary from 1988 until the subsidiary was sold to R&C in 1994. From 1984 to 1988, Mr. Gallagher held various executive positions with the Lehn & Fink Group of Sterling Drug. From 1982 to 1984, he was Corporate Vice President and General Manager of the Household Products Division of the Clorox Company ("Clorox"). Prior to that, Mr. Gallagher had various marketing and general management assignments with Clorox and with the Procter & Gamble Company ("P&G"). Presently he serves as a director of Allergan, Inc., AMN Healthcare Services, Inc., the Association of Sales and Marketing Companies, the Grocery Manufacturers Association, and the Haas School of Business UC Berkley.

GLENN A. FORBES has been Executive Vice President, Chief Financial Officer and a Director since 2000. He has served the Company for the past 30 years in various finance and accounting positions, including Vice President, Finance from 1988 to 2000.

KEVIN M. DUNN has been President, Consumer Products Division since 2000. Prior to joining us, Mr. Dunn was President of R&C's North American Household Products Division from 1998 to 2000 and President, Food Products Division - North America from 1994 to 1997. He also held various executive positions with Eastman Kodak's L&F Products subsidiary from 1988 until the subsidiary was sold to R&C in 1994.

JOHN D. LEAHY has been president of the International/Corporate Sales Division since 2000 and Senior Vice President, International/Corporate Sales from 1998 to 2000. He was Vice President of International/Corporate Sales from 1996 to 1998 and our Vice President of Sales from 1993 to 1996. From 1982 to

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1993, Mr. Leahy held various sales positions with us.

RICHARD G. POWERS has been President, Personal Products Division since 1996. Prior to joining us, Mr. Powers was President of R&C's North American Personal Products Division. From 1992 to 1995, he was Vice President of Sales for R&C, and from 1990 to 1992 he was Vice President of Marketing for R&C's Durkee-French Foods Division. From 1973 to 1990, Mr. Powers held various positions in marketing and general management at General Foods Corp.

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JAMES S. COOK has been Senior Vice President, Operations since 1991. From 1990 to 1991, he was our Vice President of Dover Operations. From 1988 to 1990, he was our Vice President of Distribution, Logistics & Management Information Systems. From 1982 to 1988, Mr. Cook held various senior level positions in manufacturing and distribution with us. From 1974 to 1982, he held various manufacturing and engineering positions at P&G.

PAUL A. SIRACUSA, PH.D. has been Senior Vice President, Research and Development since 2000. From 1997 to 2000, he was Senior Vice President Research and Development for R&C. From 1995 to 1997, he was Divisional Vice President of Research & Development, North America for R&C. From 1992 to 1995, he was Director of Technology for the Lehn & Fink Group of Sterling Drug. Prior to that, he held various Research and Development positions with Henkel Corporation, International Flavors and Fragrances, and Union Carbide Corporation.

PAUL E. YESTRUMSKAS has been Vice President, General Counsel and Secretary since December 1995. Prior to joining us, Mr. Yestrumskas was Senior Counsel of Rhone-Poulenc, Inc. from 1991 to 1995. Prior to 1991, Mr. Yestrumskas held various positions in legal and government relations at Timex, Hubbell, Inc. and General Motors.

C. GENERAL

We are a leading manufacturer and marketer of a diversified portfolio of well-recognized branded consumer and personal products, including:

- o PLAYTEX Infant Care products,
- o PLAYTEX DIAPER GENIE,
- o WET ONES pre-moistened towelettes,
- o PLAYTEX Feminine Care products,
- o BANANA BOAT Sun Care products,
- o WOOLITE rug and upholstery cleaning products,
- o PLAYTEX Gloves,
- o OGILVIE home permanent products, and
- o BINACA breath freshener products.

In fiscal 2001, approximately 95% of our sales came from products in which we held the number one or two market share position. Products in which we held the number one market share position for fiscal 2001 and their dollar market share in their respective categories were:

- o DIAPER GENIE diaper pails (93.2%),
- o PLAYTEX disposable liners (84.7%),
- o OGILVIE home permanent products (70.2%),
- o WET ONES pre-moistened
- o PLAYTEX cups and mealtime products (52.7%),
- o BINACA breath freshener products (47.6%), and
- o PLAYTEX gloves (32.8%).

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towelettes (60.3%),

Products in which we held the number two market share position for fiscal 2001 and their dollar market share in their respective categories were:

- o PLAYTEX tampons (29.9%),
- o MR. BUBBLE children's bubble bath (22.7%),
- o BANANA BOAT sun care products (21.1%),
- o WOOLITE rug and upholstery cleaning products (20.5%), and
- o BABY MAGIC baby toiletries (8.7%).

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Our net sales for each of the past three fiscal years 2001, 2000, and 1999 are provided based on our divisional structure. The results for 1999 include the results of the DIAPER GENIE and BABY MAGIC businesses since the date of their acquisition by us. We acquired the DIAPER GENIE business on January 29, 1999 and the BABY MAGIC business on June 30, 1999 (dollars in millions):

PRODUCT LINE -----	2001 PRINCIPAL BRAND NAMES -----	DEC. 29, 2001 -----
Personal Products Division:		
Infant Care.....	PLAYTEX, WET ONES, MR. BUBBLE, DIAPER GENIE, and BABY MAGIC	\$ 260.5
Feminine Care.....	PLAYTEX	218.2
Total Personal Products Division.....		----- 478.7
Consumer Products Division:		
Sun Care.....	BANANA BOAT	107.3
Household Products.....	PLAYTEX, WOOLITE	55.5
Personal Grooming.....	OGILVIE, BINACA, TUSSY, TEK, and DENTAX	42.9
Total Consumer Products Division.....		----- 205.7
International/Corporate Sales Division.....		145.6
Total		----- \$ 830.0 =====

D. BUSINESS SEGMENTS AND PRODUCT LINES

We are organized in three divisions, which allows us to focus more effectively on individual product lines, category management initiatives, certain specialty classes of trade, and the efficient integration of acquired brands. Our two largest divisions, the Personal Products Division and the Consumer Products Division, constituted approximately 82% of our consolidated net sales in fiscal 2001 compared to 83% in fiscal 2000 and fiscal 1999.

PERSONAL PRODUCTS DIVISION--The Personal Products Division accounted for approximately 58% of our consolidated net sales for our last three fiscal years. This Division includes Infant Care and Feminine Care products sold in the United States primarily to mass merchandisers, grocery and drug classes of trade. The Infant Care product category includes:

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INFANT FEEDING PRODUCTS

- o PLAYTEX disposable nurser system,
- o PLAYTEX cups and mealtime products,
- o PLAYTEX reusable hard bottles,
- o PLAYTEX pacifiers,

OTHER INFANT CARE PRODUCTS

- o DIAPER GENIE diaper disposal system,
- o WET ONES hand and face towelettes,
- o BABY MAGIC baby toiletries,
- o BABY MAGIC/CHUBS baby wipes, and
- o MR. BUBBLE children's bubble bath.

The Feminine Care product category includes a wide range of plastic and cardboard applicator tampons marketed under such brand names as PLAYTEX: GENTLE GLIDE, SILK GLIDE and SLIMFITS. In addition, the Feminine Care product category includes a personal cleansing wipe for use in feminine hygiene. This product was introduced in the first quarter of 2001.

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INFANT CARE--Infant Care accounted for approximately 54% of Personal Products net sales in fiscal 2001 compared to 56% in fiscal 2000 and fiscal 1999.

Our largest Infant Care business is infant feeding products, in which we held a market leading 39% dollar market share in 2001. We are particularly strong in both the disposable feeding and the infant cup categories with 2001 dollar market shares of 85% and 53%, respectively. We are also strong in the diaper pail category with our 93% dollar market share leading DIAPER GENIE brand. Our MR. BUBBLE brand held a 23% dollar market share of the bath additives category and is gaining on the market share leader. BABY MAGIC held a 9% dollar market share of the infant toiletries category and is strong in the bath and lotions segment with 16% and 19% dollar market shares of those segments. In pre-moistened towelettes, our WET ONES brand held a 60% dollar market share of the hand and face segment, while our baby wipe brand held a 3% dollar market share in 2001.

The PLAYTEX disposable feeding system, introduced in 1960, was the first disposable system on the market. Since that time, we have provided innovative product improvements as a healthy alternative to breast feeding. In 1996, we introduced a new disposable liner for use with our disposable feeding system, DROP-INS. Since its introduction, DROP-INS has steadily increased its market share in the disposable feeding category and represented 40% of the category in 2001 compared to 35% in 2000. In disposable liners, the largest component of the category, DROP-INS represented 62% of all disposable liners used by consumers compared to 56% in 2000.

In 1994, we introduced the first Spill-Proof cup. Sales of our popular Spill-Proof cups have increased our dollar market share in the infant cup category to 53% in 2001 from 29% in 1994. Prior to our introduction of the Spill-Proof cup, there was really no distinct market segment for children's cups. Over the last few years we expanded our cup offerings. In 1996, we introduced the QUICKSTRAW cup, and in 1997 introduced an insulated version of the QUICKSTRAW cup, the COOLSTRAW cup. In 1999, we added a six-color version of our popular Spill-Proof cup and the BIG SIPSTER, a cup targeted at older children. In late 2000, we extended our line of Spill-Proof cups with THE GRIPSTER, made to fit small hands, and the DRINKUP, a cup for older children ready to make the transition from infant cups to regular drinking. In 2002, we

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will begin shipping the PLAYTEX INSULATOR, which is an insulated Spill-Proof cup designed to keep the contents of the cup cooler and fresher longer than non-insulated cups. As the market share leader, we continue to explore innovative opportunities in the cup category to drive category growth. The cups category, based on total dollar volume of cups purchased by consumers, grew 4% in 2001 and our retail consumption decreased 8%. The cups category has become especially price sensitive, with an influx of several lower priced Spill-Proof cup offerings from competitors.

In 1999, we acquired the DIAPER GENIE business and the BABY MAGIC brand, which added two premium brands to our Infant Care category. DIAPER GENIE leads the diaper disposal market with a 93% dollar market share in 2001. The DIAPER GENIE business is comprised of two segments:

- o DIAPER GENIE diaper pail unit, and
- o DIAPER GENIE liner refills, the largest component of the business.

The diaper pail unit individually seals diapers in an odor-proof, germ-proof chain. The unit uses our proprietary refill liners. A supply of liners lasts approximately one month. In 2001, we improved both the diaper pail unit and introduced a new liner. We improved the cutter cap system, which makes the unit easier to use and we introduced a toddler film refill to the market for older age children, which should extend the usage period. A large percentage of the diaper pail units are given to expectant mothers as gifts. This provides a unique opportunity to begin cross-marketing our entire line of infant care products before the baby arrives.

BABY MAGIC occupies the number two position among the branded products in the U.S. baby toiletries category (defined as lotions, shampoos, powders, bath products, oils and gift packs), with a 9% dollar market share in 2001. BABY MAGIC has a strong position in the bath and lotion segments. Our 2001 dollar market share is down approximately 2 percentage points from 2000 as a result of new products introduced into these segments by the market share leader. To address the competitive threat, we introduced a number of new products in the fourth quarter of 2001, including a foaming hair and body wash and foaming shampoo. In addition, we revised our packaging graphics and product-dispensing applications in order to enhance consumer awareness and improve ease of use.

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We entered the pre-moistened towelette business in early 1998 with the acquisition of WET ONES, the market share leader in the hands and face segment of the market with a 60% dollar market share in 2001. WET ONES are used by parents in applications other than diaper changing, such as cleaning up after meals or traveling away from home. This category experienced 34% retail consumption growth in 2001 as competitors entered the category and invested heavily in advertising and promotion to generate trial of their product. To capitalize on the recent consumer attention in pre-moistened towelettes, we are expanding our offerings. We introduced ULTRA WET ONES early in 2001 and in the first quarter of 2002 we started shipping WET ONES FLUSHABLES a new product for use in the bathroom.

We also entered the children's bubble bath and baby wipe categories in early 1998 with the acquisition of the MR. BUBBLE, CHUBS and DIAPARENE brands. Our MR. BUBBLE children's bubble bath brand is a widely recognized brand name among consumers and holds a strong number two position in the bath additives category with a 23% dollar market share in 2001. Our dollar market share in the baby wipes category was 2.5% in 2001, down 0.5 percentage point versus 2000. In fiscal 2000, we decided to market our domestic baby wipes under the BABY MAGIC name as market research indicated the BABY MAGIC trade name was more

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recognizable to consumers. We continue to market CHUBS internationally.

We are committed to offering the best and most innovative infant care products to the market. In fiscal 2000, some of our internal testing indicated that latex used in the manufacture of two of our latex pacifier products may cause the pacifier nipple to age at an accelerated rate. Even though the pacifiers passed all Federal test requirements and there were no reported incidents requiring medical attention, we voluntarily recalled the product. This negatively impacted our net sales and dollar market shares in 2001 and 2000. We re-launched a new latex pacifier in the second quarter of 2001.

Our carefully designed message of quality, health and convenience for our infant care products is delivered in a variety of ways including a professional sampling and advertising program targeting pediatricians and pediatric nurses. Programs directed to new mothers include distribution of millions of samples and coupons prenatally via childbirth instructors and postnatally in hospitals and at home.

FEMININE CARE--PLAYTEX tampons accounted for approximately 46% of Personal Products net sales in fiscal 2001 compared to 44% in fiscal 2000 and fiscal 1999. For over 20 years, our tampons have been the second largest selling tampon brand in the United States, and the leader in the plastic applicator and deodorant segments.

We have two tampon lines in the Feminine Care category: plastic applicator tampons and cardboard applicator tampons. In addition, we introduced a new personal cleansing wipe for use in feminine hygiene early in 2001.

The plastic applicator tampon business represented approximately 87% of our branded domestic tampon business in 2001 and is comprised of two primary product offerings:

- o GENTLE GLIDE, our original plastic applicator tampon, and
- o SLIMFITS, marketed to first-time tampon users.

The SILK GLIDE brand is our line of cardboard applicator tampons. This product line features a rounded-tip cardboard applicator and a unique surface coating that provides the consumer with a quality product in the cardboard applicator segment of the tampon market.

We introduced PLAYTEX Personal Cleansing Cloths in the first quarter of 2001. The cloths are soft and smooth pre-moistened wipes that are formulated with vitamin E and aloe to soothe as they clean and refresh. They are available in a discrete dispenser, a resealable refill, and a convenient travel pack.

Our long-term strategy in the Feminine Care category has centered on product innovation, a successful consumer-driven brand-building marketing strategy and category building initiatives. Since the end of 1996, we introduced three innovative tampon products to the market.

We introduced SLIMFITS to the category in 1996. SLIMFITS were developed to appeal to a key segment of the tampon market: young teens. SLIMFITS have a softer and more narrow plastic applicator providing for greater comfort. We

believe that SLIMFITS will continue to build our business by encouraging young women to use tampons rather than pads at an earlier age, and by developing brand loyalty for our tampons at a time when lifelong preferences are being formed.

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We introduced GENTLE GLIDE Odor Absorbing tampons in 1997 and SILK GLIDE Odor Absorbing tampons in 1998. These tampons include an all natural material that absorbs odors without the use of a fragrance or deodorant. These products are designed to appeal to a large group of women who are concerned with odor protection yet reluctant to use a fragranced tampon.

Our consumer marketing strategy uses traditional advertising such as television, radio and print to build consumer awareness of the PLAYTEX feminine care franchise. We have also reached out to consumers through new means such as the internet. Consumers can learn about our feminine care offerings through one of our web sites WWW.PLAYTEXTAMPONS.COM . This site includes an interactive section for young teens ("AJ's World") where they can hear straight talk about their menstrual cycle in an informative and casual way. Our consumer marketing strategy centers around attracting young first time users, converting feminine protection pad users to tampon users or dual users (i.e. women who use pads and tampons), and general education concerning tampon usage.

We believe these strategies will benefit the tampon category and result in higher sales for our Feminine Care business.

CONSUMER PRODUCTS DIVISION--The Consumer Products Division accounted for approximately 25% of our consolidated net sales for our last three fiscal years. This division includes Sun Care, Household Products, and Personal Grooming products sold in the United States, primarily to mass merchandisers, grocery and drug classes of trade. The Sun Care business consists of an extensive line of sun care products marketed under the BANANA BOAT trade name.

SUN CARE--Our Sun Care product lines accounted for approximately 52% of Consumer Products net sales in fiscal 2001, 54% in fiscal 2000, and 50% in fiscal 1999. Our offerings consist of an extensive line of sun care products designed for specific uses, such as sun protection with sun protection factors ("SPFs") from 4 to 50, waterproof and sweat proof formulas and infant and children's products. We also sell a variety of BANANA BOAT skin care products, including sunless tanning lotion and after-sun moisturizers containing additional ingredients such as vitamin E and aloe vera. In 2002, we will extend our BANANA BOAT franchise into the indoor tanning market. Our Sun Care products are a strong number two in the U.S. sun care category with a 21% dollar market share in 2001.

Retail consumption of our Sun Care products grew 8.8% in 2001, slightly below the Sun Care category, which grew 9.2% in dollar terms versus 2000. The high growth in the category was driven by the "sunless" and indoor tanning segments, which grew more rapidly early in the Sun Care season due to weather. We did not have any indoor tanning products, at this time, and while we did have sunless products, they had not been an area of focus for our business. We believe the growth prospects for the sun care market are favorable as a result of increasing consumer awareness of the need for sunscreen protection and consumers' desire for sun care products targeted towards their specific age and needs.

For the 2002 season, we believe we have an exceptionally strong array of new products including the highest SPF available in a spray for the general protection market, the kids market and the sport market. For the 2002 season, we are introducing a new BANANA BOAT line, VITASKIN Advanced Sun Protection. VITASKIN combines the benefits of sun protection with a quality skin care product designed for everyday use. In addition, we are entering the indoor tanning segment for the first time and for the after sun market, we are introducing a new clear aloe gel and a new Sooth-A-Caine spray gel with lidocaine to provide fast acting, long lasting burn relief.

We focus on a number of different distribution outlets to deliver our Sun Care products to consumers including mass merchandisers, grocery stores, drug

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stores, convenience stores, and specialty stores. We also use direct sales people to call on key outlets in the southern and coastal areas of the country. They keep BANANA BOAT inventory in their vans, which ensures product availability and selection in the key locations during the prime sun care buying season. They manage product inventory at the store level, invoice customers and transmit key marketing data to us through a network of hand-held computers. We believe this direct sales approach provides us with a competitive advantage over our smaller competitors.

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Industry convention and the seasonal nature of the sun care business require that manufacturers of Sun Care products provide retailers with the opportunity to return unsold products at the end of the season. To better reflect the impact of potential returns, we provide for estimated returns in our reported operating results as sales are made throughout the year. The level of returns may fluctuate from our estimates due to several factors including weather conditions, customer inventory levels, and competitive conditions (see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations--Critical Accounting Policies of this Annual Report on Form 10-K).

HOUSEHOLD PRODUCTS--We compete in two product lines of the Household Products category: rug and upholstery cleaning products and household gloves. These products accounted for approximately 27% of Consumer Products net sales in fiscal 2001, 25% in fiscal 2000, and 26% in fiscal 1999. Household Products net sales in fiscal 2001 were aided by market share gains and consumption growth in our WOOLITE rug and upholstery cleaning business.

WOOLITE is the number two rug and upholstery cleaning product in the United States with a 21% dollar market share in 2001. Since acquiring the brand in 1995, we have introduced a number of new products and product enhancements, including:

- o an improved pet stain spray in 1996,
- o a new foam carpet cleaner in early 1997,
- o a spot and stain wipe product in early 2001 and
- o INSTANT POWER SHOT a deep penetrating carpet cleaner introduced in late 2001.

PLAYTEX gloves have held the number one market share position since we introduced the first household latex glove in the U.S. in 1954. We believe our nationally recognized brand name, based upon our reputation for nearly 50 years of superior quality, durability and protection, provides a strong competitive advantage in this category.

PERSONAL GROOMING--Personal Grooming contributed approximately 21% of Consumer Products net sales in fiscal 2001 and 2000, and 24% in fiscal 1999. Our Personal Grooming portfolio consists of:

- o OGILVIE at-home permanents,
- o BINACA breath spray and drops,
- o DENTAX oral care products,
- o TEK toothbrushes,
- o DOROTHY GRAY skin care products,
- o TUSSY deodorants,
- o BETTER OFF depilatories, and
- o JHIRMACK hair care products (through May 12, 1999).

On May 12, 1999, we sold the U.S. JHIRMACK hair care products business to a third party.

Our OGILVIE brand is the market leader of the at-home permanents and

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straighteners category, with a 70% dollar market share in 2001. Retail consumption of at-home permanent products has been declining due to the tendency of consumers to get their hair permed in professional beauty salons. Our strategy is to grow our market leadership position by repositioning the brand to younger consumers and, as category leader to positively impact the growth of the category as a whole. Since our acquisition of the OGILVIE brand we have successfully launched OGILVIE Straightener. OGILVIE Straightener removes the curl from permed hair, controls the curl from naturally curly hair, and delivers smooth texture to hair. This product is targeted to younger consumers.

Our BINACA brand of breath fresheners is also a well known brand. It is the leader in the spray & drops segment of the breath fresheners market with a 48% dollar market share in 2001. Our research indicates that BINACA has the highest brand awareness among breath freshener users. Since our acquisition of BINACA in January 1998, we have expanded front-end store placements and launched new products. In 1999, we launched FAST BLAST a non-aerosol spray product and in 2001 we developed BINACA POWER BLASTS a sugar free mint product. We believe these initiatives resulted in improved dollar market share for BINACA, up two percentage points in 2001.

We also compete in the value-priced end of the toothbrush business with our TEK and DENTAX brands of toothbrushes and in certain skin care categories with our TUSSY deodorants, BETTER OFF depilatories, and DOROTHY GRAY skin care products.

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INTERNATIONAL/CORPORATE SALES DIVISION--The International/Corporate Sales Division constituted approximately 17% of our consolidated net sales in our last three fiscal years. The International/Corporate Sales Division includes:

- o Sales to specialty classes of trade in the United States including wholesale clubs, military, convenience stores, specialty stores and telemarketing,
- o export sales, sales in Puerto Rico, results from our Canadian and Australian subsidiaries, and sales of private label tampons.

The International/Corporate Sales Division sells the same products as are available to our U.S. customers. Sales to specialty classes of trade represented 50% of the total division's net sales in fiscal 2001, 49% in fiscal 2000, and 48% in fiscal 1999.

E. MARKETING

We allocate a significant portion of our revenues to the advertising and promotion of our products. Our advertising and promotion expenditures for the past three years were (in thousands):

	TWELVE MONTHS ENDED		
	DEC. 29, 2001	DEC. 30, 2000	DEC. 25, 1999
	-----	-----	-----
Total advertising and promotion.....	\$ 189,362	\$ 186,596	\$ 168,878
As a % of net sales.....	22.8%	22.4%	21.4%

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These expenditures are primarily for television, radio and print advertising and production as well as consumer and trade incentives such as coupons and other price promotional activity. We believe these expenditures support our brand building activities and are an investment in the long-term longevity of our brands.

As a result of two new accounting rules, which become effective for us in the first quarter of 2002, we will restate certain advertising, promotional and cooperative spending costs (see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Recently Issued Accounting Standards of this Annual Report on Form 10-K). These accounting rule changes address the recognition, measurement, and income statement classification for certain advertising, promotional and cooperative spending costs. These rule changes will require restatement of our net sales and certain advertising and promotion expenses and will reduce both our net sales and advertising and promotion expenses by equal and offsetting amounts. They will not have any impact on our reported operating earnings, net income, or earnings per share. They will, however, lower our reported gross margins and advertising and sales promotion expenses as a percent of net sales, while increasing our operating earnings margin. When we reclassify our statements of earnings in fiscal 2002, as a result of these rules, both reported net sales and advertising and sales promotional expenses will be reduced by \$106.5 million, \$98.0 million, and \$92.2 million for fiscal 2001, 2000, and 1999, respectively.

F. COMPETITION

The markets for our products are highly competitive and they are characterized by the frequent introduction of new products, often accompanied by major advertising and promotional programs. We compete primarily on the basis of product quality, product differentiation and brand name recognition supported by advertising and promotional programs.

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Our competitors consist of a large number of domestic and foreign companies, many of which have significantly greater financial resources and less debt than we do. We believe that the market for consumer-packaged goods is very competitive and may intensify in the future. Competitive pressures on our products may result from:

- o new competitors,
- o new product initiatives by competitors,
- o higher spending for advertising and promotion, and
- o continued activity in the private label sector.

Our infant care segment has been extremely competitive over the last two fiscal years. Our Cups business was challenged by competitors offering less expensive products and new competitors entered the disposable feeding, baby toiletries and pre-moistened towelettes categories. Other categories that have recently seen an increase in competitive activities include feminine care and gloves.

G. REGULATION

Government regulation has not materially restricted or impeded our operations. Certain of our products are subject to regulation under the Federal Food, Drug and Cosmetic Act and the Fair Packaging and Labeling Act. We are also subject to regulation by the Federal Trade Commission with respect to the

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content of our advertising, our trade practices and other matters. We are subject to regulation by the United States Food and Drug Administration in connection with our manufacture and sale of tampons.

H. DISTRIBUTION

We sell our products using approximately 170 direct sales personnel, independent food brokers and exclusive distributors. Independent brokers supplement the direct sales force in the food class of trade, by providing more effective coverage at the store level. For the twelve months ended December 29, 2001 and December 30, 2000, our net sales in the U.S. were distributed to the following classes of trade:

CLASS OF TRADE	DEC. 29, 2001	DEC. 30, 2000
Mass merchandisers.....	44%	44%
Supermarkets.....	31%	32%
Drug stores.....	17%	16%
Specialty.....	8%	8%
	---	---
Total.....	100%	100%
	===	===

Our field sales force makes sales presentations at the headquarters or home offices of our customers, where applicable, as well as to individual retail outlets. The sales representatives focus their efforts on selling our products, providing services to our customers and executing programs to ensure sales to the ultimate consumer. Consumer-directed programs include arranging for on-shelf and separate displays and coordinating cooperative advertising participation.

We use four third-party distribution centers to ship the majority of our products to customers. These distribution centers are geographically located to maximize our ability to service our customers.

I. RESEARCH AND DEVELOPMENT

In March 1999, we moved our research and development group into a new state-of-the-art technical center in Allendale, New Jersey. Prior to March 1999, we maintained our research and development program in Paramus, New Jersey. Approximately 70 employees are engaged in these programs, for which expenditures were \$13.9 million in fiscal 2001, \$11.6 million in fiscal 2000 and \$10.1 million in fiscal 1999, respectively.

The primary focus of our research and development group is to design and develop new and improved products that address our customers' wants and needs. In addition, our research and development group provides technology support to both in-house and contract manufacturing and safety and regulatory support to all of our businesses.

J. TRADEMARKS AND PATENTS

We have proprietary rights to a number of trademarks important to our businesses, such as: ACTIVE SPORT, BABY MAGIC, BANANA BOAT, BINACA, BLASTERS,

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BIG SIPSTER, COOL COLORZ, COOLSTRAW, DIAPER GENIE, DENTAX, DROP-INS, FAST BLAST, GENTLE GLIDE, GET ON THE BOAT, GRIPSTER, HANDSAVER, HEAVY TRAFFIC, INSULATOR, LIPPOPS, MOST LIKE MOTHER, MR. BUBBLE, NATURAL ACTION, OGILVIE, POWER SHOT, PRECISELY RIGHT, QUICKSTRAW, QUIK BLOK, SAFE'N SURE, SILK GLIDE, SIPEASE, SLIMFITS, SOOTH-A-CAINE, TUB MATE, TEK, TUSSY, VENTAIRE, VITASKIN, and WET ONES. The PLAYTEX and LIVING trademarks in the United States and Canada are owned by Playtex Marketing. Playtex Marketing is responsible for protecting, exercising quality control over and enforcing the trademarks. Along with Apparel, we have a license from Playtex Marketing for the use of such trademarks in the United States and Canada on a perpetual, royalty-free basis. Apparel's license is for apparel and apparel-related products, and our license is for all other products. In all other countries, Apparel retains title to the PLAYTEX and LIVING trademarks. We have a perpetual, royalty-free license to use such trademarks for all products other than apparel products in all other countries. We also own a royalty-free license in perpetuity to use the WOOLITE trademark for rug and upholstery cleaning products in the United States and Canada.

We also own various patents related to certain products and their method of manufacture, including patents for: cardboard and plastic applicators for tampons, special over-wrap for tampons, baby bottles and nipples, disposable liners and plastic holders for the nurser systems, children's drinking cups, pacifiers, sunscreen formulation, carpet cleaning compositions, various containers for liquid and moist wipes products, including special containers for children's bubble bath.

The patents expire at varying times, ranging from 2002 to 2020. We also have pending patent applications for various products and methods of manufacture relating to our tampons, infant feeding and sun care businesses. While we consider our patents to be important to our business, we believe that the success of our products is more dependent upon the quality of these products and the effectiveness of our marketing programs. No single patent is material to our business.

K. RAW MATERIALS AND SUPPLIERS

The principal raw materials used in the manufacture of our products are synthetic fibers, resin-based plastics and other chemicals and certain natural materials, all of which are normally readily available. While all raw materials are purchased from outside sources, we are not dependent upon a single supplier in any of our operations for any material essential to our business or not otherwise commercially available to us. We have been able to obtain an adequate supply of raw materials, and no shortage of any materials is currently anticipated.

L. CUSTOMERS AND BACKLOG

No single customer or affiliated group of customers, except Walmart, accounted for over 10% of our net sales in fiscal 2001, fiscal 2000, and fiscal 1999. Our next three largest customers represented in total approximately 18% of our total consolidated net sales in fiscal 2001 and fiscal 2000 and 15% in fiscal 1999 (see Note 16 of Notes to Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K). In accordance with industry practice, we grant credit to our customers at the time of purchase. In addition, we may grant extended payment terms to new customers and for the initial sales of introductory products and product line extensions. We also may grant extended terms on our Sun Care products due to industry convention and the seasonal nature of this business.

Our practice is not to accept returned goods unless authorized by management of the sales organization. Returns result primarily from damage and shipping discrepancies. Exceptions to this policy include our Sun Care seasonal returns. We allow customers to return Sun Care products that have not been sold

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by the end of the Sun Care season, which is normal practice in the sun care industry. They are required to pay for the Sun Care product purchased during the season under the required terms. In instances where extended terms are granted on initial Sun Care orders, the terms require a substantial payment be made in the June time frame. We generally receive returns of our Sun Care products from September through March following the summer season. We reduce our Sun Care sales and increase accrued liabilities for these returns throughout the year based on management's estimates of these returns as a percent of Sun Care products sold.

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Refunds made to our customers for returned Sun Care products subsequently reduce accrued liabilities (see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies of this Annual Report on Form 10-K for a more complete discussion on our policies regarding Sun Care product returns).

Because of the short period between order and shipment dates (generally less than one month) for most of our orders, the dollar amount of current backlog is not considered to be a reliable indication of future sales volume.

M. EMPLOYEES AND LABOR RELATIONS

Our worldwide workforce consisted of approximately 2,100 employees as of December 29, 2001, of whom approximately 185 were located outside the United States, primarily in Canada. Of the United States facilities, only the operation at Watervliet, New York has union representation; it is organized by The Brush Workers Union Local No. 20468 I.U.E. A.F.L.-C.I.O. The collective bargaining agreement covered approximately 140 workers at December 29, 2001 and expires on June 28, 2003. We believe that our labor relations are satisfactory and no material labor cost increases are anticipated in the near future.

N. ENVIRONMENTAL

We believe that we are in substantial compliance with federal, state and local provisions enacted or adopted regulating the discharge of materials hazardous to the environment. There are no significant environmental expenditures anticipated for the current year.

RISK FACTORS

Our business is subject to certain risks, and we want you to review these risks while you are evaluating our business and our historical results. Please keep in mind, that any of the following risks discussed below and elsewhere in this Annual Report could materially and adversely affect us, our operating results, our financial condition and our projections and beliefs as to our future performance. As such, our results could differ materially from those projected in our forward-looking statements. In addition, the preparation of financial statements in accordance with generally accepted accounting principles requires us to make estimates and assumptions. These estimates and assumptions affect:

- o the reported amounts and timing of revenue and expenses,
- o the reported amounts and classification of assets and liabilities, and
- o the disclosure of contingent liabilities.

Actual results could vary from our estimates and assumptions. These estimates and assumptions are based on historical results, assumptions that we make as

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well as assumptions by third parties. The level of reserves for Sun Care product returns, bad debts and advertising and promotional costs are three areas that you should be aware of (see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies of this Annual Report on Form 10-K).

WE HAVE SUBSTANTIAL DEBT AND THERE IS RISK OF PRINCIPAL REPAYMENT.

On May 22, 2001, we refinanced most of our indebtedness. We repaid our \$360.0 million 9% Senior Subordinated Notes due 2003 (the "9% Notes"), our \$150.0 million 8 7/8% Senior Notes due 2004 (the "8 7/8% Notes") and all of our outstanding borrowings under our then existing credit agreement. We did not pay-off the 6% Convertible Subordinated Notes due 2004. We issued new debt securities and established a new credit agreement in the amount of:

- o \$350.0 million principal amount of 9 3/8% Senior Subordinated Notes due June 1, 2011 (the "9 3/8% Notes").
- o A new senior secured credit facility (the "Senior Secured Credit Facility") consisting of:
 - > a new six-year \$100.0 million term A loan facility (the "'07-Term A Loan"),
 - > a new eight-year \$400.0 million term B loan facility (the "'09-Term B Loan"), and
 - > a new six-year \$125.0 million revolving credit facility (the "Revolving Credit Facility").

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We believe that we will generate sufficient cash flow from operations for our working capital needs, capital expenditures, interest payments, and scheduled principal payments on all of our debt obligations due prior to fiscal 2008. However, we do not expect to generate sufficient cash flow from operations to make the scheduled principle payments on the '09-Term B loan due in fiscal 2008 and 2009, which collectively total \$390.9 million. In addition, we do not expect to generate sufficient cash flow from operations to make the \$350.0 million scheduled principle payment on the 9 3/8% Notes due in fiscal 2011. Accordingly, we will have to either refinance our obligations, sell assets or raise equity capital to repay the principal amounts of these obligations. Historically, our cash flows from operations and refinancing activities have enabled us to meet all of our obligations. However, we can not guarantee that our operating results will continue to be sufficient or that future borrowing facilities will be available for the payment or refinancing of our debt on economically attractive terms.

Our high level of debt could have adverse consequences to us, including, but not limited to:

- o Our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes could be impaired.
- o A significant portion of our cash flow from operations must be dedicated to the payment of principal and interest on our debt, which reduces the funds available to our operations.
- o Some of our debt, \$488.8 million at December 29, 2001, is at variable rates of interest, which may result in higher interest expense in the event of increases in interest rates.

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- o Our indebtedness contains certain financial and restrictive covenants including:
 - o incurrence of additional indebtedness,
 - o dividends and restricted payments,
 - o creation of certain liens, transactions with affiliates,
 - o sale and leaseback transactions,
 - o use of proceeds from sales of assets and subsidiary stock,
 - o certain mergers, consolidations and transfers of all or substantially all of our assets, and
 - o the use of excess cash flow.

Our failure to comply with our financial and restrictive covenants could result in an event of default, which, if not rectified, could materially and adversely affect our operating results and our financial condition.

WE MAY INCUR HIGHER INTEREST RATES IN THE EVENT OF NEGATIVE CHANGES TO OUR PUBLIC DEBT RATINGS.

Our Senior Secured Credit Facility is rated by third party rating agencies, such as, Moody's Investor Service, Inc., ("Moody's"), and Standard & Poors Ratings Group ("S&P"). At December 29, 2001 our Senior Secured Credit Facility was rated Ba3 by Moody's and BB- by S&P. These rating agencies provide insight and guidance regarding our ability to pay both interest and principal on our debt balances. The rates of interest we pay on our variable rate debt include a spread over the underlying rate, such as the Prime Rate or LIBOR, based, in part, on the ratings determined by these third parties. A negative change in our rating may require us to pay an additional 0.25% in interest on our outstanding variable rate debt. Based on our debt portfolio outstanding at December 29, 2001, this change would result in an increase of our interest expense of approximately \$1.2 million.

In addition, the Receivables Facility may be terminated if our indebtedness under the Senior Secured Credit Facility is not rated at least B- by S&P and B3 by Moody's. This event would require us to find an alternative financing source that may include use of our existing revolving credit facility which may result in higher interest costs.

WE MAY INCUR GOODWILL AND OTHER INTANGIBLE ASSET IMPAIRMENT CHARGES.

Acquisitions recorded as purchases for accounting purposes have resulted, and in the future may result, in the recognition of significant amounts of goodwill and other intangible assets. At December 29, 2001, we had \$494.2 million of goodwill and \$159.5 million of other intangible assets consisting of trademarks and patents. We review these intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If events or changes in circumstances indicate that the carrying amount of an

asset may not be recoverable, we estimate the undiscounted future cash flows to result from the use of the asset and its ultimate disposition. If the sum of the undiscounted cash flows is less than the carrying value, we recognize a non-cash impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset. Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets, eliminates the amortization for goodwill and for other indefinite-lived intangible assets, such as trademarks, and initiates an annual review for impairment of these items. Identifiable

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intangible assets, like patents, with a definite useful life will continue to be amortized. We adopted SFAS No. 142 effective December 30, 2001, the start of our fiscal year 2002. Following adoption, we have ceased the amortization of: (a) all of our remaining net goodwill balance and (b) trademarks that are determined to have indefinite lives. We will perform impairment tests on our goodwill and indefinite-lived intangible assets based on a fair value concept within the prescribed time lines of SFAS No. 142. In addition, changes in the fair value of our businesses caused by various factors, some of which may be out of our control, may cause us to take an impairment charges in the future.

WE FACE SIGNIFICANT COMPETITION FROM OTHER CONSUMER PRODUCTS COMPANIES.

The markets for our products are highly competitive and are characterized by the frequent introduction of new products, often accompanied by major advertising and promotional programs. We believe that the market for consumer packaged goods will continue to be highly competitive and that the level of competition may intensify in the future. Our competitors consist of a large number of domestic and foreign companies, a number of which have significantly greater financial resources than we do and are not as highly leveraged as we are. If we are unable to continue to introduce new and innovative products that are attractive to consumers, or are unable to allocate sufficient resources to effectively market and advertise our products so that they achieve widespread market acceptance, we may not be able to compete effectively and our operating results and financial condition will be adversely affected.

WE RELY ON A FEW LARGE CUSTOMERS FOR A SIGNIFICANT PORTION OF OUR SALES.

A few of our customers are material to our business and operations. In fiscal 2001, Walmart our largest customer, represented approximately 23% of our consolidated net sales. Aggregate consolidated net sales to our next three largest customers represented approximately 18% of our total consolidated net sales in fiscal 2001. The loss of sales to a large customer could materially and adversely affect us, our operating results, our financial condition and our projections and beliefs as to our future performance.

WE MAY BE ADVERSELY AFFECTED BY THE TREND TOWARDS RETAIL TRADE CONSOLIDATION.

With the growing trend towards retail trade consolidation, we are increasingly dependent upon key retailers whose bargaining strength is growing. We may be negatively affected by changes in the policies of our retail trade customers, such as inventory destocking, limitations on access to shelf space and other conditions.

SALES OF SOME OF OUR PRODUCTS MAY SUFFER BECAUSE OF UNFAVORABLE WEATHER CONDITIONS.

Our businesses, especially Sun Care, may be negatively impacted by unfavorable weather conditions. In accordance with industry practice, we allow customers to return unsold Sun Care products at the end of the summer and these product returns may be higher in years when the weather is poor. This could adversely affect our business and operating results. In addition, consumption of our Feminine Care and WET ONES products may be affected by unfavorable weather, although to a lesser extent than the Sun Care business, due primarily to reduced levels of outdoor activities.

OUR ACQUISITION STRATEGY IS SUBJECT TO RISKS AND MAY NOT BE SUCCESSFUL.

We consider the acquisition of other companies engaged in the manufacture and sale of consumer products. At any given time, we may be in various stages of looking at these opportunities. Acquisitions are subject to the negotiation of definitive agreements and to other matters typical in acquisition transactions. There can be no assurance that we will be able to identify desirable acquisition

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candidates or will be successful in entering into definitive agreements relating to them. Even if definitive agreements are entered into, we can not assure you that any future acquisition will be completed or that anticipated benefits of the acquisition will be realized. The process of integrating acquired operations into our operations

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may result in unforeseen operating difficulties, may absorb significant management attention and may require significant financial resources that would otherwise be available for the ongoing development or expansion of our existing operations. Future acquisitions by us could result in the incurrence of additional debt and contingent liabilities, which may have a negative effect on our operating results.

HAAS WHEAT CONTROLS A MAJORITY OF OUR BOARD OF DIRECTORS AND ITS INTERESTS MAY CONFLICT WITH YOURS.

Haas Wheat & Partners, L.P. and its affiliates together hold approximately 33% of the outstanding shares of our common stock and will likely continue to exercise control over our business by virtue of their voting power with respect to the election of directors. In addition, under our by-laws and agreements among our stockholders, Haas Wheat and its affiliates have the right to approve a majority of the nominations to our board of directors. Haas Wheat and its affiliates may authorize actions that are not in your best interests, and in general, their interests may not be fully aligned with yours.

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ITEM 2. PROPERTIES

Our principal executive office is located at 300 Nyala Farms Road, Westport, Connecticut 06880 and is occupied pursuant to a lease, which expires in 2005. Our principal manufacturing and distribution facilities are located in:

- o Dover, Delaware,
- o Watervliet, New York, and
- o Sidney and Streetsboro, Ohio,
- o Arnprior and Malton, Canada.

We maintain a research and development facility in Allendale, New Jersey. This facility is leased for a term of 15 years with two five-year renewal options. We operate two facilities in Canada. We own the Arnprior facility, which is primarily a warehouse and assembly operation, and we lease the Malton facility, which is a warehouse and office site. This lease expires in 2004. The lease on the Montvale, NJ facility, expiring in 2002, was acquired by us in the PCH acquisition and a substantial portion of the facility has been subleased, for the duration of the lease term, to third parties. For 2001, our average utilization rate of manufacturing capacity was an estimated 70%.

The following table lists our principal properties as of December 29, 2001, which are located in seven states, Puerto Rico and Canada. The facilities in Arnprior and Malton, Canada and Guaynabo, Puerto Rico are used specifically by the International/Corporate Sales Division. All of the other facilities are shared amongst our three segments.

NUMBER
OF

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FACILITIES OWNED

FACILITIES

MANUFACTURING/OFFICE/DISTRIBUTION/WAREHOUSE

Dover, DE.....	3
Streetsboro, OH.....	1
Watervliet, NY.....	1
Arnprior, Canada.....	1
Sidney, OH.....	1

FACILITIES LEASED

OFFICE/DISTRIBUTION/WAREHOUSE

Dover, DE.....	3
Sidney, OH.....	2
Malton, Canada.....	1
Westport, CT.....	1
Allendale, NJ.....	1
Montvale, NJ.....	1
Guaynabo, PR.....	1
Orlando, FL.....	1
Spokane, WA.....	1

ITEM 3. LEGAL PROCEEDINGS

Beginning in 1980, published studies reported a statistical association between tampon use and Toxic Shock Syndrome ("TSS"), a rare, but potentially serious illness. Since these studies, numerous claims have been filed against all tampon manufacturers, a small percentage of which have been litigated to conclusion. The number of TSS claims relating to our tampons has declined substantially over the years. During the mid-1980s, there were approximately 200 pending claims at any one time relating to our tampons. As of the end of February 2002, there were approximately 7 pending claims. Additional claims, however, may be asserted in the future. For TSS claims filed from October 1, 1985 until November 30, 1995, we are self-insured and bear the costs of defending those claims, including settlements and trials. Effective December 1, 1995, we obtained insurance coverage with certain limits in excess of the self-insured retention of \$1.0 million per occurrence / \$4.0 million in total, for claims occurring on or after December 1, 1995.

The incidence rate of menstrually associated TSS has declined significantly over the years. The number of confirmed menstrually-related TSS cases peaked in 1980 at 814, with 38 deaths. At that time, the United States Center for Disease Control found that 71% of women who developed the condition had been using a new brand of tampons. That brand of product was removed from the market and The Food and Drug Administration proposed regulations, which required all tampon manufacturers to provide TSS warnings on their labeling. In 1981, the incidence of menstrually-related TSS was reported to be 470, with 13 deaths. It has continued to fall since then. Compared with the 814 menstrual TSS cases in 1980, there were only three confirmed cases in 1998 and six in 1997.

We believe that there are no claims or litigation pending against us, including the TSS cases, which, individually or in the aggregate, would have a material effect on us. This assessment is based on:

- o our experience with TSS
- o the federally mandated

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- o cases, our evaluation of the 7 pending claims,
- o the reported decline in the incidence of Menstrually associated TSS,
- o warnings about TSS on and in our tampon packages, and development of case law upholding the adequacy of tampon warnings that comply with federally mandated TSS warnings.

We have joined a group of potentially responsible parties with respect to the Kent County Landfill Site in Houston, Delaware, which has been designated a "Superfund" site by the State of Delaware. Based on the information currently available to us, the nature and quantity of material deposited by us and the number of other entities in the group, which are expected to share in the costs and expenses, we do not believe that our costs will be material. We will share equally with Apparel all expenses and costs associated with our involvement with this site.

We are a defendant in various other legal proceedings, claims and investigations that arise in the normal course of business. In our opinion, the ultimate disposition of these matters, including those described above, will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

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

Not applicable

PART II

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

We have two classes of authorized stock:

- o Common Stock, par value \$.01 per share, 273 holders of record, authorized 100,000,000 shares, issued and outstanding 61,061,165 shares at March 25, 2002, and
- o Preferred stock, par value \$.01 per share, authorized 50,000,000 shares, none issued or outstanding as of March 25, 2002.

Our common stock is traded on the New York Stock Exchange under the symbol "PYX". No cash dividends have ever been paid on our stock, and we are restricted from paying dividends by the terms of our debt agreements (see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources and Note 7 of Notes to Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K).

The following table lists the high and low sale price per share of our stock during fiscal 2001 and fiscal 2000 as reported by the New York Stock Exchange-Composite Transactions:

	First Quarter -----	Second Quarter -----	Third Quarter -----	Fou Qua ---
FISCAL 2001				

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	High.....	\$ 10.35	\$ 11.20	\$ 10.80	\$
	Low.....	\$ 7.93	\$ 8.55	\$ 9.60	\$
FISCAL 2000					

	High.....	\$ 15.50	\$ 14.00	\$ 12.88	\$
	Low.....	\$ 10.25	\$ 10.12	\$ 10.37	\$

ITEM 6. SELECTED FINANCIAL DATA

The information required by this item appears on page F-3 of this Form 10-K.

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

The information required by this item appears on pages F-4 to F-18 of this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We periodically use financial instruments, such as derivatives, to manage the impact of interest rate changes on our variable rate debt and its effect on our earnings and cash flows. Our policies prohibit the use of derivative instruments for the sole purpose of trading for profit on price fluctuations or to enter into contracts, which intentionally increase our underlying interest rate exposure. At December 29, 2001, our total indebtedness consisted of \$400.0 million in fixed rate debt and \$488.8 million in variable rate debt. We currently are not a party to any financial instruments, such as derivatives, to manage the impact of interest rate changes on our variable rate debt. Based on our interest rate exposure at December 29, 2001, a 1% increase in interest rates would result in an estimated \$4.9 million of additional interest expense on an annualized basis (see Note 7 of Notes to Consolidated Financial Statements included in Item 8. of this Annual Report on Form 10-K).

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements and related Notes to Consolidated Financial Statements are filed as part of this Form 10-K and can be found on pages F-19 to F-51. The Independent Auditors' Report, dated January 28, 2002, except as to Note 20, which is as of March 25, 2002 is filed as part of this Form 10-K and can be found on page F-52. The Report of Management, dated January 28, 2002, is filed as part of this 10-K and can be found on page F-53.

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

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information called for by these items (except for the information regarding our executive officers) is incorporated by reference to our Proxy Statement for the 2002 Annual Meeting of Stockholders. The information regarding our executive officers called for by Item 401 of Regulation S-K can be found in Item I(b) on pages 7 to 8 of this Form 10-K.

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PART IV

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

(a) FINANCIAL STATEMENTS

(1) Our Consolidated Financial Statements and related Notes to Consolidated Financial Statements are filed as part of this Form 10-K and can be found on pages F-19 to F-51. The Independent Auditors' Report, dated January 28, 2002, except as to Note 20, which is as of March 25, 2002, is on page F-52 of this Form 10-K.

(2) FINANCIAL STATEMENT SCHEDULE

The following financial statement schedule-Schedule II-Valuation and Qualifying Accounts, is filed as part of this Form 10-K and is on page 26.

All other schedules are omitted as the required information is not applicable to us or the information is already presented in our Consolidated Financial Statements or related Notes to Consolidated Financial Statements.

(3) EXHIBITS

Please see our Exhibit Index on Pages X-1 to X-6 of this Form 10-K.

(b) REPORTS ON FORM 8-K

None

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PLAYTEX PRODUCTS, INC.

SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS

TWELVE MONTHS ENDED DECEMBER 29, 2001, DECEMBER 30, 2000, AND DECEMBER 25, 1999
(In thousands)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO INCOME	NET ADDITIO RESULTING FR ACQUISITION
-----	-----	-----	-----
December 25, 1999			
Allowance for doubtful accounts.....	\$ (2,095)	\$ (675)	\$ (167)

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December 30, 2000				
Allowance for doubtful accounts.....	\$ (2,292)	\$ (346)	\$	--
December 29, 2001				
Allowance for doubtful accounts.....	\$ (2,237)	\$ (1,771)	\$	--

- (1) In 2001, the allowance for doubtful accounts includes a deduction of \$789 related to the sale of receivables at fair market value in connection with the Receivables Facility. Amounts written-off include \$1,943 in fiscal 2001, \$401 in fiscal 2000, and \$645 in fiscal 1999.

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SIGNATURES

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

PLAYTEX PRODUCTS, INC.

By: /s/ Michael R. Gallagher

Michael R. Gallagher
CHIEF EXECUTIVE OFFICER

March 27, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated this 27th day of March, 2002.

SIGNATURES	TITLE
-----	-----
/s/ Robert B. Haas ----- Robert B. Haas	Chairman of the Board and Director
/s/ Michael R. Gallagher ----- Michael R. Gallagher	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Glenn A. Forbes ----- Glenn A. Forbes	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)
/s/ Richard C. Blum ----- Richard C. Blum	Director

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/s/ Michael R. Eisenson

Michael R. Eisenson Director

R. Jeffrey Harris Director

/s/ C. Ann Merrifield

C. Ann Merrifield Director

/s/ Susan R. Nowakowski

Susan R. Nowakowski Director

/s/ John C. Walker

John C. Walker Director

/s/ Wyche H. Walton

Wyche H. Walton Director

/s/ Douglas D. Wheat

Douglas D. Wheat Director

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PLAYTEX PRODUCTS, INC.

2001 ANNUAL REPORT TO STOCKHOLDERS

PLAYTEX PRODUCTS, INC.
2001 ANNUAL REPORT TO STOCKHOLDERS

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PLAYTEX PRODUCTS, INC.

SELECTED FINANCIAL DATA

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	TWELVE MONTHS ENDED (1)			
	DECEMBER 29, 2001	DECEMBER 30, 2000	DECEMBER 25, 1999	DECEMBER 24, 1998
EARNINGS STATEMENT DATA:				
Net sales	\$ 830,048	\$ 831,343	\$ 787,711	\$ 687,111
Gross profit	474,654	479,169	456,469	397,111
Operating expenses, excluding amortization of intangibles	318,603	308,882	280,176	247,111
Amortization of intangibles	22,060	22,350	21,064	19,888
Operating earnings	133,991	147,937	155,229	130,111
Interest expense, net	75,861	84,884	78,961	75,888
Net earnings	\$ 11,545 (2)	\$ 35,544	\$ 44,071	\$ 38,111
Net earnings per share:				
Basic	\$.19	\$.58	\$.73	\$.73
Diluted	\$.19	\$.58	\$.72	\$.72
Net earnings before extraordinary loss	\$ 30,881	\$ 35,544	\$ 44,071	\$ 44,071
Net earnings per share before extraordinary loss:				
Basic	\$.51	\$.58	\$.73	\$.73
Diluted	\$.51	\$.58	\$.72	\$.72
Weighted average common shares and equivalent common shares outstanding:				
Basic	61,007	60,824	60,481	60,481
Diluted	61,115	62,585	62,553	62,553
BALANCE SHEET DATA (AT PERIOD END):				
Working capital	\$ 107,780	\$ 74,233	\$ 92,006	\$ 92,006
Total assets	1,105,172	1,139,384	1,148,652	1,148,652
Total long-term debt, excluding due to related party	888,800	931,563	987,876	987,876
Stockholders' equity (deficit)	\$ (44,570)	\$ (56,063)	\$ (94,868)	\$ (94,868)

(1) Our fiscal year end is on the last Saturday in December nearest to December 31 and, as a result, a fifty-third week is added every 6 or 7 years. Fiscal 2000 was a fifty-three week year. All other years presented are fifty-two week years.

(2) Includes an extraordinary loss of \$19.3 million (net of \$12.8 million of income tax benefit) as a result of the refinancing of our senior indebtedness (see Note 7 and 9 of Notes to Consolidated Financial

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Statements).

- (3) Includes an extraordinary loss of \$4.1 million (net of \$2.3 million of income tax benefit) as a result of the early retirement of debt in connection with our debt refinancing in 1997.

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PLAYTEX PRODUCTS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our audited consolidated financial statements and notes, presented on pages F-19 through F-51.

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This document includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future results. When we use words in this document such as "anticipates," "intends," "plans," "believes," "estimates," "expects," and similar expressions we do so to identify forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements. These forward-looking statements are affected by risks, uncertainties, and assumptions that we make, including, among other things, the Risk Factors that are listed in Part 1, Item I. of this Annual Report on Form 10-K, and:

- o price and product changes,
- o promotional activity by competitors,
- o the loss or bankruptcy of a significant customer,
- o capacity limitations,
- o the difficulties of integrating acquisitions,
- o raw material and manufacturing costs,
- o adverse publicity and product liability claims,
- o impact of weather conditions, especially on Sun Care product sales,
- o our level of debt,
- o interest rate fluctuations,
- o future cash flows,
- o dependence on key employees, and
- o highly competitive nature of the consumer products business.

You should keep in mind that any forward-looking statement made by us in this document, or elsewhere, speaks only as of the date on which we make it. New risks and uncertainties come up from time to time, and it's impossible for us to predict these events or how they may affect us. In light of these risks and uncertainties, you should keep in mind that any forward-looking statements made in this report or elsewhere might not occur. In addition, the preparation of financial statements in accordance with generally accepted accounting principles requires us to make estimates and assumptions. These estimates and assumptions affect:

- o the reported amounts and timing of revenue and expenses,
- o the reported amounts and classification of assets and liabilities, and
- o the disclosure of contingent liabilities.

Actual results could vary from our estimates and assumptions. These estimates

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and assumptions are based on historical results, assumptions that we make as well as assumptions by third parties. The level of reserves for Sun Care product returns, bad debts and advertising and promotional costs are three areas of which you should be aware (see Management's Discussion and Analysis-Critical Accounting Policies).

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PLAYTEX PRODUCTS, INC. PART I - FINANCIAL INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

GENERAL

BASIS OF MANAGEMENT'S DISCUSSION AND ANALYSIS

We are organized in three divisions, which are categorized as business segments in accordance with generally accepted accounting principles.

Our PERSONAL PRODUCTS DIVISION accounted for 58% of our 2001 consolidated net sales. Our Personal Products Division includes Infant Care and Feminine Care products sold in the United States primarily to mass merchandisers, grocery and drug classes of trade. The Infant Care product category includes the following brands:

INFANT FEEDING PRODUCTS -----	OTHER INFANT CARE PRODUCTS -----
o PLAYTEX disposable nurser system	o DIAPER GENIE diaper disposal system
o PLAYTEX cups and mealtime products	o WET ONES hand and face towelettes
o PLAYTEX reusable hard bottles	o BABY MAGIC infant toiletries
o PLAYTEX pacifiers	o BABY MAGIC baby wipes, and MR. BUBBLE children's bubble bath

The Feminine Care product category includes a wide range of plastic and cardboard applicator tampons marketed under such brand names as PLAYTEX: GENTLE GLIDE, SILK GLIDE and SLIMFITS. In addition, the Feminine Care product category includes a personal cleansing wipe for use in feminine hygiene. This product was introduced in the first quarter of 2001.

Our CONSUMER PRODUCTS DIVISION accounted for 25% of our 2001 consolidated net sales. Our Consumer Products Division includes Sun Care, Household Products, and Personal Grooming products sold in the United States primarily to mass merchandisers, grocery and drug classes of trade. The Consumer Products Division includes the following brands:

SUN CARE -----	HOUSEHOLD PRODUCTS -----
o BANANA BOAT	o PLAYTEX gloves
	o WOOLITE rug and upholstery cleaning products

PERSONAL GROOMING -----	
o OGILVIE home permanent	o DENTAX oral care products

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- o products
- o BINACA breath freshener products
- o TUSSY deodorants
- o TEK toothbrushes
- o DOROTHY GRAY skin care products, and
- o BETTER OFF depilatories

In May 1999, we sold our U.S. JHIRMACK business.

Our INTERNATIONAL/CORPORATE SALES DIVISION accounted for 17% of our 2001 consolidated net sales and includes:

- o Sales to specialty classes of trade in the United States including: warehouse clubs, military, convenience stores, specialty stores, and telemarketing
- o export sales
- o sales in Puerto Rico
- o results from our Canadian and Australian subsidiaries, and
- o sales of private label tampons

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PLAYTEX PRODUCTS, INC.
PART I - FINANCIAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The International/Corporate Sales Division sells the same products as are available to our U.S. customers. Sales to the specialty classes of trade in the United States represented 50% of the division's consolidated net sales in fiscal 2001, up from 49% in fiscal 2000 and 47% in fiscal 1999.

RESULTS OF OPERATIONS

Our net sales for each of the past three fiscal years 2001, 2000, and 1999 are provided based on our divisional structure. We acquired the DIAPER GENIE business on January 29, 1999 and the BABY MAGIC business on June 30, 1999. The results for 1999 include the results of the DIAPER GENIE and BABY MAGIC businesses since the date of their acquisition by us (dollars in millions):

PRODUCT LINE	2001 PRINCIPAL BRAND NAMES	DECEMBER 2001
-----	-----	-----
Personal Products Division:		
Infant Care.....	PLAYTEX, WET ONES, BINKY, MR. BUBBLE, DIAPER GENIE, and BABY MAGIC	\$ 260.
Feminine Care.....	PLAYTEX	218.
Total Personal Products Division.....		----- 478.
Consumer Products Division:		
Sun Care.....	BANANA BOAT	107.
Household Products.....	PLAYTEX, WOOLITE	55.
Personal Grooming.....	OGILVIE, BINACA, TUSSY, TEK, and DENTAX	42.
Total Consumer Products Division.....		----- 205.
International/Corporate Sales Division.....		145.

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Total

\$ 830.
=====

We evaluate division performance based on their product contribution excluding general corporate allocations. Product contribution is defined as gross profit less advertising and sales promotion expenses. All other operating expenses are managed at a corporate level and are not used by us to evaluate division results. We do not segregate assets, amortization, capital expenditures, certain corporate and administrative costs, and interest income and interest expense when evaluating division performance.

The following discussion presents a consolidated view of our results and, where appropriate, also provides insight to key indicators of division performance. Our results for the years ended December 29, 2001 and December 25, 1999 are for fifty-two week periods and our results for the year ended December 30, 2000 are for a fifty-three week period. Our fiscal year end is on the last Saturday in December nearest to December 31 and, as a result, a fifty-third week is added every 6 or 7 years.

All references to market share and market share data are for comparable 52 week periods and represent our percentage of the total U.S. dollar volume of products purchased by consumers in the applicable category (dollar market share, or retail consumption). This information is provided to us from the ACNielsen Company ("ACNielsen") and is subject to revisions. During 2001, Wal-Mart Stores, Inc. ("Walmart"), ceased providing scanner/consumption data to third parties. As a result, ACNielsen restated consumption data for fiscals 2001 and 2000 to exclude Walmart consumption data. ACNielsen could not adjust consumption data for fiscal 1999. As a result, references to market share data for the twelve months ended December 29, 2001 compared to the twelve months ended December 30, 2000 do not include consumption data from Walmart. But, references to market share data for the twelve months ended December 30, 2000 compared to the twelve months ended December 25, 1999 do include consumption data from Walmart. We do not believe there were any meaningful changes in market share trends or comparatives as a result of the elimination of data from Walmart.

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PLAYTEX PRODUCTS, INC.
PART I - FINANCIAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

TWELVE MONTHS ENDED DECEMBER 29, 2001 COMPARED TO TWELVE MONTHS ENDED DECEMBER 30, 2000

CONSOLIDATED NET SALES--Our consolidated net sales decreased \$1.3 million, to \$830.0 million in 2001. Fiscal 2001 was a challenging year for us, as a difficult economic environment and competitive issues, primarily in Infant Care, negatively impacted our results. In the fourth quarter of 2001, our net sales increased by \$7.5 million compared to the fourth quarter of 2000.

PERSONAL PRODUCTS DIVISION--Net sales decreased \$7.8 million, or 2%, to \$478.7 million in 2001.

Net sales of INFANT CARE products decreased \$11.7 million, or 4%, to \$260.5 million in 2001. During the past two years, the Infant Care segment has become increasingly competitive. New competition entered most of our Infant Care categories, often with lower priced products supported by extensive advertising and promotional

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activities. We believe all of our Infant Care categories will remain highly competitive in the future. As a result, we will continue to introduce new products and defend our market share positions with targeted advertising and promotional activity.

In INFANT FEEDING, our dollar market share was 38.5% in 2001, a decrease of 2.5 percentage points compared to 2000. The dollar market share decline was primarily the result of increased competitive activity in Cups.

In CUPS, our dollar market share was 52.7% in 2001, a decrease of 6.3 percentage points compared to 2000. The cups category, based on total dollar volume of cups purchased by consumers, grew 4% in 2001 and our retail consumption decreased 8%. The Cups category has become especially price sensitive, with an influx of several lower priced spill-proof cup offerings from competitors. We are introducing a new product to the category in the first quarter of 2002, the PLAYTEX INSULATOR, which will keep the contents of the cup cooler and fresher longer than non-insulated cups.

In DISPOSABLE FEEDING, our dollar market share was 84.7% in 2001, an increase of 2.2 percentage points compared to 2000. Retail consumption in the category declined 6% in 2001 and our consumption declined 4%. We believe retail consumption in the category has declined primarily due to growth in the reusable hard bottle segment.

In REUSABLE HARD BOTTLES, our dollar market share was 16.7% in 2001, an increase of 1.6 percentage points compared to 2000. Retail consumption of our reusable bottles increased 14% while the category grew 4%. We believe the current economic environment is bringing more consumers back to hard bottles, as they are generally less costly than their disposable feeding counterparts. Our VENTAIRE hard bottle is an example of innovation leading to marketplace success. VENTAIRE is a premium hard bottle that limits the amount of air that can mix with liquids in the bottle due to a unique, patented bubble free vent on the bottom of the bottle. VENTAIRE'S dollar market share grew to 11.0% of the category in fiscal 2001 behind double-digit consumption growth.

In PACIFIERS, our dollar market share was 6.8% in 2001, a decrease of 4.2 percentage points compared to 2000. Retail consumption of our pacifiers decreased 12% while the category grew 6%. Our pacifiers were negatively impacted by a voluntary product recall of two of our latex pacifier products in 2000. We re-launched the recalled pacifier products in mid 2001.

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In DIAPER PAILS, our dollar market share of our DIAPER GENIE diaper disposal system was 93.2%, an increase of 0.3 percentage points compared to 2000. Retail consumption in the category increased 7.2% and our consumption increased 7.5%. We have recently made improvements to our DIAPER GENIE diaper disposal unit by improving the cutter cap system, which makes the unit easier to use. In addition, in the first quarter of 2002 we introduced a toddler film refill to the market for older age children, which should extend the usage period. We believe recent favorable consumption trends of the DIAPER GENIE unit bode well for future growth of refill liners.

In PRE-MOISTENED TOWELETTES (hands and face), our dollar market share was 60.3% in 2001, a decrease of 10.9 percentage points compared to 2000. Retail consumption of our WET ONES brand increased 14% in 2001 while the category grew 34%. There has been a steady influx of new competitors to the category since the beginning of 2000. The new competitors are making significant investments in advertising and promotion to generate trial of their product. This is negatively impacting our market share levels but favorably impacting our consumption levels as more consumers enter the hands and face segment. We believe the influx of new consumers to the category will be beneficial to us, despite lower market share. To capitalize on the recent consumer attention in pre-moistened towelettes, we are expanding our offerings. We introduced ULTRA WET ONES early in 2001 and in the first quarter of 2002 we started shipping WET ONES FLUSHABLES, a new product for use in the bathroom.

In INFANT TOILETRIES, our dollar market share was 8.7% in 2001, a decrease of 2.3 percentage points compared to 2000. Retail consumption of our BABY MAGIC brand decreased 18% while the category grew 5%. This market share decline was the result of new products introduced by the market share leader. To address the competitive threat, we introduced a number of new products in the fourth quarter of 2001, including a foaming hair and body wash and foaming shampoo. In addition, we revised our packaging graphics and product-dispensing applications in order to enhance consumer awareness and improve ease of use.

In BATH ADDITIVES, our dollar market share of our MR. BUBBLE brand was 22.7% in 2001, an increase of 1.7 percentage points compared to 2000. Retail consumption of MR. BUBBLE declined 1% while the category declined 8%. The decline in the category was primarily in character bottles and gifts sets and our results benefited from MR. BUBBLE Body Wash, a new product introduced in 2001.

In BABY WIPES, our dollar market share was 2.5% in 2001, a decrease of 0.5 percentage points compared to 2000. Retail consumption of our baby wipes declined 13% while the category grew 6%. Our market share and consumption declines were primarily in the refills segment of the market.

Net sales of FEMININE CARE products increased \$3.9 million, or 2%, to \$218.2 million in 2001 driven by a 5% price increase across a large portion of our product offerings in 2001. Our share of the U.S. tampon category was essentially flat at 29.9% in 2001 compared to 30.0% in 2000. Our retail consumption grew 1.5%, in dollars, while the category grew 2.1%. The tampon category experienced an

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increase in price promotional activity in the plastic applicator segment and some private label impact in the cardboard applicator segment, beginning early in 2001. We believe the category is not impacted materially by price promotional activity over time due to the consumer loyalty historically found in this category. During 2001, we launched PLAYTEX Personal Cleansing Cloths for use in feminine hygiene.

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PLAYTEX PRODUCTS, INC.
PART I - FINANCIAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

CONSUMER PRODUCTS DIVISION--Net sales were essentially flat at \$205.7 million in 2001.

Net sales of SUN CARE products decreased \$3.0 million, or 3%, to \$107.3 million in 2001, due primarily to lower sales of remnant product to customers that specialize in close-outs. Our dollar market share of the Sun Care category was unchanged at 21.1% for both of the comparable periods. Retail consumption of our Sun Care products increased 8.8%, in dollars, and the category grew 9.2%. While our market share was flat in fiscal 2001, our market share of the "In Sun/After Sun" segment was 24.1% for the 2001 season versus 22.9% in 2000. This is the segment of the business that we have emphasized. The early season weather resulted in a higher growth rate in the indoor tanning and sunless segments compared to the "In Sun/After Sun" segment. We did not have an indoor tanning product in 2001 and while we do have sunless products, they have not been an area of focus for our business. We have a large array of new products for the 2002 season including an indoor tanning product and VITASKIN Advanced Sun Protection, a product line that combines the benefits of sun protection with a quality skin care product designed for everyday use. While the fourth quarter is a low consumption period, we are encouraged by early market share and consumption data from VITASKIN and our new indoor tanning product.

Net sales of HOUSEHOLD PRODUCTS increased \$3.3 million, or 6%, to \$55.5 million in 2001. The increase was due primarily to our WOOLITE rug and upholstery cleaning business, which grew its dollar market share to 20.5% in 2001, an increase of 1.2 percentage points compared to 2000. Retail consumption of WOOLITE increased 6.3%, while the category was essentially flat. Early in 2001, we introduced WOOLITE Spot & Stain Wipes, an innovative new entry in the rug and upholstery cleaning category. This introduction coupled with improved sales versus 2000 for our Heavy Traffic and Pet Stain products accounted for the growth. In Gloves, our dollar market share decreased 3.0 percentage points in 2001, to 32.8%, from 35.8% in 2000. Retail consumption of our gloves products decreased 5.7%, while the category grew 2.8%. The decreases in market share and consumption was due to competitive activities.

Net sales of PERSONAL GROOMING products decreased \$0.2 million to \$42.9 million in 2001. Our largest Personal Grooming brand, OGILVIE increased its dollar market share to 70.2% of the home perms/straighteners category, which was a gain of 4.2 percentage points compared to 2000. Retail consumption of OGILVIE was essentially flat, while the category decreased 6.3%. Our 2001 results benefited from a full year of sales of OGILVIE temporary

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perms, which was introduced in mid 2000. BINACA increased its dollar market share to 47.6% of the breath freshener (spray and drops) category, which was a gain of 2.3 percentage points compared to 2000. For our non-core businesses, net sales of our toothbrushes declined 23% and our skin care brands declined 4% compared to 2000.

INTERNATIONAL/CORPORATE SALES DIVISION--Net sales increased \$6.4 million, or 5%, to \$145.6 million in 2001. The increase was due primarily to higher net sales in the specialty classes of trade. Net sales in the U.S. specialty classes of trade were \$73.4 million in 2001, an increase of 9% compared to 2000. We believe this growth was due primarily to the increased focus on these distribution channels. Our international net sales including our Canadian subsidiary and Puerto Rico were \$72.2 million in 2001, up \$0.5 million compared to 2000.

CONSOLIDATED GROSS PROFIT--Our consolidated gross profit decreased \$4.5 million, or 1%, to \$474.7 million in 2001. As a percent of net sales, gross profit decreased 0.4 percentage points, to 57.2% in 2001. The decrease in gross profit and gross profit as a percent of net sales was due primarily to: our lower net sales, lower pension income and higher bad debt provisions.

CONSOLIDATED PRODUCT CONTRIBUTION--Our consolidated product contribution decreased \$7.3 million, or 2%, to \$285.3 million in 2001. As a percent of net sales, product contribution decreased 0.8 percentage points to 34.4% in 2001. The decrease in product contribution and product contribution as a percent of net sales was due primarily to lower gross margins and higher overall advertising and sales promotion expenses.

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PLAYTEX PRODUCTS, INC.
PART I - FINANCIAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

PERSONAL PRODUCTS DIVISION--Product contribution decreased \$0.2 million to \$183.6 million in 2001. The decrease was due to our lower net sales. As a percent of net sales, product contribution increased 0.6 percentage points to 38.4% in 2001. The increase was primarily the result of lower overall advertising and sales promotion expenses as a percentage of net sales.

CONSUMER PRODUCTS DIVISION--Product contribution decreased \$4.2 million, or 7%, to \$52.9 million in 2001. As a percent of net sales, product contribution decreased 2.1 percentage points to 25.7% in 2001. The decrease in product contribution and product contribution as a percent of net sales was due primarily to higher advertising and sales promotion expenses in our Sun Care and WOOLITE businesses, higher expenses associated with Sun Care returns and, to a lesser extent, the mix of products sold.

INTERNATIONAL/CORPORATE SALES DIVISION--Product contribution increased \$1.8 million, or 3%, to \$56.9 million in 2001. The increase in product contribution was due primarily to higher net sales. As a percent of net sales, product contribution decreased 0.5 percentage points to 39.1% in 2001. The decrease was due primarily to higher advertising and sales promotion expenses as a percent of net sales.

CONSOLIDATED OPERATING EARNINGS--Our consolidated operating earnings decreased \$13.9 million, or 9%, to \$134.0 million in 2001. The decrease in operating earnings was the result of lower consolidated net sales, gross profit, and product contribution as discussed and higher selling, distribution, research and

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administrative expenses reflecting normal salary increases and support of new product initiatives.

CONSOLIDATED INTEREST EXPENSE--Our consolidated interest expense decreased \$9.0 million, or 11%, to \$75.9 million in 2001. The decrease in interest expense was due to the combined impact of:

- o Lower average debt balances. Our average debt for 2001 was less than the prior year by \$54.5 million, or 6%, due primarily to the establishment of a receivables facility (see Note 8) and the prepayment of \$21.0 million of scheduled principal payments on our new term A loan and \$3.5 million of scheduled principal payments on our new term B loan;
- o Lower interest rates when compared to the prior year. Our weighted average variable interest rate in 2001 was 6.85% compared to 7.76% in 2000; and
- o A change in our debt portfolio, resulting in a higher ratio of variable rate debt to fixed rate debt, which created additional savings due to the favorable short-term interest rate environment in fiscal 2001.

CONSOLIDATED OTHER EXPENSES--Our consolidated other expenses were \$2.1 million in 2001. During the second quarter of 2001, we entered into a receivables purchase agreement with a third party as part of the refinancing transaction (see Notes 7 and 8). The amount charged to other expenses represents the discount offered to the third party on the sale of receivables and the amortization of deferred financing costs associated with the formation of the receivables facility.

CONSOLIDATED INCOME TAXES--Our consolidated income taxes decreased \$2.4 million, or 9%, to \$25.1 million in 2001. As a percent of pre-tax earnings, our effective tax rate before extraordinary loss increased 1.3 percentage points to 44.9% of pre-tax earnings in 2001. Our effective tax rate increases as the portion of goodwill amortization that is non-deductible for tax purposes becomes a larger portion of operating earnings. See Management's Discussion and Analysis--Recently Issued Accounting Standards of this report, for a discussion of the change in accounting rules governing goodwill/intangible amortization commencing in fiscal 2002.

CONSOLIDATED EXTRAORDINARY LOSS--In the second quarter of 2001, we recorded an extraordinary loss of \$19.3 million, net of income tax benefits, as a result of the refinancing of our senior indebtedness (see Note 9). The extraordinary loss included cash provisions for call premiums on our 9% Senior Subordinated Notes due 2003 (the "9% Notes") and our 8 7/8% Senior Notes due 2004 (the "8 7/8% Notes"), termination fees for two interest rate swap agreements related to our prior credit

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PLAYTEX PRODUCTS, INC.
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facility, and duplicative net interest expense during the period between extinguishment and redemption of the 9% Notes and 8 7/8% Notes. The extraordinary loss also contained a non-cash provision for the write-off of unamortized deferred financing costs related to the 9% Notes, 8 7/8% Notes and the prior credit agreement.

TWELVE MONTHS ENDED DECEMBER 30, 2000 COMPARED TO TWELVE MONTHS ENDED DECEMBER

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25, 1999

CONSOLIDATED NET SALES--Our consolidated net sales increased \$43.6 million, or 6%, to \$831.3 million in 2000. Excluding the impact of the 1999 acquisitions and the divested portion of our JHIRMACK business, our consolidated net sales grew by \$15.9 million in 2000, or 2%, compared to 1999.

PERSONAL PRODUCTS DIVISION--Net sales increased \$29.6 million, or 6%, to \$486.5 million in 2000. Excluding the impact of the 1999 acquisitions, the net sales of the division grew by \$2.2 million, or 1%, compared to 1999.

Net sales of INFANT CARE products increased \$17.1 million, or 7%, to \$272.2 million in 2000. Excluding the impact of the 1999 acquisitions, our Infant Care net sales decreased \$10.3 million, or 5%, compared to 1999. During 2000, we experienced a high level of competitive activity across many areas of our key Infant Care businesses. Competitors launched new products that were supported by extensive advertising and promotional activities that, we believe impacted the growth rates in our Infant Care businesses. In addition, we instituted a voluntary recall of two of our latex pacifier products in May 2000. This impacted our net sales by an estimated \$3.0 million. We believe this will remain a highly competitive category in the future. As a result, we continue to aggressively defend our market share positions through product innovation, the introduction of new products and targeted advertising and promotional activity.

In INFANT FEEDING, our dollar market share was 39.3% in 2000, a decrease of 2.6 percentage points compared to 1999. We remained the market leader in the infant feeding category with a dollar market share almost double that of our nearest competitor. The dollar market share decline was the result of increased competitive activity in our Cups and Disposable Feeding businesses and, to a lesser extent, our recall of two pacifier products.

In CUPS, our dollar market share was 54.9% in 2000, a decrease of 5.6 percentage points compared to 1999. The cups category, based on total dollar volume of cups purchased by consumers, grew 13% in 2000 and our retail consumption increased 2%. We have been the market leader in the infant cup segment since our development and introduction of the first Spill-Proof cup. This innovation led to significant growth in the infant cup market, attracting a number of new competitors. Our closest competitor in the infant cup segment had a dollar market share of less than 20% in 2000. We continue to aggressively defend our leadership position, introducing two innovative new products to the category in 2000 including: THE GRIPSTER, designed for small hands and the DRINKUP, a Spill-Proof cup for older children transitioning to adult cups.

In DISPOSABLE FEEDING, our dollar market share was 82.5% in 2000, a decrease of 1.5 percentage points compared to 1999. Retail consumption in the category declined 2% in 2000 and our consumption declined 3%. Our dollar market share decline was due to a new competitive offering that was heavily supported with promotional spending. Recent market share data indicates that our dollar market share of the disposable feeding category has returned to the level held prior to the introduction

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of the new competitive offering. We believe, the decline in the category experienced in 2000 was the result of innovative new products in the reusable hard bottle segment.

In REUSABLE HARD BOTTLES, our dollar market share was 13.6% in 2000, an increase of 2.2 percentage points compared to 1999. Retail consumption of our reusable bottles increased 24%

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PLAYTEX PRODUCTS, INC.
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while the category grew 4%. This success was the result of our introduction of two new innovative hard bottles.

As mentioned previously, our PACIFIER business was negatively impacted in 2000 by a voluntary recall of two of our latex pacifier products. These pacifiers passed all federal testing requirements and there were no reported incidents requiring medical attention. However, we were concerned about the aging properties of the latex used in the pacifiers. A new latex pacifier was re-launched in 2001.

In DIAPER PAILS, we continued to lead the category with our DIAPER GENIE diaper disposal system. Our dollar market share was 89.8% in 2000, which was down 3.7 percentage points compared to 1999. Retail consumption in the category increased 5% and our consumption increased 1%. A competitor launched a new product that made some in-roads in the mass distribution channel, which negatively impacted our dollar market share and consumption levels.

In PRE-MOISTENED TOWELETTES (hands and face), our dollar market share was 75.7% in 2000, a decrease of 2.8 percentage points compared to 1999. Retail consumption of our WET ONES brand increased 14% in 2000 while the category grew 18%. The category had a number of new competitive entries in 2000, which negatively impacted our dollar market share, but significantly contributed to consumption gains in the category and in WET ONES. In 2000, we introduced Ultra WET ONES, a larger pre-moistened wipe to expand our offerings in the pre-moistened towelette category.

In INFANT TOILETRIES, our dollar market share was 12.6% in 2000, a decrease of 2.1 percentage points compared to 1999. Retail consumption of our BABY MAGIC brand decreased 9% while the category grew 7%. A new competitor in the category introduced a full line of toiletries supported with an aggressive advertising campaign. Despite our dollar market share loss, we maintained our position as the number two branded offering in the category.

In BABY WIPES, our dollar market share was 2.9% in 2000, a decrease of 1.0 percentage point compared to 1999. In the fourth quarter of 2000, we re-launched our baby wipes product

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under the BABY MAGIC brand name in the United States.

Net sales of FEMININE CARE products increased \$12.5 million, or 6%, to \$214.3 million in 2000. Our share of the U.S. tampon category grew to 30.7% in 2000, which was a gain of 1.1 percentage points compared to 1999. Our retail consumption grew 4.6%, in dollars, outpacing the category, which grew at 1.0%. We believe our continued success in the tampon category is attributable to:

- o targeted advertising and consumer sampling programs,
- o product innovation, and
- o our category building skills.

Our targeted advertising focuses on key product attributes important for today's active lifestyles. We use a number of methods to introduce our products to potential users, including sampling programs and educational materials for young teens. Our history of product innovation has attracted new, younger consumers to the market with such products as SLIMFITS marketed to young teens and GENTLE GLIDE and SILK GLIDE Odor Absorbing tampons. We believe we are contributing to the growth of the tampon category by educating consumers, attracting young first time users, and converting feminine protection pad users to tampon users.

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PLAYTEX PRODUCTS, INC.
PART I - FINANCIAL INFORMATION
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CONSUMER PRODUCTS DIVISION--Net sales increased \$10.1 million, or 5%, to \$205.6 million in 2000. Excluding the impact of the divested portion of our JHIRMACK business, net sales of the division grew by \$12.4 million, or 6%, compared to 1999.

Net sales of SUN CARE products increased \$13.4 million, or 14%, to \$110.3 million in 2000. Our dollar market share of the sun care category grew to 21.6% in 2000 an increase of 1.4 percentage points compared to 1999. The retail consumption of our Sun Care products increased 9.4%, in dollars, surpassing the category, which grew 2.5%. While dollar market share and retail consumption growth for our products was strong in 2000, we believe our net sales were negatively impacted by weather during the summer months. We believe our market share and retail consumption growth is attributable to a number of factors including increased consumer awareness of the need for sun care products, our array of new products and strong sales and market execution skills, including strategic shelf placement and displays. Our BANANA BOAT line offers a full spectrum of sunblock, sunless tanning and after-sun products. BANANA BOAT is the second largest brand in the sun care market and the number one brand in after-sun care.

Net sales of HOUSEHOLD PRODUCTS increased \$1.2 million, or 2%, to \$52.2 million in 2000. The increase was due primarily to our gloves business, which grew its dollar market share to 36.8% in 2000, an increase of 3.2 percentage points compared to 1999. Retail consumption of our gloves increased 9.9%, as opposed to category growth of 0.4% during the same period. This growth was driven by retail consumption growth of 41% in our disposable gloves segment associated with distribution gains during the year. Our WOOLITE

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brands' dollar market share for fiscal 2000 was 19.0% of the rug and upholstery cleaning category which is a decline of 0.7 percentage points compared to 1999. The rug and upholstery cleaning category decreased 0.6% in 2000 and the retail consumption of WOOLITE decreased 4.4%, due primarily to competitive activity.

Net sales of PERSONAL GROOMING products decreased \$4.5 million, or 9%, to \$43.1 million in 2000. Personal Grooming net sales excluding the divested U.S. JHIRMACK line decreased \$2.1 million, or 5%, compared to 1999. Our two largest Personal Grooming brands OGILVIE and BINACA each experienced growth in market share and retail consumption. OGILVIE increased its dollar market share to 66.2% of the home perms/straighteners category, which was a gain of 8.5 percentage points compared to 1999. The introduction of OGILVIE Straightener and 7-Day Curls helped increase our retail consumption 12.8% in 2000 and slowed the declining trend experienced in the category. BINACA increased its dollar market share to 46.7% of the breath freshener (spray and drops) category, which was a gain of 5.7 percentage points compared to 1999. The successful introduction of FAST BLAST and more front-end store placements helped increase our retail consumption 5.4% despite a 7.4% decline in the category. While our dollar market share and consumption growth for OGILVIE and BINACA were strong in 2000, we believe net sales were negatively impacted by a reduction in trade inventories.

INTERNATIONAL/CORPORATE SALES DIVISION--Net sales increased \$3.9 million, or 3%, to \$139.2 million in 2000. The increase was due primarily to higher net sales in the specialty classes of trade. Net sales in the U.S. specialty classes of trade were \$67.5 million in 2000, an increase of 5.9% compared to 1999. We believe this growth was due primarily to the increased focus on these distribution channels. Our international net sales including our Canadian subsidiary were \$65.6 million in 2000, down 1.6% compared to 1999. The decrease was due primarily to a 1.7% decline in our Canadian subsidiary's net sales due to competitive pressures in Infant Care.

CONSOLIDATED GROSS PROFIT--Our consolidated gross profit increased \$22.7 million, or 5%, to \$479.2 million in 2000. As a percent of net sales, gross profit decreased 0.3 percentage points, to 57.6% in 2000. The dollar increase in gross profit was due primarily to our higher net sales and the lower gross margins were due primarily to costs associated with capacity constraints in Feminine Care, higher expenses related to Sun Care returns, costs associated with the pacifier

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PLAYTEX PRODUCTS, INC.
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recall and, to a lesser extent, product mix. Gross profit was positively impacted by 0.3 percentage points related to favorable pension income in 2000.

CONSOLIDATED PRODUCT CONTRIBUTION--Our consolidated product contribution increased \$5.0 million, or 2%, to \$292.6 million in 2000. The increase was due to our higher net sales. As a percent of net sales, product contribution decreased 1.3 percentage points to 35.2% in 2000. The decrease was primarily the result of higher overall advertising and sales promotion expenses as a percentage of net sales as we defended against an unusually high level of competitive activity and, to a lesser extent, lower gross margins.

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PERSONAL PRODUCTS DIVISION--Product contribution increased \$2.1 million, or 1%, to \$183.8 million in 2000. The increase was due primarily to higher net sales. As a percent of net sales, product contribution decreased 2.0 percentage points to 37.8% in 2000. The decrease was primarily the result of costs associated with capacity constraints in our Feminine Care business, lower gross margins in our Infant Care businesses due primarily to the impact of costs associated with the pacifier recall, and higher overall advertising and sales promotion expenses as a percentage of net sales.

CONSUMER PRODUCTS DIVISION--Product contribution decreased \$3.6 million, or 6%, to \$57.1 million in 2000. As a percent of net sales, product contribution decreased 3.2 percentage points to 27.8% in 2000. The decreases were due primarily to higher advertising and sales promotion expenses as a percent of net sales in our Sun Care and WOOLITE businesses, higher expenses associated with Sun Care returns and, to a lesser extent, product mix.

INTERNATIONAL/CORPORATE SALES DIVISION--Product contribution increased \$1.7 million, or 3%, to \$55.1 million in 2000. The increase in product contribution was due primarily to higher net sales. As a percent of net sales, product contribution increased 0.1 percentage points to 39.6% in 2000. The increase was due primarily to higher net sales in our corporate sales channel, which generally has better margins than the other channels of distribution included in this division.

CONSOLIDATED OPERATING EARNINGS--Our consolidated operating earnings decreased \$7.3 million, or 5%, to \$147.9 million in 2000. The decrease in operating earnings was the result of lower consolidated product contribution as discussed and higher selling, distribution, research and administrative expenses reflecting normal inflationary increases and the full year impact of the 1999 acquisitions.

CONSOLIDATED INTEREST EXPENSE--Our consolidated interest expense increased \$5.9 million, or 7%, to \$84.9 million in 2000. Average debt for 2000 exceeded the prior year by approximately \$14.6 million, or 2%, due primarily to the purchases of the DIAPER GENIE business in January 1999 and the BABY MAGIC business in June 1999. The impact of the additional debt was compounded by higher weighted average interest rates in 2000 compared to 1999. Our weighted average variable interest rate in 2000 was 7.76% compared to 6.75% in 1999.

CONSOLIDATED INCOME TAXES--Our consolidated income taxes decreased \$4.7 million, or 15%, to \$27.5 million in 2000. As a percent of pre-tax earnings, our effective tax rate increased 1.4 percentage points to 43.6% of pre-tax earnings in 2000. Our effective tax rate increases as the portion of goodwill amortization that is non-deductible for tax purposes becomes a larger portion of operating earnings.

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PLAYTEX PRODUCTS, INC.
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LIQUIDITY AND CAPITAL RESOURCES

On May 22, 2001, we completed a refinancing of our senior indebtedness (the "Refinancing Transaction"). We issued \$350.0 million principal amount of 9 3/8% Senior Subordinated Notes due 2011 (the "9 3/8% Notes"), entered into a new

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senior secured credit facility consisting of a new six-year \$100.0 million term A loan facility (the "'07-Term A Loan"), a new eight-year \$400.0 million term B loan facility (the "'09-Term B Loan"), and a new six-year \$125.0 million revolving credit facility. In addition, we entered into a receivables purchase agreement (the "Receivables Facility") with a third party through a newly formed, wholly owned, special purpose bankruptcy remote subsidiary, Playtex A/R LLC. The total amount available to us under the Receivables Facility is up to \$100.0 million, depending on: the amount of receivables generated by us and sold to Playtex A/R LLC, the rate of collection on those receivables, and other characteristics of the receivables pool which affects their eligibility (see Note 8). The net proceeds from the Refinancing Transaction and the Receivables Facility, were used to pay-off all outstanding balances under our prior credit agreement and costs associated with the Refinancing Transaction. In addition, we extinguished our 9% Notes and our 8 7/8% Notes.

At December 29, 2001, our working capital (current assets net of current liabilities) increased \$33.6 million to \$107.8 million compared to \$74.2 million at December 30, 2000.

- o Total current assets decreased \$26.5 million at December 29, 2001 compared to December 30, 2000. The decrease was primarily the result of the sale of an undivided fractional share of all eligible accounts receivable as part of the Receivables Facility. Our receivables decreased \$98.5 million, primarily as a result of the sale of receivables to Playtex A/R LLC in conjunction with our Receivables Facility. This was offset by a \$51.2 million retained interest in receivables, which represents our interest in the receivables portfolio net of the undivided fractional interest that was sold to a third party. Cash balances increased by \$23.7 million at December 29, 2001 compared to December 30, 2000 and all other current assets decreased by \$2.9 million compared to December 30, 2000.
- o Total current liabilities decreased \$60.0 million at December 29, 2001 compared to December 30, 2000. The decrease was primarily the result of reductions in our current maturities of long-term debt. We reduced our current maturities of long-term debt by \$45.1 million at December 29, 2001 compared to December 30, 2000 as a result of the Refinancing Transaction and prepayment of certain debt balances under the new credit agreement. In addition, we reduced accounts payable by \$7.9 million, accrued expenses by \$4.4 million, and income taxes payable by \$2.6 million compared to December 30, 2000.

Our net cash flows from operations increased \$48.2 million, or 61%, to \$126.9 million in fiscal 2001. The growth in cash generated from operations was primarily due to the establishment of the Receivables Facility and the subsequent sale of an undivided fractional interest in receivables to a third party. At December 29, 2001, the undivided fractional interest in receivables sold to a third party was \$56.5 million. The Receivables Facility favorably impacted our net cash flows from operations, as we were able to turn accounts receivables into cash at a faster rate than in prior years. We believe our net cash flows from operations will return to levels comparable to 2000 and 1999 depending on operating results and the use of the Receivables Facility in a manner similar to fiscal 2001.

Capital expenditures for equipment and facility improvements were \$20.0 million for the twelve months ended December 29, 2001. These expenditures were used primarily to support new products, expand capacity in key product areas, upgrade production equipment, invest in new technologies, and improve our facilities. Capital expenditures for 2002 are expected to be in the range of \$20.0 to \$23.0 million, in line with recent expenditure levels.

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At December 29, 2001, long-term debt (including current portion but excluding obligations due to related party) was \$888.8 million compared to \$931.6 million at December 30, 2000. This debt reduction was primarily the result of the establishment of the Receivables Facility and the prepayment of principal resulting from cash generated from operations. This was partially offset by borrowings associated with the payment of fees and expenses associated with the debt refinancing. Since the Refinancing Transaction, we have prepaid \$21.0 million of scheduled principal payments on the

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'07-Term A Loan and \$3.5 million of scheduled principal payments on the '09-Term B Loan. Our fixed principal debt repayment obligations at December 29, 2001 are (excluding balances outstanding under the Revolving Credit Facility and due to related party):

- | | |
|---------------------------|--------------------------------|
| o \$67.7 million in 2004, | o \$13.4 million in 2007, |
| o \$24.4 million in 2005, | o \$195.8 million in 2008, and |
| o \$25.4 million in 2006, | o \$545.1 million thereafter. |

We do not have any debt obligations due prior to fiscal 2004. However, commencing with our fiscal 2002 year end, we may be required to make mandatory principal repayments in accordance with the excess cash flow calculation as defined in our credit agreement.

We intend to fund our operating cash, capital expenditures and debt service requirements through cash flow generated from operations, proceeds from the Receivables Facility, and borrowings under the Revolving Credit Facility through fiscal 2007. However, we do not expect to generate sufficient cash flow from operations to make the scheduled principle payments on the '09-Term B Loan due in fiscal 2008 and 2009, which collectively total \$390.9 million. In addition, we do not expect to generate sufficient cash flow from operations to make the \$350.0 million scheduled principal payment on the 9 3/8% Notes due in fiscal 2011. Accordingly, we will have to either refinance our obligations, sell assets or raise equity capital to repay the principal amounts of these obligations. Historically, our cash flows from operations and refinancing activities have enabled us to meet all of our obligations. However, we can not guarantee that our operating results will continue to be sufficient or that future borrowing facilities will be available for the payment or refinancing of our debt on economically attractive terms.

The Revolving Credit Facility provides for borrowings of up to \$125.0 million and matures on May 22, 2007. At December 29, 2001, we had \$105.8 million available to borrow under the Revolving Credit Facility. At December 29, 2001, the undivided fractional interest sold by Playtex A/R LLC to a third party commercial paper conduit under the Receivables Facility was \$56.5 million.

Terms of the new senior secured credit facility require us to meet certain financial tests and also include conditions or restrictions on:

- | | |
|-------------------------------|-----------------------------|
| o new indebtedness and liens, | o dividends and other |
| o major acquisitions or | distributions, and |
| mergers, | o the application of excess |
| o capital expenditures and | cash flow. |
| asset sales, | |

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The terms of the 9 3/8% Notes contain similar restrictions.

Since the beginning of 1998, we have made a number of acquisitions and financed them by borrowing additional money, issuing a convertible note and shares of our Common Stock. We will continue to consider acquisitions of other companies or businesses that may require us to seek additional debt or equity financing. As we cannot assure you that such financing will be available to us, our ability to expand our operations through acquisitions may be restricted.

Inflation in the United States and Canada has not had a significant effect on our operations during recent periods.

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PLAYTEX PRODUCTS, INC.
PART I - FINANCIAL INFORMATION
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CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in accordance with generally accepted accounting principles requires us to make estimates and assumptions. These estimates and assumptions affect:

- o the reported amounts and timing of revenue and expenses,
- o the reported amounts and classification of assets and liabilities, and
- o the disclosure of contingent liabilities.

Actual results could vary from our estimates and assumptions. These estimates and assumptions are based on historical results, assumptions that we make as well as assumptions by third parties.

The level of reserves for Sun Care product returns, bad debts and advertising and promotional costs are three areas that you should be aware of.

- o In accordance with industry practice, we allow our customers to return unsold Sun Care products at the end of the sun care season. We record sales at the time the products are shipped and title transfers. Simultaneously, we reduce sales and cost of sales, and reserve amounts on our balance sheet for anticipated returns based upon an estimated return level, in accordance with generally accepted accounting principles. The level of returns may fluctuate from our estimates due to several factors including weather conditions, customer inventory levels, and competitive conditions. There are, however, a number of uncertainties associated with Sun Care returns as noted above. Based on our 2001 Sun Care results, a 1 % change in our return rates would have impacted our reported net sales by \$1.3 million and our reported operating earnings by \$1.1 million.
- o The extension of trade credit carries with it the chance that the customer may not pay for the goods when payment is due. We review our receivables portfolio and provide reserves for potential bad debts including those we know about and those that have not been identified but may exist due to the risk associated with the granting of credit. The estimated reserves required to cover potential losses, which are unknown as of the balance sheet date, are developed using historical experience. The adequacy of the estimated reserve may be impacted by the deterioration of a large

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customer and/or significant weakness in the economic environment resulting in a higher level of customer bankruptcy filings. See Schedule II-Valuation and Qualifying Accounts in the fiscal 2001 Annual Report on Form 10-K for information regarding actual bad debt write-offs.

- o The nature of our advertising and promotional activities requires the use of estimates to record certain expenses and liabilities. These expenditures are primarily for television, radio and print advertising and production as well as consumer and trade incentives such as coupons and other price promotional activities. Actual costs associated with the redemption of coupons and other price promotional activities are not always known as of the balance sheet date and are estimated based on historical statistics and experience.

RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2000, the Emerging Issues Task Force ("EITF") of the Financial Accounting Standards Board ("FASB") reached a consensus on Issue No. 00-14, "Accounting for Certain Sales Incentives." In April of 2001, the EITF of the FASB reached a consensus on Issue No. 00-25, "Vendor Income Statement Characterization of Consideration from a Vendor to a Reseller." Both of these Issues became effective for us in the first quarter of 2002. These issues address the recognition, measurement, and income statement classification for certain advertising, promotional and cooperative spending activities. These issues will require reclassification of our net sales and certain advertising and promotion expenses. These reclassifications will reduce both our net sales and advertising and promotion expenses by equal and offsetting amounts. This will not have any impact on our reported operating earnings, net income, or earnings per share. They will, however, lower our reported gross margins and advertising and sales promotion expenses as a percent of net sales, while increasing

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PLAYTEX PRODUCTS, INC.
PART I - FINANCIAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

our operating earnings margin. When we reclassify our statements of earnings in fiscal 2002, as a result of these rules, both reported net sales and advertising and sales promotional expenses will be reduced by \$106.5 million, \$98.0 million, and \$92.2 million for fiscal 2001, 2000, and 1999, respectively.

In July 2001, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 applies to all business combinations with a closing date after June 30, 2001. This statement eliminates the pooling-of-interests method of accounting and further clarifies the criteria for recognition of intangible assets separately from goodwill.

SFAS No. 142 eliminates the amortization for goodwill and for other indefinite-lived intangible assets, such as trademarks, and initiates an annual review for impairment of these items. Identifiable intangible assets, like patents, with a definite useful life will continue to be amortized. We adopted SFAS No. 142 effective December 30, 2001, the start of our fiscal year 2002. Upon adoption, we ceased the amortization of: (a) all of our remaining net goodwill balance and (b) trademarks that are determined to have indefinite lives. We will perform impairment tests on our goodwill and indefinite-lived

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intangible assets based on a fair value concept within the prescribed time lines of SFAS No. 142. Since we will no longer amortize goodwill or other intangible assets with indefinite lives, we anticipate our amortization expense will be reduced from \$22 million in 2001 to approximately \$1 million in 2002. This change will favorably impact our earnings per share by approximately \$0.28 in 2002 based on the diluted shares outstanding at December 29, 2001. As of December 29, 2001, we had net unamortized goodwill of \$494.2 million and net unamortized trademarks and patents of \$159.5 million. For fiscal 2001, we had goodwill amortization expense of \$16.8 million and trademark and patent amortization expense of \$5.3 million.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes both SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for the disposal of a segment of a business (as previously defined in that Opinion). SFAS No. 144 retains the fundamental provisions in SFAS No. 121 for recognizing and measuring impairment losses on long-lived assets held for use and long-lived assets to be disposed of by sale, while also resolving significant implementation issues associated with SFAS No. 121. We adopted the provisions of SFAS No. 144 during the first quarter of 2002. We are currently evaluating this new Statement and have not determined whether its provisions will have any impact on our financial statements.

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PLAYTEX PRODUCTS, INC.

CONSOLIDATED STATEMENTS OF EARNINGS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	----- DECEMBER 29, 2001 -----
Net sales.....	\$ 830,048
Cost of sales.....	355,394

Gross profit.....	474,654

Operating expenses:	
Advertising and sales promotion.....	189,362
Selling, distribution and research.....	96,695
Administrative.....	32,546
Amortization of intangibles.....	22,060

Total operating expenses.....	340,663

Operating earnings.....	133,991
Interest expense including related party interest expense of \$12,150, net of related party interest income of \$12,003 for all periods presented.....	75,861
Other expenses.....	2,103

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Earnings before income taxes.....	56,027
Income taxes.....	25,146

Earnings before extraordinary loss.....	30,881

Extraordinary loss on early extinguishment of debt, net of \$12,829 tax benefit....	(19,336)

Net earnings.....	\$ 11,545
	=====
Earnings per share before extraordinary loss:	
Basic.....	\$.51
Diluted.....	\$.51
Earnings per share:	
Basic.....	\$.19
Diluted.....	\$.19
Weighted average common shares and equivalent common shares outstanding:	
Basic.....	61,007
Diluted.....	61,115

See the accompanying notes to consolidated financial statements.

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PLAYTEX PRODUCTS, INC.

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE DATA)

ASSETS

Current assets:

Cash.....	
Receivables, less allowance for doubtful accounts.....	
Retained interest in receivables.....	
Inventories.....	
Deferred income taxes, net.....	
Other current assets.....	
Total current assets.....	
Net property, plant and equipment.....	
Intangible assets, net:	
Goodwill.....	
Trademarks, patents and other.....	
Deferred financing costs.....	
Due from related party.....	
Other noncurrent assets.....	
Total assets.....	

LIABILITIES AND STOCKHOLDERS' EQUITY

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Current liabilities:

Accounts payable.....	
Accrued expenses.....	
Income taxes payable.....	
Current maturities of long-term debt.....	
Total current liabilities.....	
Long-term debt.....	
Due to related party.....	
Other noncurrent liabilities.....	
Deferred income taxes, net.....	
Total liabilities.....	

Stockholders' equity:

Common stock, \$0.01 par value, authorized 100,000,000 shares, issued and outstanding 61,044,199 shares at December 29, 2001 and 60,970,899 shares at December 30, 2000.....	
Additional paid-in capital.....	
Retained earnings (deficit).....	
Accumulated other comprehensive earnings.....	
Total stockholders' equity.....	
Total liabilities and stockholders' equity.....	

See the accompanying notes to consolidated financial statements.

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PLAYTEX PRODUCTS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

AND ACCUMULATED OTHER COMPREHENSIVE EARNINGS

(IN THOUSANDS)

	COMMON SHARES OUTSTANDING	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)
	-----	-----	-----	-----
Balance, December 26, 1998.....	60,402	\$ 604	\$ 518,179	\$ (656,83
Net earnings.....	--	--	--	44,07
Other comprehensive earnings.....	--	--	--	--
Comprehensive earnings.....				
Stock issued to employees exercising stock options.....	160	1	1,632	--
Balance, December 25, 1999.....	60,562	605	519,811	(612,76
Net earnings.....	--	--	--	35,54
Other comprehensive earnings.....	--	--	--	--

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Comprehensive earnings.....				
Stock issued to employees exercising stock options.....	409	4	3,895	-
	-----	-----	-----	-----
Balance, December 30, 2000.....	60,971	609	523,706	(577,22)
Net earnings.....	--	--	--	11,54
Other comprehensive earnings.....	--	--	--	--
Comprehensive earnings.....				
Stock issued to employees exercising stock options.....	73	1	678	-
	-----	-----	-----	-----
Balance, December 29, 2001.....	61,044	\$ 610	\$ 524,384	\$ (565,67)
	=====	=====	=====	=====

See the accompanying notes to consolidated financial statements.

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PLAYTEX PRODUCTS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

	DECEMBER 29, 2001

Cash flows from operations:	
Net earnings.....	\$ 11,545
Non-cash items included in earnings:	
Extraordinary loss, net of tax benefits.....	19,336
Amortization of intangibles.....	22,060
Amortization of deferred financing costs.....	2,923
Depreciation.....	13,140
Deferred income taxes.....	12,902
Other, net.....	(1,016)
Changes in working capital items, net of effects of business acquisitions and divestitures:	
Decrease (increase) in receivables and retained interests.....	47,241
Decrease (increase) in inventories.....	3,133
(Increase) decrease in other current assets.....	(1,377)
(Decrease) increase in accounts payable.....	(7,932)
Increase (decrease) in income taxes payable, net of impact of the extraordinary loss.....	10,292
(Decrease) increase in accrued expenses and other liabilities.....	(5,312)

Net cash flows from operations.....	126,935
Cash flows used for investing activities:	
Purchases of property, plant and equipment.....	(19,950)
Businesses and intangible assets acquired, net.....	(500)

Net cash flows used for investing activities.....	(20,450)

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Cash flows (used for) provided by financing activities:	
Net borrowings (repayments) under working capital credit facilities.....	17,000
Long-term debt borrowings.....	850,000
Long-term debt repayments.....	(909,763)
Payment of debt extinguishment fees and related expenses.....	(21,177)
Payment of financing costs.....	(19,500)
Issuance of shares of common stock.....	679

Net cash flows (used for) provided by financing activities.....	(82,761)
Increase in cash.....	23,724
Cash at beginning of period.....	10,282

Cash at end of period.....	\$ 34,006
	=====
Supplemental disclosures of cash flow information	
Cash paid during the periods for:	
Interest.....	\$ 77,773
Income taxes, net of refunds.....	\$ 1,926

See the accompanying notes to consolidated financial statements.

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION--Our consolidated financial statements include the accounts of Playtex Products, Inc. and all of our subsidiaries ("Playtex Products, Inc."). All significant intercompany balances have been eliminated.

REVENUE RECOGNITION--Revenues are recognized when we ship our products to customers and title transfers. In accordance with industry practice, we allow customers to return unused Sun Care products after the summer season. We record sales at the time the products are shipped and title transfers. Simultaneously, we reduce sales and cost of sales and reserve amounts on our balance sheet for anticipated returns based upon an estimated return level, in accordance with generally accepted accounting principles.

ADVERTISING AND SALES PROMOTION COSTS--Costs incurred for producing and communicating advertising, coupon and cooperative advertising programs are expensed when incurred.

SHIPPING AND HANDLING COSTS--Freight costs are included in cost of goods sold in the Consolidated Statements of Earnings.

INVENTORIES--Inventories are stated at the lower of cost (first-in, first-out basis) or market. Inventory costs include material, labor and manufacturing overhead.

NET PROPERTY, PLANT AND EQUIPMENT--Property, plant and equipment are stated at cost and depreciated on the straight-line method over the estimated useful life of the asset. Our estimated useful life for significant fixed asset classes is as follows:

- o land improvements range from
- o machinery and equipment range

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- o 15 to 40 years, building and improvements range from 20 to 40 years,
- o from 4 to 15 years, and furniture and fixtures range from 5 to 10 years.

INTANGIBLE AND LONG-LIVED ASSETS--Long-lived assets including fixed assets, goodwill, trademarks and patents are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, we estimate the undiscounted future cash flows to result from the use of the asset and its ultimate disposition. If the sum of the undiscounted cash flows is less than the carrying value, we recognize an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset. Upon adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets, we will cease the amortization of our remaining goodwill balance and trademarks that are determined to have indefinite lives. We will perform impairment tests on our indefinite-lived intangible assets based on a fair value concept.

DEFERRED FINANCING COST--Expenses incurred to issue long-term debt have been capitalized and are being amortized on a straight line basis which approximates the effective yield method over the life of the related debt agreements and are included as a component of interest expense in the Consolidated Statements of Earnings. These deferred costs, net of accumulated amortization, amounted to \$17.9 million and \$12.3 million at December 29, 2001 and December 30, 2000, respectively.

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES-- Deferred tax assets and liabilities are provided using the asset and liability method for temporary differences between financial and tax reporting bases using the enacted tax rates in effect for the period in which the differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred tax assets to amounts that we expect to recover.

FOREIGN CURRENCY TRANSLATION--Assets and liabilities of our foreign subsidiaries have been translated into U.S. dollars at year-end exchange rates. Revenues and expenses have been translated at average exchange rates for the year. Net foreign translation gains or losses are accumulated in a separate section of stockholders' equity titled "Accumulated Other Comprehensive Earnings."

INTEREST RATE PROTECTION AGREEMENTS--We selectively enter into interest rate protection agreements to reduce our financial risk associated with changing interest rates. We've used two types of interest rate protection agreements in the past:

- o Swaps, which are derivative financial instruments that involve trading of variable rate for fixed rate interest payments, and
- o Caps, which are derivative financial contracts that limit interest expense in the event interest rates rise above a predetermined rate.

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We do not utilize derivative financial instruments for trading or other speculative purposes. We currently are not a party to any interest rate protection agreements.

FISCAL YEAR--Our fiscal year end is on the last Saturday in December nearest to December 31 and, as a result, a fifty-third week is added every 6 or 7 years. Fiscal 2000 was a fifty-three week year. References to fiscal years 2001 and 1999 are for a fifty-two week period.

USE OF ESTIMATES--The preparation of financial statements in accordance with generally accepted accounting principles requires us to make estimates and assumptions. These estimates and assumptions affect:

- o the reported amounts and timing of revenue and expenses,
- o the reported amounts and classification of assets and liabilities, and
- o the disclosure of contingent liabilities.

Actual results could vary from our estimates and assumptions. We consider our critical management estimates to be related to Sun Care returns, bad debt provisions, and advertising and promotion expenses (see Management's Discussion and Analysis--Critical Accounting Policies). During 2001, we recorded additional reserves to cover higher than expected Sun Care returns from the 2000 season. Also, we reduced our reserves for certain advertising and sales promotion programs conducted prior to 2001 based on the actual costs of these programs versus our original estimates. The aggregate impact of the adjustments to the Sun Care and the advertising and sales promotion reserves was immaterial to 2001 reported operating earnings.

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. 1999 ACQUISITIONS AND DIVESTITURES

We made two acquisitions in 1999. We acquired the DIAPER GENIE business on January 29, 1999, for \$72.0 million in cash and \$50.0 million of 6% Convertible Subordinated Notes due 2004 (the "Convertible Notes") and we acquired the BABY MAGIC brand of infant-related toiletries for \$90.0 million in cash on June 30, 1999. We borrowed the cash portion of the deals from our prior credit facility and issued Convertible Notes, which have an interest rate of 6% and are convertible, at the holders' option, into approximately 2.6 million shares of our common stock. The conversion price is approximately \$19.15 per share. The notes will mature in 2004 and are currently callable by us.

The following pro forma results of operations for the twelve months ended December 25, 1999, assumes the acquisitions of DIAPER GENIE and BABY MAGIC had occurred on December 27, 1998. We did not adjust for any consolidation savings or other changes in revenues or expenses that we feel occurred as a result of our acquiring these businesses. As a result, the following pro forma financial information may not represent our operating results if we had acquired these businesses on December 27, 1998.

(unaudited, in thousands, except per share data)

TWELVE MONTHS
ENDED
DECEMBER 25,
1999

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Net sales	\$817,310
Net earnings	\$ 45,985
Earnings per share:	
Basic	\$.76
Diluted	\$.75
Weighted average shares outstanding:	
Basic	60,481
Diluted	62,553

Our results for the twelve months ended December 29, 2001 and December 30, 2000 include the operating results of the DIAPER GENIE and BABY MAGIC acquisitions.

1999 DIVESTITURE

On May 12, 1999, we sold, on a break-even basis, for cash and future guaranteed minimum royalty payments, our U.S. and International JHIRMACK hair care business. We retained the Canadian JHIRMACK business.

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. COMPREHENSIVE EARNINGS

Foreign currency translation adjustment is the only reconciling item between net earnings and comprehensive earnings. For all of the periods presented, there were no material differences between net earnings and comprehensive earnings. Our comprehensive earnings for the last three fiscal years were (in thousands):

	TWELVE MONTHS ENDED		
	DECEMBER 29, 2001	DECEMBER 30, 2000	DECEMBER 25, 1999
Net earnings	\$ 11,545	\$ 35,544	\$ 44,071
Foreign currency translation adjustment .	(731)	(638)	403
Comprehensive earnings	\$ 10,814	\$ 34,906	\$ 44,474

4. BUSINESS SEGMENTS AND GEOGRAPHIC AREA INFORMATION

BUSINESS SEGMENTS

We are organized in three divisions, which are categorized as business segments in accordance with generally accepted accounting principles.

Our PERSONAL PRODUCTS DIVISION includes Infant Care and Feminine Care products sold in the United States primarily to mass merchandisers, grocery and drug classes of trade. The Infant Care product category includes the following

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brands:

Infant Feeding Products

- o PLAYTEX disposable nurser system
- o PLAYTEX cups and mealtime products
- o PLAYTEX reusable hard bottles
- o PLAYTEX pacifiers

Other Infant Care Products

- o DIAPER GENIE diaper disposal system
- o WET ONES hand and face towelettes
- o BABY MAGIC infant toiletries
- o BABY MAGIC baby wipes, and
- o MR. BUBBLE children's bubble bath

The Feminine Care product category includes a wide range of plastic and cardboard applicator tampons marketed under such brand names as PLAYTEX: GENTLE GLIDE, SILK GLIDE and SLIMFITS. In addition, the Feminine Care product category includes a personal cleansing wipe for use in feminine hygiene. This product was introduced in the first quarter of 2001.

Our CONSUMER PRODUCTS DIVISION includes Sun Care, Household Products, and Personal Grooming products sold in the United States primarily to mass merchandisers, grocery and drug classes of trade.

Sun Care

- o BANANA BOAT

Household Products

- o PLAYTEX gloves
- o WOOLITE rug and upholstery cleaning products

Personal Grooming

- | | |
|---|--|
| <ul style="list-style-type: none"> o OGILVIE home permanent products o BINACA breath freshener products o TUSSY deodorants | <ul style="list-style-type: none"> o DENTAX oral care products o TEK toothbrushes o DOROTHY GRAY skin care products, and o BETTER OFF depilatories |
|---|--|

In May 1999, we sold our U.S. JHIRMACK business.

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. BUSINESS SEGMENTS AND GEOGRAPHIC AREA INFORMATION (CONTINUED)

Our INTERNATIONAL/CORPORATE SALES DIVISION includes:

- | | |
|--|--|
| <ul style="list-style-type: none"> o Sales to specialty classes of trade in the United States including: warehouse clubs, military, convenience stores, specialty stores, and telemarketing | <ul style="list-style-type: none"> o export sales o sales in Puerto Rico o results from our Canadian and Australian subsidiaries, and o sales of private label tampons |
|--|--|

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The International/Corporate Sales Division sells the same products as available to our U.S. customers. In May 1999, we sold our International JHIRMACK business, excluding the Canadian business.

We evaluate division performance based on their product contribution excluding general corporate allocations. Product contribution is defined as gross profit less advertising and sales promotion expenses. All other operating expenses are managed at a corporate level and are not used by us to evaluate division results. We do not segregate assets, amortization, capital expenditures, or interest income and interest expense to divisions.

	TWELVE MONTHS ENDED			
	DECEMBER 29, 2001		DECEMBER 30, 2000	
	NET SALES	PRODUCT CONTRIBUTION	NET SALES	PRODUCT CONTRIBUTION
Personal Products.....	\$ 478,757	\$ 183,604	\$ 486,524	\$ 183,790
Consumer Products.....	205,699	52,875	205,599	57,111
International/Corporate Sales.....	145,592	56,911	139,220	55,146
Unallocated charges (1).....	--	(8,098)	--	(3,474)
Total consolidated.....	\$ 830,048	285,292	\$ 831,343	292,573

RECONCILIATION TO

OPERATING EARNINGS:

Selling, distribution and research.....	96,695	92,420
Administrative.....	32,546	29,866
Amortization of intangibles.....	22,060	22,350
Operating earnings.....	\$ 133,991	\$ 147,937

- (1) Certain unallocated corporate charges such as business license taxes, pension expense/income and product liability insurance are included in consolidated gross margin, but not included in the evaluation of division performance. We recorded pension income of \$1.7 million in fiscal 2001, \$4.3 million in fiscal 2000 and \$0.7 in 1999 (see Note 15).

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. BUSINESS SEGMENTS AND GEOGRAPHIC AREA INFORMATION (CONTINUED)

The amount of depreciation allocated to the divisions is as follows (dollars in thousands):

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	TWELVE MONTHS ENDED	
	DECEMBER 29, 2001	DECEMBER 30, 2000
Personal Products.....	\$ 7,165	\$ 6,332
Consumer Products.....	1,601	1,369
International/Corporate Sales.....	1,006	834
Depreciation included in product contribution.....	9,772	8,535
Depreciation not allocated to divisions.....	3,368	3,012
Consolidated depreciation.....	\$ 13,140	\$ 11,547

GEOGRAPHIC AREA INFORMATION

Net sales and product contribution represents sales to unaffiliated customers only. Intergeographic sales and transfers between geographic areas are minimal and are not disclosed separately. Net sales and product contribution within the United States includes all 50 states and its territories. Corporate charges that are not allocated to divisions (see preceding table) are included in product contribution for the United States. International net sales and product contribution represents business activity outside of the United States and its territories.

	TWELVE MONTHS ENDED			
	DECEMBER 29, 2001		DECEMBER 30, 2000	
	NET SALES	PRODUCT CONTRIBUTION	NET SALES	PRODUCT CONTRIBUTION
United States.....	\$ 764,771	\$ 265,568	\$ 765,779	\$ 271,238
International.....	65,277	19,724	65,564	21,335
Total.....	\$ 830,048	\$ 285,292	\$ 831,343	\$ 292,573

Identifiable assets by geographic area represent those assets that are used in our operations in each area.

Identifiable Assets

United States.....
International.....
Total.....

PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. BALANCE SHEET COMPONENTS

The components of certain balance sheet accounts are as follows (in thousands):

	DECEMBER 29, 2001	DECEMBER 30, 2000
	-----	-----
Cash.....	\$ 27,103	\$ 10,282
Cash--lock box (1).....	6,903	--
	-----	-----
Net.....	\$ 34,006	\$ 10,282
	=====	=====

(1) Cash held in lock box pending weekly settlement procedure for Receivables Facility (see Note 8).		
Receivables.....	\$ 33,767	\$ 133,207
Less allowance for doubtful accounts.....	(1,276)	(2,237)
	-----	-----
Net.....	\$ 32,491	\$ 130,970
	=====	=====
Inventories:		
Raw materials.....	\$ 23,715	\$ 25,140
Work in process.....	1,934	1,747
Finished goods.....	56,544	58,439
	-----	-----
Total.....	\$ 82,193	\$ 85,326
	=====	=====
Net property, plant and equipment:		
Land.....	\$ 2,376	\$ 2,376
Buildings.....	41,047	38,601
Machinery and equipment.....	186,557	173,226
	-----	-----
	229,980	214,203
Less accumulated depreciation.....	(105,219)	(96,048)
	-----	-----
Net.....	\$ 124,761	\$ 118,155
	=====	=====
Goodwill.....	\$ 667,031	\$ 667,031
Less accumulated amortization.....	(172,844)	(156,036)
	-----	-----
Net.....	\$ 494,187	\$ 510,995
	=====	=====

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Trademarks, patents, and other.....	\$ 182,714	\$ 182,214
Less accumulated amortization.....	(23,198)	(17,946)
	-----	-----
Net.....	\$ 159,516	\$ 164,268
	=====	=====
Deferred financing costs.....	\$ 19,500	\$ 26,076
Less accumulated amortization.....	(1,569)	(13,742)
	-----	-----
Net.....	\$ 17,931	\$ 12,334
	=====	=====
Accrued expenses:		
Advertising and sales promotion.....	\$ 20,687	\$ 23,519
Employee compensation and benefits.....	14,743	13,912
Interest.....	6,398	11,233
Insurance.....	3,238	3,200
Other.....	20,310	17,936
	-----	-----
Total.....	\$ 65,376	\$ 69,800
	=====	=====

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. DUE FROM RELATED PARTY

Our business is unrelated to the business of Playtex Apparel, Inc. ("Apparel"), which was spun-off from us in 1988 in a reorganization of the Company. Two of our former directors and senior executive officers are general partners of the investor group (the "Apparel Partnership"), which controlled Apparel until they were later sold. Playtex Investment Corp., one of our wholly-owned subsidiaries, is the holder of 15% debentures issued by the Apparel Partnership due December 15, 2003. Interest on the debentures is payable annually in cash or additional debentures. The Apparel Partnership decided to make their debenture payments in additional debentures through their December 15, 1993 payment and have paid in cash since then. The obligations of the Apparel Partnership are nonrecourse to the partners of the Apparel Partnership. The unaudited assets of the Apparel Partnership are Sara Lee Corporation common stock with a market value at December 29, 2001 and December 30, 2000 of approximately \$5.9 million and \$6.5 million, cash of approximately \$1.1 million and \$0.8 million and our 15 1/2% subordinated notes held by them (see Note 10). We believe their debentures, which we hold, represent their only material liability.

7. LONG-TERM DEBT

Long-term debt, excluding amounts due to related party, consists of the following (in thousands):

DECEMBER 29,
2001

DECEMBER 30
2000

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Variable rate indebtedness:

'07-Term A Loan.....	\$ 76,000	\$ --
'09-Term B Loan.....	395,800	--
Revolving Credit Facility.....	17,000	--
Term A Loan.....	--	129,813
Term Loan.....	--	241,750

Fixed rate indebtedness:

9 3/8% Senior Subordinated Notes due 2011.....	350,000	--
6% Convertible Subordinated Notes due 2004.....	50,000	50,000
8 7/8% Senior Notes due 2004.....	--	150,000
9% Senior Subordinated Notes due 2003.....	--	360,000
	-----	-----
	888,800	931,563
Less current maturities.....	--	(45,125)
	-----	-----
Total long-term debt.....	\$ 888,800	\$ 886,438
	=====	=====

On May 22, 2001, we completed a refinancing of our senior indebtedness (the "Refinancing Transaction"). As part of the Refinancing Transaction we issued:

- o \$350.0 million principal amount of 9 3/8% Senior Subordinated Notes due June 1, 2011 (the "9 3/8% Notes").
- o A new senior secured credit facility (the "Senior Secured Credit Facility") consisting of:
 - > a new six-year \$100.0 million term A loan facility (the "'07-Term A Loan"),
 - > a new eight-year \$400.0 million term B loan facility (the "'09-Term B Loan"), and
 - > a new six-year \$125.0 million revolving credit facility (the "Revolving Credit Facility").

In addition, we entered into a receivables purchase agreement (the "Receivables Facility") with a third party through a newly formed wholly-owned consolidated special purpose bankruptcy remote subsidiary of ours, Playtex A/R LLC. The total amount available to us under the Receivables Facility is up to \$100.0 million, depending primarily on the amount of receivables generated by us, the rate of collection on those receivables, and other characteristics of the receivables pool which affects their eligibility (see Note 8).

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. LONG-TERM DEBT (CONTINUED)

The net proceeds from the Refinancing Transaction and the Receivables Facility were used to pay-off all of our outstanding indebtedness, except, for the Convertible Notes. The result of these transactions enabled us to significantly extend our near term principal debt repayment obligations.

Our indebtedness at December 29, 2001 consists of \$400.0 million in fixed

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rate debt and \$488.8 million of variable rate debt. Our fixed rate debt consists of the 9 3/8% Notes and the Convertible Notes and our variable rate debt consists of the amounts borrowed under the '07-Term A Loan, '09-Term B Loan, and the Revolving Credit Facility.

We pay interest on the 9 3/8% Notes semi-annually on June 1 and December 1 of each year. At any time prior to June 1, 2004, we may redeem up to 35% of the principal amount of the 9 3/8% Notes with the proceeds of one or more equity offerings at a redemption price of 109.375% of the principal amount, plus accrued and unpaid interest to the redemption date. We do not have the option to redeem the 9 3/8% Notes from June 1, 2004 through May 31, 2006. At our option, we may redeem the notes on or after June 1, 2006 at the redemption prices (expressed as a percentage of principal amount) listed below plus accrued and unpaid interest to the redemption date.

Year	Percentage
----	-----
2006.....	104.688
2007.....	103.125
2008.....	101.563
2009 and thereafter.....	100.000

The Convertible Notes are currently redeemable by us, in whole or in part, at our option at a redemption price equal to 100% of the principal amount, together with accrued and unpaid interest to the redemption date. The Convertible Notes are convertible into approximately 2.6 million shares of our common stock. The conversion price is approximately \$19.15 per common share. The Convertible Notes mature on January 31, 2004.

The '07-Term A Loan matures on May 31, 2007. We prepaid \$21.0 million of scheduled semi-annual principal payments on the '07-Term A Loan during fiscal 2001. Our next scheduled semi-annual principal payment on the '07-Term A Loan is the May 31, 2004 payment. The remaining scheduled semi-annual payments amount to: \$17.0 million in 2004, \$23.0 million in 2005, \$24.0 million in 2006, and \$12.0 million in 2007.

The '09-Term B Loan matures on May 31, 2009. We prepaid \$3.5 million of scheduled semi-annual principal payments on the '09-Term B Loan during fiscal 2001. Our next scheduled semi-annual principal payment on the '09-Term B Loan is the November 30, 2004 payment. The remaining scheduled semi-annual payments amount to \$0.7 million in 2004, \$1.4 million in 2005, \$1.4 million in 2006, \$1.4 million in 2007, \$195.8 million in 2008, and \$195.1 million in 2009.

Loans made under the Revolving Credit Facility will mature on May 22, 2007. At December 29, 2001, we had \$105.8 million of unused borrowings available to us under the Revolving Credit Facility.

We periodically use financial instruments, such as derivatives, to manage the impact of interest rate changes on our variable rate debt. In connection with the Refinancing Transaction, our interest rate swap agreements related to our prior credit agreement were terminated. At December 29, 2001, we were not a party to any derivative or other type of financial instrument that hedged the impact of interest rate changes on our variable rate debt. Based on our interest rate exposure at December 29, 2001, a 1% increase in interest rates would result in an estimated \$4.9 million of additional interest expense on an annualized

basis.

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. LONG-TERM DEBT (CONTINUED)

The rates of interest we pay on our variable rate debt are, at our option, a function of various alternative short term borrowing rates.

- o Our weighted average variable interest rate for fiscal 2001, 2000, and 1999 was: 6.85%, 7.76% and 6.75%.
- o At December 29, 2001, our variable interest rate was 5.19% compared to 8.16% at December 30, 2000.

The provisions of the credit agreement for our Senior Secured Credit Facility (the "Credit Agreement") require us to meet certain financial covenants and ratios and include limitations and restrictions, including:

- | | |
|--|---|
| <ul style="list-style-type: none">o indebtedness and liens,o major acquisitions or mergers,o capital expenditures and asset sales, | <ul style="list-style-type: none">o certain dividends and other distributions,o the application of excess cash flow, ando prepayment and modification of all indebtedness or equity capitalization. |
|--|---|

The 9 3/8% Notes also contain certain restrictions and requirements. Under the terms of each of these agreements, payment of cash dividends on our common stock is restricted. Certain of our wholly owned subsidiaries are guarantors of the 9 3/8% Notes (see Note 19).

Our required principal repayments are (excluding balances outstanding under the Revolving Credit Facility and due to related party):

- | | |
|---|--|
| <ul style="list-style-type: none">o \$67.7 million in 2004,o \$24.4 million in 2005,o \$25.4 million in 2006, | <ul style="list-style-type: none">o \$13.4 million in 2007,o \$195.8 million in 2008, ando \$545.1 million thereafter. |
|---|--|

We do not have any debt obligations due prior to fiscal 2004. However commencing with our fiscal 2002 year end, we may be required to make mandatory principal repayments on the '07-Term A Loan and '09-Term B Loan per the excess cash flow calculation as defined in our Credit Agreement.

8. RECEIVABLES FACILITY

On May 22, 2001, we entered into the Receivables Facility through a wholly-owned, newly formed, special purpose bankruptcy remote subsidiary of ours; Playtex A/R LLC. Through the Receivables Facility, we sell on a continuous basis to Playtex A/R LLC substantially all of our domestic customers' trade invoices that we generate. Playtex A/R LLC sells to a third-party commercial paper conduit (the "Conduit") an undivided fractional ownership interest in these trade accounts receivable. The Conduit issues short-term commercial paper to finance the purchase of the undivided fractional interest in the receivables. The total funding available to us on a revolving basis under the Receivables Facility is up to \$100.0 million, depending primarily on: the amount of

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receivables generated by us and sold to Playtex A/R LLC, the rate of collection on those receivables, and other characteristics of the receivables pool which affects their eligibility. Our Retained Interest in Receivables represents our subordinated fractional undivided interest in receivables sold to Playtex A/R LLC and the net unamortized deferred financing costs incurred by Playtex A/R LLC.

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. RECEIVABLES FACILITY (CONTINUED)

We have agreed to continue servicing the sold receivables at market rates; accordingly, no servicing asset or liability has been recorded. Playtex A/R LLC shares credit risk with the Conduit as the undivided fractional interest in the receivables are sold without recourse. We believe, however, that Playtex A/R LLC has most of the credit risk associated with customers that do not pay, as the Conduit has preferential treatment with regard to cash settlement procedures and other conditions that limit their credit exposure. Our retained interest in receivables will be negatively impacted if Playtex A/R LLC writes-off any receivable balances. We believe the Receivables Facility is beneficial to us as: (1) we convert trade receivables to cash faster, and (2) although we sell our invoices to Playtex A/R LLC at a discount and pay fees to the Conduit, these expenses are lower than our borrowing costs under our Credit Agreement.

At December 29, 2001, Playtex A/R LLC had approximately \$107.5 million of receivables, of which \$56.5 million of undivided fractional interest therein was sold to the Conduit. Since May 22, 2001, we sold in aggregate approximately \$569.0 million of accounts receivable to Playtex A/R LLC. In return, we've received from Playtex A/R LLC approximately \$516.8 million of cash.

We sell receivables at a discount, which is included in Other Expenses in the Consolidated Statements of Earnings. This discount, which was \$2.1 million in fiscal 2001, reflects the estimated fees required by the Conduit to purchase a fractional undivided interest in the receivables. The fees are based on the payment characteristics of the receivables, most notably their average life, interest rates in the commercial paper market and historical credit losses. Also included in Other Expenses is the impact of the amortization of deferred financing costs incurred by Playtex A/R LLC to establish the Receivables Facility.

We account for the sale of accounts receivable to Playtex A/R LLC and related transactions with the Conduit in accordance with Statement of Financial Accounting Standards ("SFAS") No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." At the time the receivables are sold, the balances are removed from our balance sheet. Playtex A/R LLC pays fees on the value of the undivided interest of the receivables sold to the conduit equal to the 30 day LIBOR rate, which is reset weekly. In addition, Playtex A/R LLC pays a 0.25% per annum fee on the utilized portion of the Receivables Facility and a 0.45% per annum liquidity fee on the entire committed amount of the Receivables Facility. Because of the short-term nature, generally less than 60 days, of our trade accounts receivable sold to Playtex A/R LLC and the historically low credit risk associated with these receivables, the carrying value of our Retained Interest in Receivables approximates the fair value.

Commitments under the Receivables Facility have terms of 364 days, which

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may be renewed annually at the option of the Conduit for up to three years upon satisfaction of certain conditions. The Receivables Facility may be terminated prior to its term in the event of:

- o nonpayment of fees or other amounts when due,
- o violation of covenants,
- o failure of any representation or warranty to be true in all material respects when made,
- o bankruptcy events,
- o material judgments, defaults under the Receivables Facility,
- o a servicing default, and
- o a downgrade in the Senior Secured Credit Facility to less than B- by S&P and less than B3 by Moody's.

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. EXTRAORDINARY LOSS

We recorded an extraordinary loss during fiscal 2001 of \$19.3 million, net of income tax benefits of \$12.8 million, as a result of the Refinancing Transaction (see Note 7). The extraordinary loss was the result of:

- o call premiums payable upon the extinguishment of the 9% Senior Subordinated Notes due 2003 (the "9% Notes") and the 8 7/8% Senior Notes due 2004 (the "8 7/8% Notes"),
- o write-off of unamortized deferred financing costs from early extinguishment of debt,
- o fees paid upon the termination of two interest rate swap agreements related to our prior credit facility, and
- o duplicate net interest expense between extinguishment and redemption of the 9% Notes and the 8 7/8% Notes.

10. DUE TO RELATED PARTY

Due to related party consists of 15 1/2% subordinated notes issued by us and held by the Apparel Partnership. The subordinated notes are due on December 15, 2003 and interest on them is payable annually in cash or additional 15 1/2% subordinated notes. We decided to make our interest payments on the subordinated notes in additional subordinated notes through our December 15, 1993 payment and have paid in cash since then (see Note 6).

11. INCOME TAXES

The provision for income taxes is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities. Deferred income tax assets and liabilities are calculated for differences between the financial statement and tax bases of assets and liabilities. These differences will result in taxable or deductible amounts in the future. Valuation allowances are established, when necessary, to reduce deferred tax assets to amounts we expect to use.

Earnings before income taxes and extraordinary loss are as follows (in thousands):

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	TWELVE MONTHS ENDED		
	DECEMBER 29, 2001	DECEMBER 30, 2000	DECEMBER 25, 1999
U.S.....	\$ 53,719	\$ 59,519	\$ 74,135
Foreign.....	2,308	3,534	2,133
Total.....	\$ 56,027	\$ 63,053	\$ 76,268

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. INCOME TAXES (CONTINUED)

Our provision for income taxes for the twelve months ended December 29, 2001, December 30, 2000, and December 25, 1999 is as follows (in thousands):

	TWELVE MONTHS ENDED		
	DECEMBER 29, 2001	DECEMBER 30, 2000	DECEMBER 25, 1999
Current:			
Federal.....	\$ 11,281	\$ 13,580	\$ 20,640
State and local.....	40	982	1,411
Foreign.....	923	1,564	1,064
	12,244	16,126	23,115
Deferred:			
Federal.....	11,871	10,292	8,590
State and local.....	1,003	1,091	540
Foreign.....	28	--	(60)
	12,902	11,383	9,070
Total.....	\$ 25,146	\$ 27,509	\$ 32,185

In addition, a tax benefit of \$12,829 was recognized as a result of the extraordinary loss on the early extinguishment of debt.

Taxable and deductible temporary differences and tax credit carryforwards which give rise to our deferred tax assets and liabilities at December 29, 2001 and December 30, 2000 are as follows (in thousands):

DECEMBER 29, 2001	DECEMBER 30, 2000
----------------------	----------------------

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	-----	-----
Deferred tax assets:		
Allowances and reserves not currently deductible.....	\$ 12,069	\$ 13,533
Postretirement benefits reserve.....	4,790	4,311
Net operating loss carryforwards.....	2,462	3,421
Other.....	1,376	1,400
	-----	-----
Total.....	\$ 20,697	\$ 22,665
	=====	=====
Deferred tax liabilities:		
Property, plant and equipment.....	\$ 25,125	\$ 20,511
Trademarks.....	23,056	18,421
Deferred gain on sale of business.....	14,298	14,299
Undistributed earnings of foreign subsidiary.....	2,515	2,511
Other.....	1,978	3,447
	-----	-----
Total.....	\$ 66,972	\$ 56,090
	=====	=====

Undistributed earnings of our Canadian and Australian subsidiaries for which U.S. income taxes have not been provided were approximately \$8.7 million at December 29, 2001. Such undistributed earnings are expected to be permanently reinvested in the Canadian and Australian subsidiaries.

We have available net operating loss carryforwards ("NOLs") of \$6.9 million at December 29, 2001 that expire in years 2009 through 2012. These NOLs relate primarily to operations of Banana Boat Holdings and Carewell prior to our acquisition of them. We can utilize these NOLs, with certain limitations, on our federal, state and local tax returns. We expect to utilize these NOLs prior to their expiration. The current benefit realized from these NOLs was \$1.0 million for fiscal 2001 and fiscal 2000 and \$3.0 million for fiscal 1999.

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. INCOME TAXES (CONTINUED)

Our tax provision before extraordinary loss differed from the amount computed using the federal statutory rate of 35% as follows (in thousands):

	TWELVE MONTHS E	
	DECEMBER 29, 2001	DECEMBER 30, 2000
	-----	-----
Expected federal income tax at statutory rates.....	\$ 19,609	\$ 22,069
Amortization of intangible assets.....	4,496	4,496
State and local income taxes.....	678	1,347
Other, net.....	363	(403)
	-----	-----
Total tax provision.....	\$ 25,146	\$ 27,509

=====

=====

12. STOCK-BASED COMPENSATION

During 1994, we established a long-term incentive plan under which awards of stock options are granted. Options granted under the plan must:

- o have an exercise price equal to or greater than the price of the stock on the date of grant and
- o have an expiration date no more than ten years from the grant date.

Except for formula grants to certain non-employee directors, which vest over a five-year period, options vest over a period determined by the Compensation and Stock Option Committee. We have 1,784,293 shares reserved to grant as options and 8,140,623 shares authorized but unissued under the plan at December 29, 2001.

We account for stock-based compensation in accordance with Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." As permitted by SFAS No. 123, we follow the intrinsic value approach of Accounting Principles Board Opinion No. 25 for determining compensation expense related to the issuance of stock options. If we determined compensation expense under the alternate fair value approach permitted by SFAS No. 123, our earnings and earnings per share would have been reduced to the pro forma amounts listed below (in thousands, except per share data):

	TWELVE MONTHS ENDED	
	DECEMBER 29, 2001	DECEMBER 30, 2000
	-----	-----
Net earnings:		
As reported.....	\$ 11,545	\$ 35,544
Pro forma.....	\$ 6,875	\$ 32,024
Earnings per share:		
As reported		
Basic.....	\$.19	\$.58
Diluted.....	\$.19	\$.58
Pro forma		
Basic.....	\$.11	\$.53
Diluted.....	\$.11	\$.53
Weighted average common shares and common equivalent shares outstanding:		
Basic.....	61,007	60,824
Diluted.....	61,115	62,585

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. STOCK-BASED COMPENSATION (CONTINUED)

The fair value of each stock option grant was estimated on the date of

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grant using the Black-Scholes option-pricing model with the following assumptions:

- o weighted average risk-free interest rates of 5.54%, 6.51%, and 5.68% for fiscal 2001, 2000, and 1999;
- o no dividend yield;
- o expected option life of 7 years before exercise or cancellation; and
- o volatility of 35%.

The following table summarizes our stock option activity over the past three fiscal years:

	2001		2000	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year.....	5,191,129	\$ 11.59	4,581,326	\$ 11.59
Granted.....	1,517,000	9.90	1,732,500	10.00
Exercised.....	(73,300)	8.73	(436,572)	8.73
Forfeited.....	(278,499)	12.59	(686,125)	13.50
	-----		-----	
Outstanding at end of year.....	6,356,330	11.17	5,191,129	11.59
	=====		=====	
Options exercisable at year-end.....	3,689,976	11.57	2,832,780	11.59
Weighted-average fair value of options granted during the year.....		\$ 4.75		\$ 5.00

The following table summarizes information about our stock options outstanding at December 29, 2001:

	OPTIONS OUTSTANDING		
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AT DECEMBER 29, 2001	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICES
\$7.00 to 8.00.....	381,833	3.64	\$ 7.8750
\$8.00 to 9.00.....	53,500	4.58	8.0572
\$9.00 to 10.00.....	1,930,832	6.04	9.6497
\$10.00 to 11.00.....	2,294,665	8.54	10.4925
\$11.00 to 13.00.....	72,500	8.38	12.2888
\$13.00 to 14.00.....	156,000	4.53	13.2163
\$14.00 to 15.00.....	485,000	6.40	14.2992
\$15.00 to 16.00.....	982,000	7.19	15.2627

\$7.00 to 16.00.....	6,356,330	6.98	11.1735
	=====		

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. EARNINGS PER SHARE

The following table explains how our basic and diluted Earnings Per Share ("EPS") were calculated for the last three fiscal years (in thousands, except per share data):

	TWENTY ----- DECEMBER 29, 2001 -----
Numerator:	
Earnings before extraordinary loss	\$ 30,881 =====
Net earnings--Basic	\$ 11,545
Adjustment for interest on Convertible Notes, net of tax	-- -----
Net earnings--Diluted	\$ 11,545 =====
Denominator:	
Weighted average common shares outstanding--Basic	61,007
Adjustment for dilutive effect of employee stock options	108
Adjustment for dilutive effect of Convertible Notes, net of tax	-- -----
Weighted average common shares outstanding--Diluted	61,115 =====
Earnings per share before extraordinary loss:	
Basic	\$ 0.51
Diluted	\$ 0.51
Earnings per share:	
Basic	\$ 0.19
Diluted	\$ 0.19

Basic EPS excludes all potentially dilutive securities. Basic EPS is computed by dividing net earnings by the weighted average number of common shares outstanding for the period. Diluted EPS includes all potentially dilutive securities. Diluted EPS is computed by dividing net earnings, adjusted by the if-converted method for convertible securities, by the weighted average number of common shares outstanding for the period plus the number of additional common shares that would have been outstanding if the dilutive securities were issued. In the event the dilutive securities are anti-dilutive (has the affect of increasing EPS), the impact of the dilutive securities is not included in the computation.

14. LEASES

Our leases are primarily for buildings, manufacturing equipment, company

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cars and information technology equipment. Future minimum payments under non-cancelable operating leases for fiscal years ending after December 29, 2001 are as follows: \$10.3 million in 2002, \$8.9 million in 2003, \$6.8 million in 2004, \$3.9 million in 2005, \$2.7 million in 2006 and \$4.3 million in later years.

Rent expense for operating leases amounted to \$12.4 million, \$10.8 million, and \$9.5 million for fiscal 2001, 2000 and 1999.

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. PENSION AND OTHER POSTRETIREMENT BENEFITS

Defined Benefit Pension Plans--Substantially all of our U.S. hourly and most of our Canadian employees participate in pension plans. At December 29, 2001, approximately 1,395 participants were covered by these plans and approximately 300 of them were receiving benefits.

Changes in pension benefits, which are retroactive to previous service of employees, and gains and losses on pension assets, that occur because actual experience differs from assumptions, is amortized over the estimated average future service period of employees. Actuarial assumptions for the plans include:

- o expected long-term rate of return on plan assets of 9.75% at December 29, 2001 and December 30, 2000,
- o discount rate of 7.25% at December 29, 2001 and 7.50% at December 30, 2000 used in calculating the projected benefit obligation, and
- o the rate of average future increases in compensation levels was 4.00% at December 29, 2001 and 3.25% at December 30, 2000.

The pension plans assets are invested primarily in equity and fixed income mutual funds, marketable equity securities, insurance contracts, and cash and cash equivalents.

Net pension benefit for fiscal 2001, 2000 and 1999 is included in cost of goods sold in the Consolidated Statements of Earnings and includes the following components (in thousands):

NET PENSION EXPENSE	TWELVE MONTHS ENDED		
	DECEMBER 29, 2001	DECEMBER 30, 2000	DECEMBER 29, 1999
Service cost--benefits earned during the period....	\$ 1,244	\$ 1,068	\$ 1,094
Interest cost on projected benefit obligation.....	2,744	2,535	2,334
Expected return on plan assets.....	(5,237)	(6,020)	(3,958)
Amortization of prior service cost.....	81	95	84
Amortization of unrecognized net gain.....	(567)	(1,958)	(234)
Amortization of transition gain.....	28	(40)	(41)
Net pension benefit.....	\$ (1,707)	\$ (4,320)	\$ (721)

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Reconciliations of the change in benefit obligation, change in plan assets, and the funded status of the plans for fiscal 2001 and 2000 are as follows (in thousands):

CHANGE IN BENEFIT OBLIGATION	DECEMBER 29, 2001	DECEMBER 30, 2000
Benefit obligation at beginning of year.....	\$ 36,601	\$ 32,645
Service cost.....	1,244	1,068
Interest cost.....	2,744	2,535
Actuarial loss.....	2,439	1,883
Benefits paid.....	(1,737)	(1,471)
Foreign currency exchange rate changes.....	(136)	(59)
	-----	-----
Benefit obligation at end of year.....	\$ 41,155	\$ 36,601
	=====	=====

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. PENSION AND OTHER POSTRETIREMENT BENEFITS (CONTINUED)

CHANGE IN PLAN ASSETS	DECEMBER 29, 2001	DECEMBER 30, 2000
Fair value of plan assets at beginning of year.....	\$ 55,117	\$ 62,785
Actual return on plan assets.....	(2,229)	(6,111)
Benefits paid.....	(1,737)	(1,471)
Foreign currency exchange rate changes.....	(293)	(86)
	-----	-----
Fair value of plan assets at end of year.....	\$ 50,858	\$ 55,117
	=====	=====
RECONCILIATION OF THE FUNDED STATUS		

Funded status.....	\$ 9,703	\$ 18,516
Unrecognized transition asset.....	404	(200)
Unrecognized prior service cost.....	445	527
Unrecognized actuarial gain.....	(1,725)	(11,638)
	-----	-----
Prepaid benefit cost.....	\$ 8,827	\$ 7,205
	=====	=====

Postretirement Benefits Other than Pensions--We provide postretirement health care and life insurance benefits to certain U.S. retirees. These plans require employees to share in the costs. Approximately 92% of all U.S. personnel would become eligible for these postretirement health care and life insurance benefits if they were to retire from the Company.

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The components of the postretirement net periodic expense, which is included in operating earning in the Consolidated Statements of Earnings for fiscal 2001, 2000, and 1999, are as follows (in thousands):

NET PERIODIC POSTRETIREMENT EXPENSE	TWELVE MONTHS	
	DECEMBER 29, 2001	DECEMBER 30, 2000
Service cost--benefits earned during the period.....	\$ 580	\$ 504
Interest cost on accumulated benefit obligation.....	1,129	1,013
Amortization of prior service cost.....	(95)	217
Recognized actuarial loss.....	269	73
Net periodic postretirement expense.....	\$ 1,883	\$ 1,807

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. PENSION AND OTHER POSTRETIREMENT BENEFITS (CONTINUED)

Reconciliations of the change in benefit obligation, change in plan assets, and the funded status of the plan for fiscal 2001 and 2000 are as follows (in thousands):

CHANGE IN BENEFIT OBLIGATION	DECEMBER 29, 2001	DECEMBER 30, 2000
Benefit obligation at beginning of year	\$ 14,755	\$ 11,992
Service cost	580	504
Interest cost	1,129	1,013
Employee contributions	182	168
Actuarial loss	1,198	1,880
Benefits paid	(844)	(802)
Benefit obligation at end of year	\$ 17,000	\$ 14,755
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	\$ --	\$ --
Employer contributions	662	634
Employee contributions	182	168
Expected benefits paid	(844)	(802)
Fair value of plan assets at end of year	\$ --	\$ --

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RECONCILIATION OF THE FUNDED STATUS

Funded status	\$ (17,000)	\$ (14,755)
Unrecognized prior service (gain) cost	(806)	1,034
Unrecognized actuarial loss	5,711	2,847
	-----	-----
Net amount accrued at year-end	\$ (12,095)	\$ (10,874)
	=====	=====

The assumed health care cost trend rate and discount rate was 9.5% and 7.50% in 2001 compared to 7.5% and 7.75% in 2000. The assumed health care cost trend rate is anticipated to trend down until the final trend rate of 5.0% is reached in 2010. A one percentage point increase in the assumed health care costs trend rate increases the sum of the service and interest costs components of the fiscal 2001 net periodic postretirement benefit expense by 18%, and the accumulated postretirement benefit obligation as of December 29, 2001 by 15%. A one percentage point decrease in the assumed health care costs trend rate decreases the sum of the service and interest costs components of the fiscal 2001 net periodic postretirement benefit expense by 14% and the accumulated postretirement benefit obligation by 12%.

Defined Contribution Benefit Plans--We also provide three defined contribution plans covering various employee groups, two of which have non-contributory features. The amounts charged to earnings for the defined contribution plans totaled \$5.8 million, \$5.9 million and \$4.9 million for our last three fiscal years ended 2001, 2000, and 1999.

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. BUSINESS AND CREDIT CONCENTRATIONS

Most of our customers are dispersed throughout the United States and Canada. No single customer accounted for more than 10% of our consolidated net sales in fiscal 2001, 2000, or 1999 with the exception of our largest customer (approximately 23% in 2001, 23% in 2000, and 21% in 1999). Outstanding trade accounts receivable, including balances sold to Playtex A/R LLC, related to transactions with our largest customer were \$29.4 million at December 29, 2001 and \$29.8 million at December 30, 2000. Outstanding trade accounts receivable, including balances sold to Playtex A/R LLC, related to transactions with our customers ranked second through tenth in net sales, ranged from \$9.2 million to \$3.9 million at December 29, 2001. Sales to these customers were made primarily from our two largest business segments.

17. DISCLOSURE ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

CASH, RECEIVABLES, RETAINED INTEREST IN RECEIVABLES, ACCOUNTS PAYABLE, INCOME TAXES and ACCRUED EXPENSES--The carrying amounts approximate fair value because of the short-term maturity of these instruments.

VARIABLE RATE DEBT--The carrying amounts approximate fair value because the rate of interest on borrowings under the credit agreement is, at our option, a function of various alternative short-term borrowing rates.

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LONG-TERM DEBT, INTEREST RATE DERIVATIVES, and OTHER FINANCIAL INSTRUMENTS--The fair value of the following financial instruments was estimated at December 29, 2001 and December 30, 2000 as follows (in thousands):

	DECEMBER 29, 2001	
	CARRYING AMOUNT	ESTIMA FAIR VA
9 3/8% Senior Subordinated Notes (a).....	\$ 350,000	\$ 369,2
9% Senior Subordinated Notes (a).....	--	
8 7/8% Senior Notes (a).....	--	
6% Convertible Subordinated Notes due 2004 (b).....	50,000	50,8
15% Notes due from Playtex Apparel Partners, L.P. (c).....	80,017	80,0
15 1/2% Subordinated Notes due to Playtex Apparel Partners, L.P. (c).....	78,386	78,3
Other noncurrent assets (d).....	9,942	9,9
Noncurrent liabilities (d).....	13,146	13,1
Interest Rate Swap termination date of August 30, 2001 (e).....	--	
Interest Rate Swap termination date of December 4, 2001 (e).....	--	

-
- (a) The estimated fair values were based on the average range of bid/ask quotes provided by independent securities dealers. The 9% Notes and the 8 7/8% Notes were extinguished during fiscal 2001 (see Notes 7 and 9).
 - (b) The estimated fair value was based on the net present value of the interest and principal payments.
 - (c) The estimated fair values were based on the amount of future cash flows associated with these instruments, discounted using an appropriate interest rate.
 - (d) The estimated fair values were based on a combination of actual cost associated with recent purchases or the amount of future cash flows discounted using our borrowing rate for similar instruments.
 - (e) The estimated fair value was based upon quoted market price (mark to market). These instruments were terminated during fiscal 2001 (see Notes 7 and 9).

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. QUARTERLY DATA (UNAUDITED)

The following is a summary of our quarterly results of operations and market price data for our common stock for fiscal 2001 and 2000 (in thousands, except per share data):

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FISCAL 2001 -----	FIRST QUARTER -----	SECOND QUARTER -----
Net sales.....	\$ 220,776	\$ 224,101
Gross profit.....	126,067	130,450
Operating earnings.....	43,384	42,261
Earnings before extraordinary loss.....	12,844	12,129
Net earnings (loss).....	12,844	(7,207)
Earnings per share before extraordinary loss (a):		
Basic.....	\$.21	\$.20
Diluted.....	\$.21	\$.20
Earnings per share (a):		
Basic.....	\$.21	\$ (.12)
Diluted.....	\$.21	\$ (.11)
Stock market price		
High.....	\$ 10.35	\$ 11.20
Low.....	\$ 7.93	\$ 8.55

FISCAL 2000 -----	FIRST QUARTER -----	SECOND QUARTER -----
Net sales.....	\$ 223,507	\$ 229,589
Gross profit.....	129,702	131,622
Operating earnings.....	48,232	45,266
Net earnings.....	15,269	14,040
Earnings per share (a):		
Basic.....	\$.25	\$.23
Diluted.....	\$.25	\$.23
Stock market price		
High.....	\$ 15.50	\$ 14.00
Low.....	\$ 10.25	\$ 10.12

(a) Earnings per share data are computed independently for each of the periods presented; therefore, the sum of the earnings per share amounts for the quarters may not equal the total for the year.

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

9 3/8% SENIOR SUBORDINATED NOTES DUE 2011

The 9 3/8% Notes are guaranteed by the following wholly-owned subsidiaries:

- o Playtex Sales & Services, Inc. ("PSSI"). PSSI provides sales

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solicitation, management and administrative services to us and our U.S. affiliates.

- o Playtex Manufacturing, Inc. ("PMI"). PMI is a contract manufacturer and contract research and development services provider for our U.S. affiliates.
- o Playtex Investment Corp. ("PIC"). PIC is an investment holding company, which holds the Apparel Debentures (see Note 6).
- o Playtex International Corp. ("PINTL"). PINTL is the sole shareholder of Playtex Limited, a manufacturer and distributor of Playtex products in Canada.
- o TH Marketing Corp. ("THMC"). THMC is the sole shareholder of Playtex Foreign Sales Corporation.
- o SmileTote, Inc. ("STI"). STI owns certain intangible assets associated with our infant feeding business.
- o Sun Pharmaceuticals Corp. ("Sun"). Sun owns the BANANA BOAT trade name and certain other intangible assets associated with the BANANA BOAT business. Sun distributes its products outside the U.S. and Puerto Rico and to certain U.S. distributors excluding the Company.
- o Personal Care Group, Inc. ("PCG"). PCG is the owner of various personal care related intangible assets.
- o Personal Care Holdings, Inc. ("PCH"). PCH is the sole shareholder of PCG.
- o Carewell Industries, Inc. ("Carewell"). Carewell is the owner of certain dental care related intangible assets.

The guarantors are joint and several guarantors of the 9 3/8% Notes. Such guarantees are irrevocable, full and unconditional. The guarantees are senior subordinated obligations and are subordinated to all senior obligations including guarantees of our obligations under the credit agreement.

The following wholly-owned subsidiaries are non guarantors of the 9 3/8% Notes:

- o Playtex Limited. Playtex Limited is our Canadian subsidiary.
- o Playtex Foreign Sales Corporation ("PFSC"). PFSC is a foreign sales corporation as defined by Internal Revenue Code Section 922, and
- o Playtex Products Australia PTY LTD ("PPI Aust"). PPI Aust is a distributor of personal care products in Australia and New Zealand.

The information, which follows, presents our condensed financial position as of December 29, 2001 and December 30, 2000 and our condensed statements of earnings and cash flows for each of our last three fiscal years 2001, 2000, and 1999. The presentation is made based on:

- o the Company on a consolidated basis,
- o the parent company only,
- o the combined guarantors, and
- o the combined non-guarantors.

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. CONDENSED CONSOLIDATING FINANCIAL INFORMATION (CONTINUED)

CONDENSED CONSOLIDATING BALANCE SHEET DATA
AS OF DECEMBER 29, 2001
(In thousands)

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ASSETS	CONSOLIDATED	ELIMINATIONS	PARENT COMPANY
Current assets.....	\$ 218,818	\$ 9	\$ 114,504
Investment in subsidiaries.....	--	(478,436)	465,246
Intercompany receivable.....	--	(97,403)	--
Net property, plant and equipment.....	124,761	--	88
Intangible assets.....	653,703	--	440,598
Other noncurrent assets.....	107,890	(500)	27,873
	-----	-----	-----
Total assets.....	\$ 1,105,172	\$ (576,330)	\$ 1,048,309
	=====	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities.....	\$ 111,038	\$ 16	\$ 101,916
Intercompany payable.....	--	(97,403)	479
Long-term debt.....	967,186	(507)	967,693
Other noncurrent liabilities.....	71,518	--	22,791
	-----	-----	-----
Total liabilities.....	1,149,742	(97,894)	1,092,879
Stockholders' equity.....	(44,570)	(478,436)	(44,570)
	-----	-----	-----
Total liabilities and stockholders' equity..	\$ 1,105,172	\$ (576,330)	\$ 1,048,309
	=====	=====	=====

CONDENSED CONSOLIDATING BALANCE SHEET DATA
AS OF DECEMBER 30, 2000
(In thousands)

ASSETS	CONSOLIDATED	ELIMINATIONS	PARENT COMPANY
Current assets.....	\$ 245,315	\$ 8	\$ 140,083
Investment in subsidiaries.....	--	(461,661)	449,125
Intercompany receivable.....	--	(104,047)	22,958
Net property, plant and equipment.....	118,155	--	119
Intangible assets.....	675,263	--	456,045
Other noncurrent assets.....	100,651	(504)	20,638
	-----	-----	-----
Total assets.....	\$ 1,139,384	\$ (566,204)	\$ 1,088,968
	=====	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities.....	\$ 171,082	\$ 10	\$ 160,553
Intercompany payable.....	--	(104,047)	--
Long-term debt.....	964,824	(506)	965,330
Other noncurrent liabilities.....	59,541	--	19,148
	-----	-----	-----
Total liabilities.....	1,195,447	(104,543)	1,145,031
Stockholders' equity.....	(56,063)	(461,661)	(56,063)
	-----	-----	-----
Total liabilities and stockholders' equity..	\$ 1,139,384	\$ (566,204)	\$ 1,088,968
	=====	=====	=====

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. CONDENSED CONSOLIDATING FINANCIAL INFORMATION (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF EARNINGS DATA
FOR THE TWELVE MONTHS ENDED DECEMBER 29, 2001
(In thousands)

	CONSOLIDATED	ELIMINATIONS	PARENT COMPANY
	-----	-----	-----
Net revenues.....	\$ 830,048	\$ (424,978)	\$ 787,432
Cost of sales.....	355,394	(291,635)	314,423
	-----	-----	-----
Gross profit.....	474,654	(133,343)	473,009
	-----	-----	-----
Operating expenses:			
Advertising, selling and administrative.....	318,603	(133,343)	353,950
Amortization of intangibles.....	22,060	--	15,447
	-----	-----	-----
Total operating expenses.....	340,663	(133,343)	369,397
	-----	-----	-----
Operating earnings.....	133,991	--	103,612
Interest expense, net.....	75,861	--	88,134
Other expense.....	2,103	--	2,103
Equity in net earnings of subsidiaries.....	--	28,171	(26,022)
	-----	-----	-----
Earnings before income taxes.....	56,027	(28,171)	39,397
Income taxes.....	25,146	--	8,516
	-----	-----	-----
Earnings before extraordinary loss.....	30,881	(28,171)	30,881
	-----	-----	-----
Extraordinary loss, net of tax.....	(19,336)	--	(19,336)
	-----	-----	-----
Net earnings.....	\$ 11,545	\$ (28,171)	\$ 11,545
	=====	=====	=====

CONDENSED CONSOLIDATING STATEMENT OF EARNINGS DATA
FOR THE TWELVE MONTHS ENDED DECEMBER 30, 2000
(In thousands)

	CONSOLIDATED	ELIMINATIONS	PARENT COMPANY
	-----	-----	-----
Net revenues.....	\$ 831,343	\$ (432,931)	\$ 787,896
Cost of sales.....	352,174	(315,110)	339,700
	-----	-----	-----
Gross profit.....	479,169	(117,821)	448,196
	-----	-----	-----
Operating expenses:			
Advertising, selling and administrative.....	308,882	(117,821)	316,167
Amortization of intangibles.....	22,350	--	15,430

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Total operating expenses.....	331,232	(117,821)	331,597
Operating earnings.....	147,937	--	116,599
Interest expense, net.....	84,884	--	97,213
Equity in net earnings of subsidiaries.....	--	29,255	(26,129)
Earnings before income taxes.....	63,053	(29,255)	45,515
Income taxes.....	27,509	--	9,971
Net earnings.....	\$ 35,544	\$ (29,255)	\$ 35,544

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. CONDENSED CONSOLIDATING FINANCIAL INFORMATION (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF EARNINGS DATA
FOR THE TWELVE MONTHS ENDED DECEMBER 25, 1999
(In thousands)

	CONSOLIDATED	ELIMINATIONS	PARENT COMPANY
Net revenues.....	\$ 787,711	\$ (399,075)	\$ 741,983
Cost of sales.....	331,242	(294,977)	321,882
Gross profit.....	456,469	(104,098)	420,101
Operating expenses:			
Advertising, selling and administrative.....	280,176	(104,098)	281,579
Amortization of intangibles.....	21,064	--	14,060
Total operating expenses.....	301,240	(104,098)	295,639
Operating earnings.....	155,229	--	124,462
Interest expense, net.....	78,961	--	91,070
Equity in net earnings of subsidiaries.....	--	28,724	(25,935)
Earnings before income taxes.....	76,268	(28,724)	59,327
Income taxes.....	32,197	--	15,256
Net earnings.....	\$ 44,071	\$ (28,724)	\$ 44,071

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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19. CONDENSED CONSOLIDATING FINANCIAL INFORMATION (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS DATA
FOR THE TWELVE MONTHS ENDED DECEMBER 29, 2001
(In thousands)

	CONSOLIDATED -----	ELIMINATIONS -----	PARENT COMPANY -----
Net earnings.....	\$ 11,545	\$ (28,171)	\$ 11,545
Non-cash items included in earnings:			
Extraordinary loss, net of tax.....	19,336	--	19,336
Amortization of intangibles.....	22,060	--	15,447
Amortization of deferred financing costs.....	2,923	--	2,923
Depreciation.....	13,140	--	32
Deferred taxes.....	12,902	--	5,757
Other, net.....	(1,016)	28,171	(27,038)
Increase in net working capital.....	46,045	--	45,267
Increase in amounts due to Parent.....	--	--	23,437
	-----	-----	-----
Net cash flows from operations.....	126,935	--	96,706
Cash flows used for investing activities:			
Purchase of property, plant and equipment.....	(19,950)	--	(2
Businesses and intangibles acquired, net.....	(500)	--	--
	-----	-----	-----
Net cash flows used for investing activities.....	(20,450)	--	(2
Cash flows used for financing activities:			
Net borrowings under working capital credit facilities.....	17,000	--	17,000
Long-term debt borrowings.....	850,000	--	850,000
Long-term debt repayments.....	(909,763)	--	(909,763)
Payment of debt extinguishment fees.....	(21,177)	--	(21,177)
Payment of financing costs.....	(19,500)	--	(19,500)
Issuance of shares of common stock, net.....	679	--	679
Receipt (payment) of dividends.....	--	--	8,365
	-----	-----	-----
Net cash flows used for financing activities.....	(82,761)	--	(74,396)
Increase in cash.....	23,724	--	22,308
Cash at beginning of period.....	10,282	8	4,390
	-----	-----	-----
Cash at end of period.....	\$ 34,006	\$ 8	\$ 26,698
	=====	=====	=====

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. CONDENSED CONSOLIDATING FINANCIAL INFORMATION (CONTINUED)

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CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS DATA
FOR THE TWELVE MONTHS ENDED DECEMBER 30, 2000
(In thousands)

	CONSOLIDATED	ELIMINATIONS	PARENT COMPANY
	-----	-----	-----
Net earnings.....	\$ 35,544	\$ (29,255)	\$ 35,544
Non-cash items included in earnings:			
Amortization of intangibles.....	22,350	--	15,430
Amortization of deferred financing costs.....	3,750	--	3,750
Depreciation.....	11,547	--	63
Deferred taxes.....	11,383	--	3,930
Other, net.....	(3,214)	29,255	(28,992)
Increase in net working capital.....	(2,634)	--	(1,011)
Increase (decrease) in amounts due to Parent.....	--	--	18,600
	-----	-----	-----
Net cash flows from operations.....	78,726	--	47,314
Cash flows used for investing activities:			
Purchase of property, plant and equipment.....	(22,724)	--	(243)
Businesses acquired, net.....	(279)	--	(279)
	-----	-----	-----
Net cash flows used for investing activities.....	(23,003)	--	(522)
Cash flows used for financing activities:			
Net payments under working capital facilities and long-term debt obligations.....	(56,313)	--	(56,313)
Payment of financing costs.....	(553)	--	(553)
Issuance of shares of common stock, net.....	3,899	--	3,899
Receipt (payment) of dividends.....	--	--	8,713
	-----	-----	-----
Net cash flows used for financing activities.....	(52,967)	--	(44,254)
Increase in cash.....	2,756	--	2,538
Cash at beginning of period.....	7,526	8	1,852
	-----	-----	-----
Cash at end of period.....	\$ 10,282	\$ 8	\$ 4,390
	=====	=====	=====

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PLAYTEX PRODUCTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. CONDENSED CONSOLIDATING FINANCIAL INFORMATION (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS DATA
FOR THE TWELVE MONTHS ENDED DECEMBER 25, 1999
(In thousands)

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	CONSOLIDATED	ELIMINATIONS	PARENT COMPANY
	-----	-----	-----
Net earnings.....	\$ 44,071	\$ (28,724)	\$ 44,071
Non-cash items included in earnings:			
Amortization of intangibles.....	21,064	--	14,060
Amortization of deferred financing costs.....	3,398	--	3,398
Depreciation.....	9,847	--	59
Deferred taxes.....	9,070	--	2,244
Other, net.....	(113)	28,724	(31,385)
Increase in net working capital.....	(31,050)	--	(2,229)
Increase (decrease) in amounts due to Parent.....	--	--	(24,139)
	-----	-----	-----
Net cash flows from operations.....	56,287	--	6,079
Cash flows used for investing activities:			
Purchase of property, plant and equipment.....	(20,802)	--	18,186
Businesses acquired, net.....	(210,109)	--	(210,109)
	-----	-----	-----
Net cash flows used for investing activities.....	(230,911)	--	(191,923)
Cash flows used for financing activities:			
Net borrowings under working capital facilities and long-term debt obligations.....	176,126	--	176,126
Payment of financing costs.....	(2,480)	--	(2,480)
Issuance of shares of common stock, net.....	1,633	--	1,633
Receipt (payment) of dividends.....	--	--	8,955
	-----	-----	-----
Net cash flows provided by (used for) financing activities...	175,279	--	184,234
Increase in cash.....	655	--	(1,610)
Cash at beginning of period.....	6,871	8	3,462
	-----	-----	-----
Cash at end of period.....	\$ 7,526	\$ 8	\$ 1,852
	=====	=====	=====

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20. SUBSEQUENT EVENT

On March 25, 2002, we announced a plan to close our Watervliet, New York plastic molding facility by the end of 2002. The facility currently manufactures component parts primarily for the Company's infant feeding category and employs approximately 160 people. The production of the majority of these parts in the future will be outsourced to plastic molders with specialized technology.

We anticipate annualized cost savings of approximately \$1.5 million beginning in 2003. The impact to on-going operating results in 2002 will be immaterial, as partial year savings will be offset by transition costs. We will record a one-time pre-tax charge in the first quarter of 2002 of approximately \$8 million to cover exit costs and asset write-offs, which are mostly non-cash charges. The net cash outflow associated with this project in 2002 will be approximately \$1.5 million.

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PLAYTEX PRODUCTS, INC.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Playtex Products, Inc.:

We have audited the accompanying consolidated balance sheets of Playtex Products, Inc. and subsidiaries as of December 29, 2001 and December 30, 2000, and the related consolidated statements of earnings, changes in stockholders' equity and accumulated other comprehensive earnings and cash flows for the twelve months ended December 29, 2001, December 30, 2000 and December 25, 1999 included on pages F-19 through F-51 in the Company's 2001 Annual Report on Form 10-K. In connection with our audits of the consolidated financial statements, we also have audited the related consolidated financial statement schedule, on page 26 in the Company's Annual Report on Form 10-K. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Playtex Products, Inc. and subsidiaries as of December 29, 2001 and December 30, 2000 and the results of their operations and their cash flows for the twelve months ended December 29, 2001, December 30, 2000 and December 25, 1999, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth herein.

/s/ KPMG LLP

January 28, 2002, except as to Note 20, which is as of March 25, 2002
New York, New York

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PLAYTEX PRODUCTS, INC.

REPORT OF MANAGEMENT

The management of Playtex Products, Inc. is responsible for the financial and operating information contained in the Annual Report, including the

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financial statements covered by the independent auditors' report. These statements were prepared in conformity with accounting principles generally accepted in the United States of America and include, where necessary, informed estimates and judgments.

The Company maintains systems of accounting and internal control designed to provide reasonable assurance that assets are safeguarded against loss, and transactions are executed and recorded properly so as to ensure that the financial records are reliable for preparing financial statements.

Elements of these control systems are the establishment and communication of accounting and administrative policies and procedures, the selection and training of qualified personnel, and continuous programs of internal review.

The Company's financial statements are reviewed by its Audit Committee, which is composed entirely of non-employee Directors. This Committee meets with the independent auditors and management to review the scope and results of the annual audit, interim reviews, internal controls, and financial reporting matters. The independent auditors have direct access to the Audit Committee.

/s/ MICHAEL R. GALLAGHER
Chief Executive Officer
and Director

/s/ GLENN A. FORBES
Executive Vice President,
Chief Financial Officer
and Director

January 28, 2002
Westport, Connecticut

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PLAYTEX PRODUCTS, INC.

OTHER INFORMATION

CORPORATE INFORMATION

Our common stock is traded on the New York Stock Exchange under the symbol PYX. We do not pay dividends on our common stock and it is our policy to retain earnings for use in our business. Under our debt agreements, we are restricted from paying dividends unless we meet certain specified financial criteria immediately following such payment.

We will send you, at no charge, a copy of our Summary Annual Report and Annual Report on Form 10-K for fiscal 2001, upon your written request to our Investor Relations Department at our Corporate Offices. If you wish, you can call Playtex Products, Inc. Investor Relations at (203) 341- 4017.

This document is also included in our filings with the Securities and Exchange Commission which are made electronically through their EDGAR system and are available to the public at the SEC's website - www.sec.gov.

STOCK TRANSFER AGENT AND REGISTRAR

Playtex Products, Inc.

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c/o Mellon Investor Services
P.O. Box 3315
South Hackensack, New Jersey 07606-1915
(800) 851-9677
www.mellon-investor.com

INDEPENDENT AUDITORS

KPMG LLP
345 Park Avenue
New York, New York 10154

CORPORATE OFFICES

Playtex Products, Inc.
300 Nyala Farms Road
Westport, CT 06880

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PLAYTEX PRODUCTS, INC.

OTHER INFORMATION

BOARD OF DIRECTORS

Robert B. Haas	Chairman of the Board of Playtex Products, Inc. and Chairman of the Board and Chief Executive Officer of Haas Wheat & Partners, L.P.
Michael R. Gallagher	Chief Executive Officer
Glenn A. Forbes	Executive Vice President and Chief Financial Officer
Richard C. Blum	Chairman of the Board and President of Richard C. Blum & Associates, Inc.
Michael R. Eisenson	President and Chief Executive Officer of Charlesbank Capital Partners, LLC
R. Jeffrey Harris	Of Counsel and Director of Apogent Technologies, Inc.
C. Ann Merrifield	Executive Vice President, Genzyme Biosurgery
Susan R. Nowakowski	Chief Operating Officer and Executive Vice President, AMN Healthcare Services, Inc.
John C. Walker	Partner, BLUM Capital Partners, L.P.
Wyche H. Walton	Senior Vice President of Haas Wheat & Partners, L.P.
Douglas D. Wheat	President of Haas Wheat & Partners, L.P.

PRINCIPAL OFFICERS

Michael R. Gallagher	Chief Executive Officer
Glenn A. Forbes	Executive Vice President and Chief Financial Officer
Kevin M. Dunn	President, Consumer Products Division

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John D. Leahy President, International/Corporate Sales Division
Richard G. Powers President, Personal Products Division
James S. Cook Senior Vice President, Operations
Paul A. Siracusa Senior Vice President, Research and Development
Frank M. Sanchez Vice President, Human Resources
Vincent S. Viviani Vice President, Quality Systems
Paul E. Yestrumskas Vice President, General Counsel and Secretary

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INDEX TO EXHIBITS

EXHIBIT NO. -----	DESCRIPTION -----
3(a)	Restated Certificate of Incorporation, as amended through June 6, 1995. (Incorporated herein by reference to Exhibit 3.2 of Playtex's Form 8-K, dated June 6, 1995.)
3(b)	By-laws of the Company, as amended through May 31, 2001. (Incorporated herein by reference to Exhibit 3 of Playtex's Form 10-Q for the period ended June 30, 2001, dated August 14, 2001.)
4(a)	Indenture dated, May 22, 2001 relating to the 9 3/8% Senior Subordinated Notes due 2011 (the "Senior Subordinated Notes") among Playtex Products, Inc., as issuer, Playtex Sales & Services, Inc., Playtex Manufacturing, Inc., Playtex Investment Corp., Playtex International Corp., TH Marketing Corp., Smile-Tote, Inc., Sun Pharmaceuticals Corp., Personal Care Group, Inc., Personal Care Holdings, Inc., and Carewell Industries, Inc., as Guarantors and the Bank of New York, as Trustee. (Incorporated herein by reference to Exhibit 4.1 of Playtex's Registration Statement on Form S-4 dated June 28, 2001, File No. 333-64070-03.)
4(a)(1)	Registration Rights Agreement relating to the Senior Subordinated Notes among Playtex Products, Inc., as issuer, the guarantors named therein, Credit Suisse First Boston Corporation and Wells Fargo Brokerage Services, LLC (the "Initial Purchasers"). (Incorporated herein by reference to Exhibit 4.2 of Playtex's Registration Statement on Form S-4 dated June 28, 2001, File No. 333-64070-03.)
4(b)	Form of Junior Subordinated Note of Playtex. (Incorporated herein by reference to Exhibit 4(i) of Playtex's Registration Statement on Form S-1, File No. 33-25485.)
4(b)(1)	Form of Junior Subordinated Note of Playtex dated December 15, 1989. (Incorporated herein by reference to Exhibit 4(f)(1) of Playtex's Annual Report on Form 10-K for the year ended

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December 30, 1989.)

- 4(b)(2) Junior Subordinated Note of Playtex dated December 15, 1990. (Incorporated herein by reference to Exhibit 4(f)(2) of Playtex's Annual Report on Form 10-K for the year ended December 29, 1990.)
- 4(b)(3) Junior Subordinated Note of Playtex dated December 15, 1991. (Incorporated herein by reference to Exhibit 4(h)(3) of Playtex's Registration Statement on Form S-1, No. 33-43771.)
- 4(b)(4) Junior Subordinated Note of Playtex dated December 15, 1992. (Incorporated herein by reference to Exhibit 4(h)(4) of Playtex's Annual Report on Form 10-K for the year ended December 26, 1992.)
- 4(b)(5) Junior Subordinated Note of Playtex dated December 15, 1993. (Incorporated herein by reference to Exhibit 4(j)(5) of Playtex's Registration Statement on Form S-1, No. 33-71512.)
- 4(b)(6) Agreement between Playtex and Playtex Apparel Partners, L.P. dated November 30, 1994 relating to Junior Subordinated Notes. (Incorporated herein by reference to Exhibit 4(d)(6) of Playtex's Annual Report on Form 10-K for the fiscal year ended December 31, 1994.)
- 4(c) Indenture relating to the 6% Convertible Notes, dated as of January 29, 1999, between Playtex Products, Inc. and Marine Midland Bank. (Incorporated herein by reference to Exhibit 2.2 of Playtex's Form 8-K, dated February 12, 1999.)

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EXHIBIT NO. -----	DESCRIPTION -----
10(a)	Credit Agreement, dated as of May 22, 2001, among Playtex Products, Inc., Credit Suisse First Boston, as the Administrative Agent, and the lenders from time to time parties to the Credit Agreement. (Incorporated herein by reference to Exhibit 10.1 of Playtex's Registration Statement on Form S-4 dated June 28, 2001, File No. 333-64070-03.)
10(b)	Receivables Purchase Agreement, dated as of May 22, 2001, among Playtex Products, Inc., Credit Suisse First Boston, New York Branch, Playtex A/R LLC, and Gramercy Capital Corporation. (Incorporated herein by reference to Exhibit 10.2 of Playtex's Registration Statement on Form S-4 dated June 28, 2001, File No. 333-64070-03.)
10(c)	Purchase and Contribution Agreement, dated as of May 22, 2001, between Playtex Products, Inc., and Playtex A/R LLC. (Incorporated herein by reference to Exhibit 10.3 of Playtex's Registration Statement on Form S-4 dated June 28, 2001, File No. 333-64070-03.)
10(d)	Consulting Agreement between Family Products and Joel E. Smilow, dated January 30, 1993. (Incorporated herein by reference to Exhibit 10(m) of Playtex's Registration Statement on Form S-1, No. 33-71512.)

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- 10(d) (1) First Amendment to the Consulting Agreement, dated as of August 17, 1999, between Playtex Products Inc., and Joel E. Smilow. (Incorporated herein by reference to Exhibit 10(c) (1) of Playtex's Annual Report on Form 10-K for the fiscal year ended December 25, 1999.)
- 10(e) Deferred Benefit Equalization Plan dated August 15, 1977, as amended April 15, 1987. (Incorporated herein by reference to Exhibit 10(e) of Playtex Holding's Annual Report on Form 10-K for the year ended December 28, 1987.)
- 10(f) Playtex Management Incentive Plan. (Incorporated herein by reference to Exhibit 10(e) of Playtex's Annual Report on Form 10-K for the year ended December 30, 2000.)
- 10(g) Playtex 1994 Stock Option Plan for Directors and Executive and Key Employees. (Incorporated herein by reference to Exhibit 10(hh) of Playtex's Registration Statement on Form S-1, No. 33-71512.)
- 10(g) (1) Amendment No. 1 to the 1994 Stock Option Plan. (Incorporated herein by reference to Exhibit 10.2 of Playtex's Form 8-K, dated June 6, 1995.)
- 10(g) (2) Amendment No. 2 to the 1994 Stock Option Plan. (Incorporated herein by reference to Exhibit 10.2 of Playtex's Form 8-K, dated June 6, 1995.)
- 10(g) (3) Amendment No. 3 to the 1994 Stock Option Plan. (Incorporated herein by reference to Exhibit 10.2 of Playtex's Form 8-K, dated June 6, 1995.)
- 10(g) (4) Amendment No. 4 to the 1994 Stock Option Plan. (Incorporated herein by reference to Exhibit 10.2 of Playtex's Form 8-K, dated June 6, 1995.)
- 10(g) (5) Amendment No. 5 to the 1994 Stock Option Plan. (Incorporated herein by reference to Exhibit 10(1) (5) of Playtex's Annual Report on Form 10-K for the fiscal year ended December 26, 1998.)
- 10(g) (6) Amendment No. 6 to the 1994 Stock Option Plan. (Incorporated herein by reference to Exhibit 10(1) (6) of Playtex's Annual Report on Form 10-K for the fiscal year ended December 26, 1998.)

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EXHIBIT NO. -----	DESCRIPTION -----
10(g) (7)	Playtex 1994 Stock Option Plan for Directors and Executive and Key Employees as amended through April 6, 1999. (Incorporated herein by reference to Exhibit 10(1) of Playtex's Form 10-Q for the period ended June 26, 1999, dated August 4, 1999.)
10(g) (8)	Playtex 1994 Stock Option Plan for Directors and Executive and Key Employees as amended through April 2001. (Incorporated herein by reference to Exhibit 10(1) of Playtex's Form 10-Q

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for the period ended June 30, 2001, dated August 14, 2001.)

- 10(h) Memorandum of Understanding, dated June 21, 1995 with Michael R. Gallagher, Chief Executive Officer. (Incorporated herein by reference to Exhibit 10(ab) of Playtex's Annual Report on Form 10-K for the fiscal year ended December 30, 1995.)
- 10(h) (1) Memorandum of Understanding, dated May 18, 1999 with Michael R. Gallagher, Chief Executive Officer. (Incorporated herein by reference to Exhibit 10(m) of Playtex's Form 10-Q for the period ended June 26, 1999, dated August 4, 1999.)
- 10(i) Form of Retention Agreement dated as of July 22, 1997 between Michael R. Gallagher and the Company. (Incorporated herein by reference to Exhibit 10.1 of Playtex's Registration Statement on Form S-4 dated August 29, 1997, File No. 333-33915.)
- 10(j) Form of Retention Agreement dated as of July 22, 1997 between each of, James S. Cook, John D. Leahy, Richard G. Powers, Frank M. Sanchez, and Paul E. Yestrumskas and the Company. (Incorporated herein by reference to Exhibit 10.3 of Playtex's Registration Statement on Form S-4 dated August 29, 1997, File No. 333-33915.)
- 10(k) Form of Retention Agreement dated as of March 13, 2000 between Paul A. Siracusa and the Company. (Incorporated herein by reference to Exhibit 10(j) of Playtex's Annual Report on Form 10-K for the year ended December 30, 2000.)
- 10(l) Form of Retention Agreement dated as of March 21, 2000 between Glenn A. Forbes and the Company. (Incorporated herein by reference to Exhibit 10(k) of Playtex's Annual Report on Form 10-K for the year ended December 30, 2000.)
- 10(m) Form of Retention Agreement dated as of August 1, 2000 between Kevin M. Dunn and the Company. (Incorporated herein by reference to Exhibit 10(l) of Playtex's Annual Report on Form 10-K for the year ended December 30, 2000.)
- 10(n) Form of Retention Agreement dated as of August 1, 2000 between Vincent S. Viviani and the Company. (Incorporated herein by reference to Exhibit 10(m) of Playtex's Annual Report on Form 10-K for the year ended December 30, 2000.)
- 10(o) Amended Trademark License Agreement dated November 19, 1991 among Marketing Corporation, Apparel and Family Products. (Incorporated herein by reference to Exhibit 10(r) of Playtex's Registration Statement on Form S-1, File No. 33-43771.)
- 10(p) Amended Trademark License Agreement dated November 19, 1991 by and between Apparel and Family Products. (Incorporated herein by reference to Exhibit 10(s) of Playtex's Registration Statement on Form S-1, File No. 33-43771.)

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EXHIBIT NO.

DESCRIPTION

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- 10(q) Release Agreement, dated November 5, 1991, between Playtex Investment Corp. and Playtex Apparel Partners, L.P. (Incorporated herein by reference to Exhibit 10(gg) of Playtex's Registration Statement on Form S-1, No. 33-71512.)
- 10(r) Stock Purchase Agreement dated as of March 17, 1995 between Playtex and HWH Capital Partners, L.P., HWH Valentine Partners, L.P. and HWH Surplus Valentine Partners, L.P. (Incorporated herein by reference to Exhibit 10.1 of Playtex's Form 8-K, dated March 17, 1995.)
- 10(r) (1) Amendment No.1 to Stock Purchase Agreement, dated as of June 1, 1998, by and among the Company, HWH Capital Partners, L.P., HWH Valentine Partners, L.P., HWH Surplus Valentine Partners, L.P. to the Stock Purchase Agreement, dated as of March 17, 1995. (Incorporated herein by reference to Exhibit 10(3) of Playtex's Post Effective Amendment No. 1 to Form S-3 dated as of June 12, 1998, File No. 333-50099.)
- 10(r) (2) First Amended and Restated Registration Rights Agreement, dated as of June 1, 1998, by and among the Company, HWH Capital Partners, L.P., HWH Valentine Partners, L.P., HWH Surplus Valentine Partners, L.P. to the Stock Purchase Agreement, dated as of March 17, 1995. (Incorporated herein by reference to Exhibit 10(5) of Playtex's Post Effective Amendment No. 1 to Form S-3 dated as of June 12, 1998, No. 333-50099.)
- 10(r) (3) Amendment No. 1, dated as of January 29, 1999 to the First Amended and Restated Registration Rights Agreement, dated as of March 17, 1995, as amended and restated as of June 1, 1998 by and among the Company, HWH Capital Partners, L.P., HWH Valentine Partners, L.P., HWH Surplus Valentine Partners, L.P. to the Stock Purchase Agreement. (Incorporated herein by reference to Exhibit 10(t)(3) of Playtex's Annual Report on Form 10-K for the fiscal year ended December 26, 1998.)
- 10(s) Stock Purchase Agreement, dated as of December 19, 1997, among Playtex Products, Inc., and the Shareholders of Carewell Industries, Inc. (Incorporated herein by reference to Exhibit 10(af) of Playtex's Annual Report on Form 10-K for the year ended December 27, 1997.)
- 10(t) Asset Purchase Agreement, dated as of January 26, 1998, among Playtex Products, Inc., Binky-Griptight, Inc., Lewis Woolf Griptight Limited and L.W.G. Holdings Limited. (Incorporated herein by reference to Exhibit 10(ag) of Playtex's Annual Report on Form 10-K for the year ended December 27, 1997.)
- 10(u) Merger Agreement, dated as of December 22, 1997, among Playtex Products, Inc., PCG Acquisition Corp., J.W. Childs Equity Partners L.P. and Personal Care Holdings, Inc. (Incorporated herein by reference to Exhibit 2.1 of Playtex's Form 8-K, dated February 12, 1998.)
- 10(v) Asset Sale Agreement, dated as of May 13, 1999, by and between Playtex Products, Inc. and Colgate Palmolive Company. (Incorporated herein by reference to Exhibit 2.1 of Playtex's Current Report on Form 8-K, dated July 15, 1999.)
- 10(v) (1) Amendment No. 1 to the Asset Sale Agreement, dated as of June 25, 1999, by and between Playtex Products, Inc. and Colgate

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Palmolive Company. (Incorporated herein by reference to Exhibit 2.2 of Playtex's Current Report on Form 8-K, dated July 15, 1999.)

10(w) Registration Rights Agreement, dated as of January 28, 1998 among Playtex Products, Inc. and J.W. Childs Equity Partners, L.P. (Incorporated herein by reference to Exhibit 2.2 of Playtex's Form 8-K, dated February 12, 1998.)

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EXHIBIT NO. -----	DESCRIPTION -----
10(w) (1)	First Amended and Restated Registration Rights Agreement, dated as of June 1, 1998, by and among the Company, J.W. Childs Equity Partners, L.P and certain other Stockholders named in the Stockholders Agreement dated as of January 28, 1998. (Incorporated herein by reference to Exhibit 10(6) of Playtex's Post Effective Amendment No. 1 to Form S-3, dated as of June 12, 1998, File No. 333-50099.)
10(x)	Stockholders Agreement, dated as of January 28, 1998, between Playtex Products, Inc. and J.W. Childs Equity Partners, L.P. and certain other Stockholders named therein. (Incorporated herein by reference to Exhibit 2.3 of Playtex's Form 8-K, dated February 12, 1998.)
10(y)	Letter Agreement, dated as of June 1, 1998, by and among the Company, J.W. Childs Equity Partners, L.P and certain other Stockholders named in the Stockholders Agreement dated as of January 28, 1998. (Incorporated herein by reference to Exhibit 10(7) of Playtex's Post Effective Amendment No. 1 to Form S-3, dated as of June 12, 1998, File No. 333-50099.)
10(z)	Letter of Waiver, dated as of June 1, 1998, by and among the Company, Donaldson, Lufkin & Jenrette International, J.W. Childs Equity Partners, L.P and certain other Stockholders named in the Stockholders Agreement dated as of January 28, 1998. (Incorporated herein by reference to Exhibit 10(8) of Playtex's Post Effective Amendment No. 1 to Form S-3, dated as of June 12, 1998, File No. 333-50099.)
10(aa)	Stock Purchase Agreement, dated June 1, 1998 between J.W. Childs Equity Partners, L.P. (the "seller"), RCBA Playtex, L.P. (the "Buyer"), and Richard C. Blum & Associates, Inc. (the "Guarantor"). (Incorporated herein by reference to Exhibit 10(1) of Playtex's Post Effective Amendment No. 1 to Form S-3, dated as of June 12, 1998, File No. 333-50099.)
10(ab)	Stockholders Agreement, dated June 1, 1998 between RCBA Playtex, L.P. and the Company. (Incorporated herein by reference to Exhibit 10(2) of Playtex's Post Effective Amendment No. 1 to Form S-3, dated as of June 12, 1998, File No. 333-50099.)
10(ab) (1)	Amended and Restated Stockholders Agreement, dated September 3, 1998 between the Company, RCBA Playtex, L.P. and RCBA Strategic Partners. (Incorporated herein by reference to Exhibit 10(ac) (1) of Playtex's Annual Report on Form 10-K for

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the fiscal year ended December 26, 1998.)

- 10(ac) Registration Rights Agreement, dated June 1, 1998 between RCBA Playtex, L.P. and the Company. (Incorporated herein by reference to Exhibit 10(4) of Playtex's Post Effective Amendment No. 1 to Form S-3, dated as of June 12, 1998, File No. 333-50099.)
- 10(ac) (1) Amendment No. 1, dated as of January 29, 1999, to the Registration Rights Agreement, dated as of June 1, 1998 between RCBA Playtex, L.P. and the Company. (Incorporated herein by reference to Exhibit 10(ad)(1) of Playtex's Annual Report on Form 10-K for the fiscal year ended December 26, 1998.)
- 10(ad) Registration Rights Agreement, dated as of January 29, 1999, between Playtex Products, Inc. and Mondial Industries Limited Partnership. (Incorporated herein by reference to Exhibit 2.3 of Playtex's Form 8-K, dated February 12, 1999.)
- 10(ae) Sublease Agreement between Playtex and AMBAC Capital Management, Inc. dated as of February 20, 1998. (Incorporated herein by reference to Exhibit 10(ah) of Playtex's Annual Report on Form 10-K for the fiscal year ended December 26, 1998.)

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EXHIBIT NO. -----	DESCRIPTION -----
10(af)	Agreement of Lease between Playtex Manufacturing, Inc. and Trammell Crow NE, Inc. (Incorporated herein by reference to Exhibit 10(ai) of Playtex's Annual Report on Form 10-K for the fiscal year ended December 26, 1998.)
10(ag)	Lease Agreement between Playtex Manufacturing, Inc. and Tetra Pak Plastic Packaging R&D GmbH, Hitek FSP, S.A., Tetra Laval Holdings & Finance S.A., and Tetra Laval Credit Inc., dated as of April 26, 1996. (Incorporated herein by reference to Exhibit 10(ai) of Playtex's Annual Report on Form 10-K for the year ended December 27, 1997.)
10(ah)	Lease Agreement between Playtex Manufacturing, Inc. and BTM Capital Corporation, dated as of June 20, 1996. (Incorporated herein by reference to Exhibit 10(aj) of Playtex's Annual Report on Form 10-K for the year ended December 27, 1997.)
10(ai)	Interest Rate Swap Agreement effective November 30, 2000 between Playtex Products, Inc., and Wells Fargo Bank, N.A. (Incorporated herein by reference to Exhibit 10(ai) of Playtex's Annual Report on Form 10-K for the year ended December 30, 2000.)
10(aj)	Interest Rate Swap Agreement effective December 4, 2000 between Playtex Products, Inc., and Toronto Dominion (New York), Inc. (Incorporated herein by reference to Exhibit 10(aj) of Playtex's Annual Report on Form 10-K for the year ended December 30, 2000.)

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- *12(a) Statement re-computation of ratios.
- *21(a) Subsidiaries of Playtex.
- *23 Consent of KPMG LLP.

Exhibits marked with an " * " are filed as a part of this Annual Report on Form 10-K, all other exhibits are incorporated by reference as individually noted. Exhibits listed as 10(e) through and including 10(n) could be considered compensatory plans or in some manner benefit certain employees.

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