SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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DIAL CORP /NEW/

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SIC: **2840** Soap, detergents, cleang preparations, perfumes, cosmetics

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended **March 30, 2002**

Commission file number 1-11793

THE DIAL CORPORATION
(Exact Name of Registrant as Specified in its Charter)

DELAWARE	**51-0374887**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
15501 NORTH DIAL BOULEVARD SCOTTSDALE, ARIZONA	**85260-1619**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant' s Telephone Number, Including Area Code: (480) 754-3425

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

Yes ☒ No ☐

The number of shares of Common Stock, $.01 par value, outstanding as the close of business on April 26, 2002 was 94,848,752.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
THE DIAL CORPORATION
CONSOLIDATED BALANCE SHEET

(in thousands, except share data)	(Unaudited) March 30, 2002	December 31, 2001
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 48,091	$ 29,414
Receivables, less allowance of $3,822 and $5,131	96,602	94,189
Inventories	124,130	129,977
Deferred income taxes	23,230	23,412
Income tax receivable	–	12,567
Other current assets	4,779	9,492
Total current assets	296,832	299,051
Property and equipment, net	235,575	252,957
Deferred income taxes	52,478	49,817
Intangibles, net	359,561	403,811
Other assets	12,927	18,480
	$ 957,373	$ 1,024,116
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Trade accounts payable	$ 94,139	$ 98,952
Income taxes payable	6,754	–
Other current liabilities	128,929	151,630
Total current liabilities	229,822	250,582
Long-term debt	444,894	445,341
Pension and other benefits	237,930	239,286
Other liabilities	7,114	7,029
Total liabilities	919,760	942,238
Stockholders' Equity:		
Preferred stock, $.01 par value, 10,000,000 shares authorized; no shares issued and outstanding	–	–
Common stock, $.01 par value, 300,000,000 shares authorized; 105,712,924 and 105,712,924 shares issued	1,057	1,057
Additional capital	422,426	420,611

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Retained (deficit) income	(15,412)	6,736
Accumulated other comprehensive loss	(102,526)	(75,502)
Employee benefits	(52,180)	(55,542)
Treasury stock, 10,862,801 and 10,847,386 shares held	(215,752)	(215,482)
Total stockholders' equity	37,613	81,878
	$ 957,373	$ 1,024,116

See Notes to Consolidated Financial Statements.

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THE DIAL CORPORATION
STATEMENT OF CONSOLIDATED OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	(Unaudited) Quarter Ended	
(in thousands, except per share data)	**March 30, 2002**	**March 31, 2001**
Net sales	$ 307,469	$ 292,935
Costs and expenses:		
Cost of products sold	195,651	199,990
Selling, general and administrative expenses	63,256	58,365
Total costs and expenses	258,907	258,354
Operating income	48,562	34,580
Interest and other expenses	(11,025)	(13,872)
Net income of joint ventures	–	2,000
Income from continuing operations before income taxes and cumulative effect of the change in accounting principle	37,537	22,708
Income taxes on continuing operations	13,965	8,013
Income from continuing operations before cumulative effect of the change in accounting principle	23,572	14,695
Discontinued operation:		
Loss from operation of discontinued Specialty Personal Care segment, net of income tax of $550	–	(1,597)
Adjustment of loss on disposal of discontinued Specialty Personal Care segment, net of income tax of $740	1,260	–
Total gain (loss) from discontinued operation	1,260	(1,597)
Cumulative effect of the change in accounting principle, net of income tax of $661	(43,308)	–
NET (LOSS) INCOME	$ (18,476)	$ 13,098
Basic net (loss) income per common share:		
Income from continuing operations	$ 0.26	$ 0.16
Income (loss) from discontinued operations	0.01	(0.02)
Cumulative effect of the change in accounting principle	(0.47)	–
NET (LOSS) INCOME PER SHARE – BASIC	$ (0.20)	$ 0.14
Diluted net (loss) income per common share:		
Income from continuing operations	$ 0.25	$ 0.16
Income (loss) from discontinued operation	0.01	(0.02)

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Cumulative effect of the change in accounting principle	(0.47)	–
NET (LOSS) INCOME PER SHARE – DILUTED	$ (0.20)	$ 0.14
Weighted average basic shares outstanding	91,794	91,291
Weighted average equivalent shares	1,285	294
Weighted average diluted shares outstanding	93,079	91,585
NET (LOSS) INCOME	$ (18,476)	$ 13,098
Other comprehensive loss:		
Foreign currency translation adjustment	(27,024)	(457)
COMPREHENSIVE (LOSS) INCOME	$ (45,500)	$ 12,641

See Notes to Consolidated Financial Statements.

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THE DIAL CORPORATION
STATEMENT OF CONSOLIDATED CASH FLOWS

	(Unaudited) Quarter Ended	
(in thousands)	**March 30, 2002**	**March 31, 2001**
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net (Loss)/Income	$ (18,476)	$ 13,098
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Discontinued operations, net of tax	(1,260)	1,597
Effect of change in accounting principle, net of tax	43,308	
Depreciation	9,133	9,761
Amortization	34	2,430
Deferred income taxes	(946)	1,100
Change in operating assets and liabilities:		
Receivables	(9,799)	10,399
Inventories	2,293	(7,999)
Trade accounts payable	(22)	(20,219)
Income taxes receivable	15,075	(17,337)
Other assets and liabilities, net	(16,658)	(8,336)
Net cash provided (used) by operating activities	22,682	(15,506)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Capital expenditures	(2,917)	(3,091)
Acquisition of businesses, net of cash acquired	–	(75)
Proceeds from disposition of discontinued operation	2,000	–
Investment in and transfers from discontinued operation	–	29,835
Proceeds from sale of assets	292	–
Net cash provided (used) by investing activities	(625)	26,669
CASH FLOWS PROVIDED USED BY FINANCING ACTIVITIES:		
Net change in long-term debt	(447)	(1)
Net change in short-term bank loans	–	(10,014)
Dividends paid on common stock	(3,667)	(3,653)
Cash proceeds from stock options	1,301	239
Net cash used provided by financing activities	(2,813)	(13,429)
Effects of foreign currency exchange rates on cash balances	(567)	–
Net increase (decrease) in cash and cash equivalents	18,677	(2,266)
Cash and cash equivalents, beginning of period	29,414	6,733
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 48,091	$ 4,467

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See Notes to Consolidated Financial Statements.

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THE DIAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Preparation

The accompanying consolidated financial statements include the accounts of The Dial Corporation and all majority-owned subsidiaries. This information should be read in conjunction with the financial statements set forth in The Dial Corporation Annual Report to Stockholders for the year ended December 31, 2001.

On August 28, 2001, we completed the sale of our Specialty Personal Care ("SPC") business. The accompanying financial statements have been prepared to reflect our historical financial position and results of operations and cash flows as adjusted for the reclassification of the SPC business as a discontinued operation. The historical results of operations of the SPC business up to its date of disposition and the estimated loss on the sale of SPC are reported as a discontinued operation in the accompanying consolidated financial statements.

Accounting policies utilized in the preparation of the financial information herein presented are the same as set forth in Dial' s annual financial statements except as modified for interim accounting policies which are within the guidelines set forth in Accounting Principles Board Opinion No. 28, "Interim Financial Reporting." The interim consolidated financial statements are unaudited. All adjustments, consisting of normal recurring accruals and accruals to record certain estimated exit costs and transaction costs necessary to dispose of the SPC business and accruals to record certain special charges (see note 2) and to present fairly the financial position as of March 30, 2002 and the results of operations and cash flows for the quarter ended March 30, 2002 and March 31, 2001, have been included. Interim results of operations are not necessarily indicative of the results of operations for the full year.

Note 2. Discontinued Operation

On August 28, 2001, we completed the sale of our Specialty Personal Care ("SPC") business. This business segment included a variety of skin, hair, bath, body and foot care products sold under the *Freeman*, *Sarah Michaels*, and *Nature' s Accents* brand names. The sale of SPC was in line with our strategy to fix or jettison under-performing businesses. As a result of the sale, we incurred a one-time charge of $198.4 million, net of income tax benefits and expected sale proceeds, related to the write-off of SPC assets and an accrual for estimated exit costs. Proceeds from the sale were used to repay debt. As a result of this transaction, we sold the stock of our wholly-owned subsidiary, Sarah Michaels, Inc., and inventory, fixed assets and intangibles of the SPC business, but retained the related receivables and liabilities arising on or prior to the closing.

As consideration for the sale, Dial received aggregate purchase price consideration of $12.0 million, which consisted of $8.0 million in cash and two subordinated promissory notes in the amount of $2.0 million each. As of December 31, 2001, we had not recorded the $4.0 million in promissory notes because of uncertainties regarding the realizability of such amounts. In the first quarter of 2002, we entered into an agreement with the buyer of this business to resolve disputes that arose in connection with the sale. Under the terms of that agreement, we received full payment on one of these notes, forgave the other note and agreed to bear the cost of some disputed expenses. In the first quarter of 2002, we recorded the $2.0 million ($1.3 million after-tax) received as a reduction of the loss recognized on the sale of the SPC business.

As a result of the loss recognized on the sale, we recorded a current tax benefit of approximately $40.0 million. This tax benefit resulted in cash savings in the third and fourth quarters of 2001, the first quarter

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of 2002 and is expected to generate savings in the second quarter of 2002. The loss on the sale of SPC is comprised primarily of the write-off of goodwill and inventories. In addition, the sale resulted in an approximate $75.9 million capital loss for which no tax benefits were provided. We will realize benefits from this capital loss only to the extent that we generate capital gains in the future.

Net sales of the discontinued SPC business for the first quarter of 2001 were $10.2 million. As of March 30, 2002, our balance sheet includes approximately $0.5 million in net receivables, $3.5 million in trade accounts payable and $16.8 million in accrued liabilities and exit costs which were not assumed by the purchaser as a result of the sale.

Note 3. Effect of Change in Accounting Principle

Effective January 1, 2002, we recorded a $43.3 million after-tax impairment loss ($44.0 million pre-tax) on the goodwill and trademarks of our Argentina business as a result of implementing SFAS 142, "Goodwill and Other Intangible Assets". SFAS 142 established a new method of testing goodwill for impairment that was adopted by the Company on January 1, 2002. The impairment charge related to the Argentina business was calculated using a discounted cash flow model. The impairment charge was recorded as a *Cumulative Effect of Change in Accounting Principle* and, therefore, is not included in our operating income. The intangible impairment affected the *Other* reporting segment.

Note 4. Special Charges

2001 Special Charges

On August 30, 2001, we announced a special charge to consolidate manufacturing facilities in the United States and Argentina. In addition, in the third quarter of 2001 we incurred a special charge for the closure of our Mexico City manufacturing facility and discontinuation of certain product inventories. We recorded $11.8 million ($10.2 million after-tax or $0.11 per share) related to these special charges. The activity in the first quarter of 2002 is summarized below:

(in thousands)	Ending reserves at 12/31/01	Cash spent during 2002	Ending reserves at 3/30/02
Employee separations	$ 823	$ (632)	$ 191
Other exit costs	1,581	(833)	748
Total	$ 2,404	$ (1,465)	$ 939

The income statement classification of amounts recorded with respect to the 2001 Special Charges have been previously disclosed and no additional amounts were charged to net income in the first quarter of 2002.

We have sold or disposed of a portion of the discontinued product inventories and expect to sell or dispose of the remainder in 2002. In addition, we sold our Mexico facility for $2.7 million in the second quarter of 2002, resulting in a $1.7 million gain. As a result of the sale, we expect to record the gain on sale of the Mexico plant in the second quarter of 2002. Remaining cash requirements for the special charges will be funded from normal operations.

The projected timing, estimated cost and projected savings related to this 2001 Special Charge are based on management' s judgement in light of the circumstances and estimates at the time the judgements were made. Accordingly, such estimates may change as future events evolve. Among other matters, unforeseen changes in operating requirements and other factors referred to in Exhibit 99 to this Form 10-Q could cause these operating benefits to differ materially from anticipated results.

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2000 Special Charges

On June 28, 2000 and on October 18, 2000, we announced special charges related to the Specialty Personal Care business, the Dial/Henkel joint ventures, severance costs for prior management and other actions to improve operational efficiencies. Excluding the Specialty Personal Care portion of the charge, which has been reclassified to discontinued operations, we recorded charges of $48.4 million ($34.1 million after-tax or $0.37 per share) during 2000. We reversed $1.1 million in charges to net income with respect to these special charges in 2001. At December 31, 2001, a $0.9 million reserve remained, which related to severance. During the first quarter of 2002, cash severance payments decreased the reserve to $0.7 million. Cash requirements for the special charges will be funded from normal operations.

Note 5. Dial/Henkel Joint Ventures

In April 1999, we formed Dial/Henkel LLC, a joint venture with Henkel KGaA of Düsseldorf, Germany ("Henkel"). Dial and Henkel each owned 50% of this joint venture. The joint venture was formed to develop and market a range of enhanced laundry products in North America. In July 1999, the joint venture acquired the Custom Cleaner home dry-cleaning business.

During the third quarter of 2000, the Dial/Henkel LLC joint venture decided to discontinue operations of *Purex Advanced*. As a result, *Purex Advanced* has been reflected as a discontinued operation within the Dial/Henkel LLC joint venture financial statements. In the third quarter of 2001, we announced the discontinuation of the last piece of the Dial/Henkel LLC joint venture, the Custom Cleaner home dry cleaning business.

In the second quarter of 2002, Henkel received certain intellectual property rights related to the former Custom Cleaner business in exchange for their interest in Dial/Henkel LLC. As a result, we will consolidate the Dial/Henkel LLC' s operations in the second quarter of 2002. As of March 30, 2002, the Dial/Henkel LLC' s balance sheet included $1.1 million in current assets and $2.6 million in current liabilities. We accounted for this joint venture under the equity method of accounting through the first quarter of 2002.

Note 6. Inventories

Inventories consisted of the following:

(in thousands)	**March 30, 2002**	**December 31, 2001**
Raw materials and supplies	$ 28,356	$ 30,891
Work in process	7,060	9,295
Finished goods	88,714	89,791
Total inventories	$ 124,130	$ 129,977

Note 7. Intangible Assets

Intangible amortizable assets consisted of the following:

(in thousands)	**March 30, 2002**			**December 31, 2001**		
	Gross Carrying Value	**Accumulated Amortization**	**Net Carrying Value**	**Gross Carrying Value**	**Accumulated Amortization**	**Net Carrying Value**

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Patents	$ 1,060	$ (96)	$ 964	$ 1,002	$ (82)	$ 920
Other intangibles	900	(533)	367	900	(516)	384
Total	$ 1,960	$ (629)	$ 1,331	$ 1,902	$ (598)	$ 1,304

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Intangibles not subject to amortization consist of the following:

(in thousands)	March 30, 2002	December 31, 2001
Goodwill	$ 310,811	$ 353,002
Trademarks	39,559	41,645
Other intangibles	7,860	7,860
Total	$ 358,230	$ 402,507

In connection with the implementation of SFAS 142, effective January 1, 2002 we ceased amortizing our intangible assets with indefinite lives. As a result, net income from continuing operations for the quarter ended March 30, 2002 increased $1.8 million after-tax ($2.4 million pre-tax) or $0.02 per share.

Effective January 1, 2002, we recorded a $43.3 million after-tax impairment ($44.0 million pre-tax) to intangibles as a result of implementing SFAS 142. See Note 3 for further discussion of the impairment charge.

Note 8. Debt

Long-term debt consisted of the following:

(in thousands)	March 30, 2002	December 31, 2001
$250 million 7.0% Senior Notes due 2006, net of issue discount	$ 246,269	$ 246,768
$200 million 6.5% Senior Notes due 2008, net of issue discount	198,625	198,573
Total long-term debt	$ 444,894	$ 445,341

In the third quarter of 2001, we issued $250 million of 7.0% Senior Notes due 2006. The net proceeds from this offering were used to repay indebtedness under our credit facility. The Indenture governing these Senior Notes imposes restrictions on us with respect to, among other things, our ability to place liens on certain properties and enter into certain sale and leaseback transactions. In addition, the Indenture governing these Senior Notes requires us to purchase from the holders of the Senior Notes, upon the exercise of such purchase right by each holder, all or any part of their Senior Notes at a purchase price equal to 101% of the principal amount of the Senior Notes plus interest, upon the occurrence of either (i) a change of control of Dial that is followed by a rating decline or (ii) a significant asset sale yielding gross proceeds to us of $500 million or more in the aggregate that is followed by a rating decline. A "rating decline" shall be deemed to have occurred if, no later than 90 days after the public notice of either the occurrence or intention to effect a change of control or significant asset sale, either of the rating agencies assigns a rating to the Senior Notes that is lower than Baa3, in the case of a rating by Moody' s, or BBB-, in the case of a rating by Standard & Poor' s.

In connection with the $250 million debt offering, we have entered into two separate interest rate swap agreements. Collectively, they have a notional value of $250 million. We receive fixed interest payments of 7.0% of the notional amount and make payments equal to 6 month LIBOR plus 182 basis points. Payments are exchanged each February and August 15, at which time the floating interest rate resets using the 6 month LIBOR rate in effect on that day. The terms of the interest rate swaps are for five years.

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We also have outstanding $200 million of 6.5% Senior Notes due 2008, which were issued in 1998. The Indenture governing these Senior Notes also imposes restrictions on us with respect to, among other things, our ability to place liens on certain properties and enter certain sale and leaseback transactions.

The events of default under the Indentures governing both the $250 million of 7.0% Senior Notes due 2006 and the $200 million of 6.5% Senior Notes due 2008 include the following:

- failure to pay principal or interest when due under the notes
- failure to comply with our covenants under the Indentures
- commencing any proceeding for bankruptcy, insolvency or reorganization, and
- default under any other indebtedness for borrowed money having an aggregate principal amount outstanding of at least $50 million, which default results in such indebtedness being declared due and payable prior to its maturity date.

In the first quarter of 2002, we terminated our existing credit facility and replaced it with a new $150 million revolving credit facility. The new facility is comprised of two commitments: $75 million under commitments available until March of 2005 and $75 million under commitments available until March 2003. In May 2002, this new credit facility was increased to $200 million, with $100 million available until March 2005 and $100 million available until March 2003. The credit facility requires us to pay commitment fees to the lenders. Borrowings under the facility bear interest at our option, at the banks' prime rate or LIBOR plus a credit spread. The credit spread and the commitment fees paid for the facility are subject to adjustment should our debt ratings change. There were no amounts borrowed under the facility at March 30, 2002.

Under the new facility, we are required to maintain minimum net worth of $100 million plus 50% of net income (if positive) earned from the date of the facility. For purposes of calculating our minimum net worth, we exclude foreign currency translation gains or losses, gains or losses relating to any sale or other disposition of our Argentinean operations and/or the Armour food business and the previously discussed $43.3 million after-tax impairment charge ($44.0 million pre-tax) taken in the first quarter of 2002 for Argentina. We also are limited to a maximum ratio of funded debt to earnings before interest, taxes, depreciation and amortization (EBITDA) of 3.0 to 1.0. This new facility also limits our ability, above certain amounts, to incur additional unsecured indebtedness, sell, lease or transfer assets, enter into sale and lease back transactions, place liens on properties and complete certain acquisitions without our lenders' consent.

The events of default under our new $200 million credit facility include the following:

- failure to pay principal or interest when due
- failure to comply with our covenants, representations and warranties under the credit agreement
- default in the payment of, or failure to comply with our covenants relating to, other indebtedness with a principal amount outstanding of at least $15 million
- default under any material contract which results in liabilities or damages in excess of $25 million
- commencing any proceeding for bankruptcy, insolvency or reorganization
- entry of a final, non-appealable judgment in excess of $25 million, and
- a change in control of Dial.

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At March 30, 2002, we were in compliance with all covenants under our credit facility, our $250 million of 7.0% Senior Notes due 2006 and our $200 million of 6.5% Senior Notes due 2008.

Note 9. Segments of an Enterprise

For organizational, marketing and financial reporting purposes, we are organized into two business segments: (i) Domestic Branded and (ii) Other. The segments were identified based on the economic characteristics, types of products sold, the customer base and method of distribution. On August 28, 2001 we disposed of our Specialty Personal Care segment. The segment information has been restated to reflect historical segment information as adjusted for the reclassification of Specialty Personal Care as a discontinued operation. Prior to the fourth quarter of 2001, we included sales of discontinued products in the Other business segment. In the fourth quarter of 2001, we began to include sales of discontinued products in the business segment that launched the product. Effective January 1, 2002, we began to include the International operating segment in the Other business segment due to its immaterial size. Historical segment information has been restated to reflect the new segment structure.

The Domestic Branded business segment consists of four aggregated operating segments that manufacture and market nondurable consumer packaged goods through grocery, drug and mass merchandiser retail outlets. It is comprised of the Personal Cleansing, Laundry Care, Air Fresheners and Food Products operating segments. Our subsidiary, ISC International, Ltd., a manufacturer of translucent soaps, is included in the Personal Cleansing operating segment. Prior to January 1, 2002, we included sales of industrial chemicals, which includes soap pellets and chemicals, principally glycerin and fatty acids, that are by-products of the soap making process in Other business segment. Effective January 1, 2002, we began to include industrial chemicals in the Personal Cleansing operating segment. The segment information has been restated to reflect historical information.

Our Other business segment includes sales of our products, both branded and nonbranded, through the commercial channel to hotels, hospitals, schools and other institutional customers. It also includes the sale of consumer products outside of the United States, principally in Argentina, Canada, Mexico, Puerto Rico and the Caribbean.

Information as to our operations in different business segments is set forth below. The calculation of Operating Income for each segment includes an allocation of indirect general and administrative expenses based on each segment' s share of consolidated net sales. The accounting policies of the business segments are the same as those described in the summary of significant accounting policies in Note 2 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2001.

(in thousands)	**Domestic Branded**	**Other**	**Total**
Net Sales:			
Quarter ended:			
March 30, 2002	$ 272,626	$ 34,843	$ 307,469
March 31, 2001	250,171	42,764	292,935
Operating Income:			
Quarter ended:			
March 30, 2002	47,112	1,450	48,562
March 31, 2001	33,351	1,229	34,580
Goodwill at:			
March 30, 2002	310,811	–	310,811
December 31, 2001	310,839	42,163	353,002
Assets at:			
March 30, 2002	907,546	49,827	957,373
December 31, 2001	907,479	116,637	1,024,116

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ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Forward looking statements

Some statements contained in this Quarterly Report on Form 10-Q may constitute “forward-looking statements” within the meaning of The Private Securities Litigation Reform Act of 1995. Words such as “believe”, “expect”, “intend”, “anticipate”, “estimate”, “project” and similar expressions identify forward-looking statements, which speak only as of the date the statement was made. These forward-looking statements include, but are not limited to, our expected continuing tax benefits in the second quarter of 2002 from the sale of our SPC business; our expectation that Argentina will be break even on its earnings in 2002; our belief that the Kmart bankruptcy and related store closings could adversely impact our financial results; our expectations for earnings per share, before special charges, for 2002; our expectation that our operating margin will improve 175 to 200 basis points in 2002; our expected reduction of net debt in 2002 of approximately $90 million; our belief that the EEOC litigation will not have a material adverse effect on our operating results or financial condition; and our expected capital expenditures in 2002 of approximately $39 million. These statements are based upon management’ s beliefs, as well as on assumptions made by and information currently available to management, and involve various risks and uncertainties that are beyond our control. Our actual results could differ materially from those expressed in any forward-looking statements made by, or on behalf of, us.

Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Future events and actual results could differ materially from those set forth in, contemplated by, or underlying the forward-looking statements. Statements in this Quarterly Report on Form 10-Q, including the Notes to the Consolidated Financial Statements and “Management’ s Discussion and Analysis of Results of Operations and Financial Condition”, describe factors, among others, that could contribute to or cause such differences. Additional risk factors that could cause actual results to differ materially from those expressed in such forward-looking statements are set forth in Exhibit 99 which is attached as an exhibit and incorporated by reference into this Quarterly Report on Form 10-Q.

Potential Sale of Dial

On August 3, 2001, we announced that our Board of Directors had reviewed our options as a company and decided that our shareholders would be best served if we were part of a larger enterprise. In this regard, although we will continue to focus on improving our operating results as a standalone company, the Board believes that we should concurrently explore opportunities to become part of a larger company, with each pursuit intended to maximize shareholder value. These opportunities may include exploring transactions with multiple parties. We have been working with Goldman Sachs & Co. and will continue to do so as we evaluate any opportunities for Dial to be part of a larger company.

No time constraints have been set for any transaction, and any decision regarding any potential transactions will be based upon the best interests of our shareholders. Accordingly, there is no assurance that any sale, merger or other transactions involving Dial or any of its businesses will occur in the near future or at all. In addition, decisions made in the course of continuing to improve our operating results could result in our recording additional special or restructuring charges or additional asset writedowns.

Sale of Specialty Personal Care Segment

On August 28, 2001, we completed the sale of our Specialty Personal Care (“SPC”) business. This business segment included a variety of skin, hair, bath, body and foot care products sold under the *Freeman*, *Sarah Michaels*, and *Nature’ s Accents* brand names. The sale of SPC was in line with our

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strategy to fix or jettison under-performing businesses. As a result of the sale, we incurred a one time charge of $198.4 million, net of income tax benefits and expected sale proceeds, related to the write-off of SPC assets and an accrual for estimated exit costs. Proceeds from the sale were primarily used to repay debt. As a result of this transaction, we sold the stock of our wholly-owned subsidiary, Sarah Michaels, Inc., and inventory, fixed assets and intangibles of the SPC business, but retained the related receivables and liabilities arising on or prior to the closing.

As consideration for the sale, Dial received aggregate purchase price consideration of $12.0 million, which consisted of $8.0 million in cash and two subordinated promissory notes in the amount of $2.0 million each. As of December 31, 2001, we had not recorded the $4.0 million in promissory notes because of uncertainties regarding the realizability of such amounts. In the first quarter of 2002, we entered into an agreement with the buyer of this business to resolve disputes that arose in connection with the sale. Under the terms of that agreement, we received full payment on one of these notes, forgave the other note and agreed to bear the cost of some disputed expenses. In the first quarter of 2002, we recorded the $2.0 million ($1.3 million after-tax) received as a reduction of the loss recognized on the sale of the SPC business.

As a result of the loss recognized on the sale, we recorded a current tax benefit of approximately $40.0 million. This tax benefit resulted in cash savings in the third and fourth quarters of 2001, the first quarter of 2002 and is expected to generate cash savings in the second quarter of 2002. The loss on the sale of SPC is comprised primarily of the write-off of goodwill and inventories. In addition, the sale resulted in an approximate $75.9 million capital loss for which no tax benefits were provided. We will realize benefits from this capital loss only to the extent that we generate capital gains in the future.

Net sales of the discontinued SPC business for the first quarter of 2001 were $10.2 million. As of March 30, 2002, our balance sheet includes approximately $0.5 million in net receivables, $3.5 million in trade accounts payable and $16.8 million in accrued liabilities and exit costs which were not assumed by the purchaser as a result of the sale.

Special Charges

2001 Special Charges

On August 30, 2001, we announced a special charge to consolidate manufacturing facilities in the United States and Argentina. In addition, in the third quarter of 2001 we incurred a special for the closure of our Mexico City manufacturing facility and discontinuation of certain product inventories. We recorded $11.8 million ($10.2 million after-tax or $0.11 per share) related to these special charges. The activity in the first quarter of 2002 is summarized below:

(in thousands)	Ending reserves at 12/31/01	Cash spent during 2002	Ending reserves at 3/30/02
Employee separations	$ 823	$ (632)	$ 191
Other exit costs	1,581	(833)	748
Total	$ 2,404	$ (1,465)	$ 939

The income statement classification of amounts recorded with respect to the 2001 Special Charges have been previously disclosed and no additional amounts were charged to net income in the first quarter of 2002.

We have sold or disposed of a portion of the discontinued product inventories and expect to sell or dispose of the remainder in 2002. In addition, we sold our Mexico facility for $2.7 million in the second

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quarter of 2002, resulting in a $1.7 million gain. As a result of the sale, we expect to record the gain on sale of the Mexico plant in the second quarter of 2002. Remaining cash requirements for the special charges will be funded from normal operations.

The projected timing, estimated cost and projected savings related to this 2001 Special Charge are based on management' s judgement in light of the circumstances and estimates at the time the judgements were made. Accordingly, such estimates may change as future events evolve. Among other matters, unforeseen changes in operating requirements and other factors referred to in Exhibit 99 to this Form 10-Q could cause these operating benefits to differ materially from anticipated results.

2000 Special Charges

On June 28, 2000 and on October 18, 2000, we announced special charges related to the Specialty Personal Care business, the Dial/Henkel joint ventures, severance costs for prior management and other actions to improve operational efficiencies. Excluding the Specialty Personal Care portion of the charge, which has been reclassified to discontinued operations, we recorded charges of $48.4 million ($34.1 million after-tax or $0.37 per share) during 2000. We reversed $1.1 million in charges to net income with respect to these special charges in 2001. At December 31, 2001, a $0.9 million reserve remained, which related to severance. During the first quarter of 2002, cash severance payments decreased the reserve to $0.7 million. Cash requirements for the special charges will be funded from normal operations.

Recent Developments

Deteriorating Economic Conditions in Argentina

In the first quarter of 2002, we recorded a currency translation adjustment of $27.1 million as a direct charge to our stockholders' equity reflecting a 44% currency devaluation of the Argentine Peso. This non-cash adjustment did not have a material impact on net income but did reduce stockholders' equity. Argentina accounted for approximately $12.9 million and $21.8 million of our net sales and incurred net operating income of approximately $0.4 million and $0.4 million in the first quarters of 2002 and 2001, respectively. In light of the devaluation of the Argentine Peso and the deteriorating economic conditions in Argentina, our sales and operating results in Argentina have been and will continue to be adversely impacted in 2002. Contingency planning is in place in the form of cuts in manufacturing, marketing, and administrative expenses to try to limit Argentina' s impact on our earnings, and we currently expect that Argentina will be about break even on its earnings in 2002. However, the situation in Argentina is changing rapidly, and it is difficult to predict with certainty the impact that Argentina will have on Dial' s net sales and operating results in 2002.

We are reviewing strategic alternatives with respect to our Argentina business, while working aggressively to improve the performance of this business. At this time, we believe that if a decision was made in the future to divest this business, a write-down of assets to their estimated market value would be required. As of March 30, 2002, our investment in our Argentina business was $32.1 million. We would also be required to reverse the $89.3 million currency translation adjustment related to our Argentina business that is currently recorded in equity and take that charge to the income statement.

Kmart Bankruptcy

In January 2002, Kmart Corporation filed for Chapter 11 bankruptcy protection. We sell products to Kmart primarily through Kmart' s distributor, Fleming Companies, Inc., but also sell products to Kmart directly. Fleming has been approved as a critical vendor for Kmart and currently is receiving timely payment from Kmart for sales made after the date that Kmart filed for bankruptcy protection.

It is currently expected that Kmart will close approximately 300 stores in its effort to emerge from

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bankruptcy. We currently believe that these store closings could have an adverse effect on our sales until the inventories from closed stores are sold or liquidated and trade inventories for our products return to normal levels. This situation could be worse than expected if the number of actual store closings exceeds current estimates. No assurances can be given concerning the impact Kmart' s bankruptcy will have on our future sales and operating results.

2002 Outlook

Beginning in January 2002, the Company adopted SFAS 142 "Goodwill and Other Intangible Assets." Under this statement, goodwill and indefinite lived intangible assets are no longer amortized, but instead are subject to annual impairment tests. We recorded approximately $9.9 million ($7.6 million after-tax or $0.08 per share) of goodwill amortization expense for the year ended December 31, 2001, which has ceased in 2002. Effective January 1, 2002, we recorded a $43.3 million after-tax impairment loss ($44.0 million pre-tax) on the goodwill and trademarks of our Argentina business as a result of implementing SFAS 142. We currently expect our earnings from continuing operations to be approximately $1.06 to $1.08, before special charges, for the full year. If we continue to experience favorable sales trends and product costs, we could exceed the full year estimate by $0.01 to $0.02. Operating margin is expected to improve 175 to 200 basis points.

Comparison of the First Quarter of 2002 with the First Quarter of 2001

Net sales for the quarter increased 5.0% to $307.5 million from $292.9 million in the same period in 2001 primarily as a result of 9.0% increase in our Domestic Branded segment and a decrease of 18.5% in our Other segment.

Net sales in our Domestic Branded segment increased 9.0% to $272.6 million from $250.2 million in the same period last year. Net sales information for the businesses included in our Domestic Branded segment is set forth below:

	First Quarter		Increase / (Decrease)	
(in millions)	2002	2001	Amount	Percentage
Personal Cleansing	$ 86.4	$ 82.6	$ 3.8	4.6 %
Laundry Care	107.3	91.7	15.6	17.0%
Air Fresheners	37.1	39.5	(2.4)	(6.1)%
Food Products	41.8	36.4	5.4	14.8%
Total Domestic Branded	$ 272.6	$ 250.2	$ 22.4	9.0 %

The increase in Personal Cleansing sales resulted from strong growth in body wash products offset in part by lower bar soap sales. Bar soap sales are down primarily due to higher promotional incentives and a consumer preference for body wash products over bar soap products. We currently expect that this consumer preference trend will continue. The increase in Laundry Care sales is primarily due to an increase in Purex liquid detergent. The decrease in Air Fresheners resulted primarily from the discontinuation of Fresh Gels and declines in candle sales and One Touch electric scented oil sales offset in part by strong performance of Adjustables. The increase in Food Products resulted primarily from increased sales of Armour branded Vienna sausage and private label products.

Net sales in our Other segment decreased 18.5% to $34.8 million from $42.8 million primarily due to the peso devaluation and economic instability offset in part by increases sales in Canada and in our hotel amenities business. Volume shortfalls in Argentina were partially offset by price increases and increased Export sales.

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Our gross margin improved by 470 basis points to 36.4% from 31.7% in the same period in 2001. This improvement is primarily the result of higher volumes, manufacturing efficiencies and lower raw material and energy costs.

Selling, general and administrative expenses increased 8.4% to $63.3 million in the first quarter of 2002 from $58.4 million in the first quarter of 2001. This increase is primarily the result of higher employee performance-based compensation offset in part by lower intangible amortization expense of $2.4 million due to the implementation of SFAS 142.

Interest and other expenses decreased 20.5% to $11.0 million from $13.9 million in the same period in 2001. The decrease was primarily due to lower debt levels offset in part by $1.1 million charge to write-off the old credit agreement.

We did not recognize any income from the Dial/Henkel joint venture in the first quarter of 2002. Our share of the Dial/Henkel joint venture income in the first quarter of 2001 resulted from lower than expected costs associated with the discontinued *Purex Advanced* business.

Our effective tax rate from continuing operations increased to 37.2% from 35.3% in the same period in 2001. This increase is primarily attributable to less income in foreign jurisdictions that have lower tax rates, lower benefits relating to foreign sales and a decrease in non-taxable joint venture income. These increases were offset in part by a decrease in nondeductible goodwill as a result of implementing SFAS 142.

Income from continuing operations before cumulative effect of change in accounting principle was $23.6 million or $0.25 per diluted share, versus a $14.7 million or $0.16 per diluted share in the first quarter of 2001. As discussed above, this increase in income is primarily attributable to higher sales, higher gross margin, and lower interest costs.

Liquidity and Capital Resources

Net debt decreased $19.1 million to $396.8 million from $415.9 million at December 31, 2001. Net debt is total debt less cash and cash equivalents. The decrease in net debt was funded from cash from operations in the first quarter of 2002.

Cash flow from operations in the first three months of 2002 was $22.7 million compared to a use of cash for operating activities of $15.5 million in the same period in 2001. The increase in cash provided from operations is primarily attributable to an increase in income from continuing operations and the effect of income tax benefits generated from the sale of our SPC business. Reduction of net debt, as defined above, is currently expected to be approximately $90 million during 2002.

Capital expenditures for the first three months of 2002 were $2.9 million. Capital spending in 2002 is currently expected to approximate $39 million. These expenditures will be concentrated primarily on equipment and information systems that provide opportunities to reduce manufacturing, logistic and administrative costs. Our spending plans are dependent on the availability of funds, as well as identification of projects with sufficient returns. As a result, there can be no assurance as to the quantity and the type of capital spending in the future.

The following table outlines our future contractual financial obligations, in thousands as of March 30, 2002, due by period:

(in thousands)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term debt	$ 444,894	$ –	$ –	$ 246,269	$ 198,625
Operating leases	62,889	12,014	26,987	15,536	8,352
Unconditional purchase obligations	20,592	20,592	–	–	–
Total contractual cash obligations	$ 528,375	$ 32,606	$ 26,987	$ 261,805	$ 206,977

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(1) See the consolidated financial statements included in our Annual Report on Form 10-K for additional information concerning our operating leases.

(2) Consists of obligations to purchase certain raw materials that are expected to be used in less than one year in the ordinary course of business.

The following table outlines our other future commercial commitments, in thousands as March 30, 2002, by the amount of commitment that expires per period:

(in thousands)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Standby letters of credit	$ 150	$ 75	$ 75	$ –	$ –
Other commercial commitments	250	250	–	–	–
Total commercial commitments	$ 400	$ 325	$ 75	$ –	$ –

In the third quarter of 2001, we issued $250 million of 7.0% Senior Notes due 2006. The net proceeds from this offering were used to repay indebtedness under our credit facility. The Indenture governing these Senior Notes imposes restrictions on us with respect to, among other things, our ability to place liens on certain properties and enter into certain sale and leaseback transactions. In addition, the Indenture governing these Senior Notes requires us to purchase from the holders of the Senior Notes, upon the exercise of such purchase right by each holder, all or any part of their Senior Notes at a purchase price equal to 101% of the principal amount of the Senior Notes plus interest, upon the occurrence of either (i) a change of control of Dial that is followed by a rating decline or (ii) a significant asset sale yielding gross proceeds to us of $500 million or more in the aggregate that is followed by a rating decline. A "rating decline" shall be deemed to have occurred if, no later than 90 days after the public notice of either the occurrence or intention to effect a change of control or significant asset sale, either of the rating agencies assigns a rating to the Senior Notes that is lower than Baa3, in the case of a rating by Moody' s, or BBB-, in the case of a rating by Standard & Poor' s.

In connection with the $250 million debt offering, we have entered into two separate interest rate swap agreements. Collectively, they have a notional value of $250 million. We receive fixed interest payments of 7.0% of the notional amount and make payments equal to 6 month LIBOR plus 182 basis points. Payments are exchanged each February and August 15, at which time the floating interest rate resets using the 6 month LIBOR rate in effect on that day. The terms of the interest rate swaps are for five years.

We also have outstanding $200 million of 6.5% Senior Notes due 2008, which were issued by us in 1998. The Indenture governing these Senior Notes also imposes restrictions on us with respect to, among other things, our ability to place liens on certain properties and enter into certain sale and leaseback transactions. The interest rate swaps do subject us to the risk of changes in LIBOR based interest rates. At March 30, 2002, the interest rate swaps had a fair market loss associated with them of $0.7 million.

The events of default under the Indentures governing both the $250 million of 7.0% Senior Notes due 2006 and the $200 million of 6.5% Senior Notes due 2008 include the following:

- failure to pay principal or interest when due under the notes
- failure to comply with our covenants under the Indentures
- commencing any proceeding for bankruptcy, insolvency or reorganization, and

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default under any other indebtedness for borrowed money having an aggregate principal amount outstanding of at least $50 million, which default results in such indebtedness being declared due and payable prior to its maturity date.

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In the first quarter of 2002, we terminated our existing credit facility and replaced it with a new $150 million revolving credit facility. The new facility is comprised of two commitments: $75 million under commitments available until March of 2005 and $75 million under commitments available until March 2003. In May of 2002, this new credit facility was increased to $200 million, with $100 million available until March 2005 and $100 million available until March 2003. The credit facility requires us to pay commitment fees to the lenders. Borrowings under the facility bear interest at our option, at the banks' prime rate or LIBOR plus a credit spread. The credit spread and the commitment fees paid for the facility are subject to adjustment should our debt ratings change. There were no amounts borrowed under this facility at March 30, 2002.

Under the new facility, we are required to maintain minimum net worth of $100 million plus 50% of net income (if positive) earned from the date of the facility. For purposes of calculating our minimum net worth, we exclude foreign currency translation gains or losses, gains or losses relating to any sale or other disposition of our Argentinean operations and/or the Armour food business and the previously discussed $43.3 million after-tax impairment charge ($44.0 million pre-tax) taken in the first quarter of 2002 for Argentina. We also are limited to a maximum ratio of funded debt to earnings before interest, taxes, depreciation and amortization (EBITDA) of 3.0 to 1.0. This new facility also limits our ability, above certain amounts, to incur additional unsecured indebtedness, sell, lease or transfer assets, enter into sale and lease back transactions, place liens on properties and complete certain acquisitions without our lenders' consent.

The events of default under our new $200 million credit facility include the following:

- failure to pay principal or interest when due
- failure to comply with our covenants, representations and warranties under the credit agreement
- default in the payment of, or failure to comply with our covenants relating to, other indebtedness with a principal amount outstanding of at least $15 million
- default under any material contract which results in liabilities or damages in excess of $25 million
- commencing any proceeding for bankruptcy, insolvency or reorganization
- entry of a final, non-appealable judgment in excess of $25 million, and
- a change in control of Dial.

At March 30, 2002, we were in compliance with all covenants under our credit facility, our $250 million of 7.0% Senior Notes due 2006 and our $200 million of 6.5% Senior Notes due 2008.

Recent Accounting Pronouncements

In August 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This standard supersedes SFAS 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). There was no effect from adopting SFAS 144 effective January 1, 2002, as required.

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In June 2001, the FASB issued SFAS 142, "Goodwill and Other Intangible Assets." Under the provisions of SFAS 142, goodwill and intangibles assets with indefinite lives are no longer amortized but are subject to annual impairment tests. SFAS 142 also established a new method of testing goodwill for impairment. We adopted SFAS 142 effective January 1, 2002, and expect that as a result our annual amortization expense will be reduced by approximately $9.9 million ($7.6 million annually after-tax or $0.08 per share). We recorded an impairment charge on our Argentina intangible assets from the change in accounting principle in the first quarter of 2002. The amount of the charge is $43.3 million after-tax and was recorded as a *Cumulative Effect of Change in Accounting Principle.*

The Financial Accounting Standards Board' s Emerging Issues Task Force ("EITF") released Issue No. 01-09, "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor' s Product' s". EITF 01-09 consolidates the previously discussed Issue No. 00-14 "Accounting for Certain Sales Incentives" and Issue No. 00-25 "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor' s Products". EITF 01-09 does not change the accounting treatment set forth by EITF 00-14 and EITF 00-25. We adopted EITF 01-09 effective January 1, 2002.

The implementation of EITF 01-09 requires a change to the way we classify certain sales incentives that were previously recorded as selling, general and administrative expenses. We have restated our historical net sales, cost of sales, and selling, general and administrative expense for 2001 as a result of the implementation of the consensus of Issue 01-09. The accounting treatment before and after the implementation of Issue 00-09 is summarized below:

(in millions)	**First quarter of 2001**	**Current treatment**	**Treatment prior to January 1, 2002**
Trade promotions	$94.1	Reduction of net sales	Selling, general and administrative expense
Coupons and rebates	2.6	Reduction of net sales	Selling, general and administrative expense
Free product	1.5	Increase to cost of goods sold	Selling, general and administrative expense

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On May 21, 1999, we were served with a complaint filed by the U.S. Equal Employment Opportunity Commission (the “EEOC”) in the U.S. District Court for the Northern District of Illinois, Eastern Division. This action is entitled *Equal Employment Opportunity Commission v. The Dial Corporation*, Civil Action No. 99 C 3356. The EEOC alleges that Dial has engaged in a pattern and practice of discrimination against a class of female employees by subjecting them to sexual or sex-based harassment and failing to take prompt remedial action after these employees complained about this alleged harassment. The EEOC is seeking to enjoin Dial from this alleged harassment, to require us to train our managerial employees regarding the requirements of Title VII of the Civil Rights Act of 1964 and to recover unspecified compensatory and punitive damages. We have denied the EEOC’ s allegations. After discovery was completed, Dial filed a dispositive motion, which was granted in part and denied in part by the Court in an opinion issued in the third quarter of 2001. The Court granted Dial’ s motion to dismiss the claims of thirteen individuals and denied its motion with respect to the remaining individuals. We petitioned the Seventh Circuit Court of Appeals to review the U.S. District Court’ s ruling on our summary judgment motion, but the Seventh Circuit Court denied our petition for an interlocutory appeal. A trial date has not been set, although we currently anticipate that trial will be scheduled to begin in late 2002. We currently do not believe that this lawsuit will have a material adverse effect on our operating results or financial condition. However, assurances cannot be given regarding the ultimate outcome of this matter.

Item 6. Exhibits and Reports on Form 8-K

(A) Exhibits

10(a). The Dial Corporation Benefits Protection Trust for Change-in-Control Arrangements.

99. Private Securities Litigation Reform Act of 1995 Safe Harbor Compliance Statement for Forward-Looking Statements.

(B) Reports on Form 8-K

We filed a Current Report on Form 8-K, dated January 7, 2002, reporting that Dial issued a press release relating to the earnings release conference call held on Thursday, January 24, 2002, a copy of which was filed as Exhibit 99.

We filed a Current Report on Form 8-K, dated January 24, 2002, reporting that Dial issued a press release relating to its fourth quarter and full year 2001 earnings and outlook for 2002, a copy of which was filed as Exhibit 99.

We filed a Current Report on Form 8-K, dated February 13, 2002, reporting that Dial issued a press release relating to its analyst and investor conference to be held on Tuesday, February 19, 2002, a copy of which was filed as Exhibit 99.

We filed a Current Report on Form 8-K, dated February 19, 2002, reporting that, in response to analyst requests, Dial supplied information concerning net sales for each of the quarters in 2000 and 2001 after giving effect to the Financial Accounting Standards Board’ s Emerging Issues Task Force (“EITF”) Issue No. 00-14, “Accounting for Certain Sales Incentives” and EITF Issue No. 00-25, “Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor’ s

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Products." Dial also reported that it would be hosting an analyst and investor conference at its headquarters building in Scottsdale, Arizona, a copy of such presentation was filed as Exhibit 99.

We filed a Current Report on Form 8-K, dated March 12, 2002, reporting that Dial issued a press release announcing that Chairman, President & CEO, Herbert M. Baum, and Executive Vice President & CFO, Conrad A. Conrad, would present to investors at the Merrill Lynch 15th Annual Global Branded Consumer Products Conference on Tuesday, March 19, 2002, a copy of which was filed as Exhibit 99.

We filed a Current Report on Form 8-K, dated March 19, 2002, reporting that Dial issued a press release announcing that Chairman, President & CEO, Herbert M. Baum, and Executive Vice President & CFO, Conrad A. Conrad, would present to investors at the Merrill Lynch 15th Annual Global Branded Consumer Product Conference. The release also announced that Dial believed that its first quarter 2002 earnings would exceed Street estimates as reported by First Call, excluding the effect of the change in accounting principle that would result in an approximate $43 million after-tax impairment charge for Argentina in the first quarter. A copy of the press release was filed as Exhibit 99.

We filed a Current Report on Form 8-K, dated March 25, 2002, reporting that Dial issued a press release announcing that The Dial Corporation conference call to review first quarter 2002 results would be held on Thursday, April 18, 2002 at 9:00 a.m. EDT, a copy of which was filed as Exhibit 99.

We filed a Current Report on Form 8-K, dated April 4, 2002, reporting that Dial issued a press release announcing that Chairman, President and CEO, Herbert M. Baum, and Executive Vice President and CFO, Conrad A. Conrad would present to investors at the Banc of America Securities Consumer Conference, a copy of which was filed as Exhibit 99.

We filed a Current Report on Form 8-K, dated April 9, 2002, reporting that Dial issued a press release announcing that The Dial Corporation' s CEO and CFO would present to investors at the Banc of America Securities Consumer Conference. This release also announced that Dial expects that its earnings per share, before special charges, will be $0.24 to $0.25 for the first quarter of 2002 and $1.06 to $1.08 for the year, a copy of which was filed as Exhibit 99.

We filed a Current Report on Form 8-K, dated April 18, 2002, reporting that Dial issued a press release relating to its financial results for the first quarter ended March 31, 2002, and its outlook for second quarter and full year 2002, a copy of which was filed as Exhibit 99.

We filed a Current Report on Form 8-K, dated May 7, 2002, reporting that Dial issued a press release announcing that Chairman, President and CEO, Herbert M. Baum, and Executive Vice President and CFO, Conrad A. Conrad, would present to investors at the Goldman Sachs Global Consumer Products Conference, a copy of which was filed as Exhibit 99.

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SIGNATURES

Pursuant to the requirements 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.

The Dial Corporation
(Registrant)

May 14, 2002

/s/ Conrad A. Conrad

Conrad A. Conrad

Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Authorized Officer)

/s/ John F. Tierney

John F. Tierney

Senior Vice President and Controller
(Principal Accounting Officer and Authorized Officer)

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EXHIBIT INDEX

10(a). The Dial Corporation Benefits Protection Trust for Change-in-Control Arrangements.

99. Private Securities Litigation Reform Act of 1995 Safe Harbor Compliance Statement for Forward-Looking Statements.

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EXHIBIT 10(a)

THE DIAL CORPORATION
BENEFITS PROTECTION TRUST
FOR CHANGE-IN-CONTROL ARRANGEMENTS

This Trust Agreement (the "Trust Agreement") made this 11th day of April, 2002, by and between The Dial Corporation, a Delaware corporation (the "Company"), and Wachovia Bank, N.A. (the "Trustee");

WHEREAS, the Company has adopted certain change-in-control arrangements, as currently set forth on Exhibit A hereto (the "Arrangements");

WHEREAS, the Company expects to incur liabilities under the Arrangements following a Change in Control (as defined in Section 13 hereof) of the Company;

WHEREAS, the Company wishes to establish a trust to which it will be required to contribute assets upon a Potential Change in Control (as defined in Section 13 hereof) of the Company and from time to time thereafter, with such assets at all times remaining subject to the claims of the Company's general creditors in the event of its Insolvency (as defined in Section 3(a) hereof) until paid to the individuals who are parties to the Arrangements (the "Covered Individuals," which term shall also be deemed to include any dependent or beneficiary of a Covered Individual entitled to payment pursuant to an Arrangement by reason of the death of the Covered Individual) in such manner and at such times as specified under the Arrangements;

WHEREAS, the Company also wishes to provide that (i) one or more of its subsidiaries may adopt this trust in the event that employees of such subsidiaries become covered by the Arrangements and (ii) the assets contributed in respect of each such subsidiary after such adoption shall be held herein, subject to the claims of general creditors of each such subsidiary in the event of its Insolvency; and

WHEREAS, it is the intention of the parties that the trust shall not affect the status of any Arrangement as unfunded; and

NOW, THEREFORE, the parties do hereby establish The Dial Corporation Benefits Protection Trust for Change-In-Control Arrangements (the "Trust") and agree that the Trust shall be comprised, held and disposed of as follows:

SECTION 1. ESTABLISHMENT OF TRUST.

(a) The Company hereby establishes with the Trustee, and the Trustee hereby accepts, a Trust consisting of two accounts established by the Trustee for purposes of accounting for funds delivered to the Trustee by the Company. One such account shall be known as the "Benefit Account" and shall be used to pay liabilities under the Arrangements. The other such account shall be known as the "Trustee Expense Account" and shall be used to pay (i) the fees, expenses

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and indemnities incurred by the Trustee in accordance with the terms of this Trust Agreement, including expenses incurred in connection with any Litigation (as defined in Section 8(e)(3)(B) hereof) and (ii) the fees and expenses relating to any litigation undertaken by one or more Covered Individuals pursuant to an Arrangement that provides for the right of such Covered Individuals to receive payment of such fees and expenses (however such right may be described or defined in such Arrangement). The Trustee, for investment purposes only, may commingle all Trust assets and treat them as a single fund, but records of the Trustee at all times shall show the percentages of the Trust allocable to each of the accounts.

(b) BENEFIT ACCOUNT.

(1) The Company hereby deposits with the Trustee in trust two hundred fifty dollars ($250) in cash, which shall become the principal of the Benefit Account to be held, administered and disposed of by the Trustee as provided in this Trust Agreement.

(2) Prior to a Potential Change in Control, the Company in its sole discretion may at any time or from time to time deliver to the Trustee additional deposits of (i) cash, (ii) one or more letters of credit issued by one of the twenty-five (25) largest banks in the United States, as measured by assets or (iii) shares of common stock of the Company par value $0.01 per share (the "Common Stock"). Such assets shall be held in trust and be credited to the Benefit Account, to augment the principal to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. Prior to a Change in Control, cash, any such letters of credit and any such shares of Common Stock shall constitute the only acceptable assets to be contributed by the Company to the Trust, and, upon and following a Change in Control, cash shall constitute the only acceptable asset to be contributed by the Company to the Trust, in each case unless otherwise agreed to in writing by the Trustee in its sole discretion (the "Permitted Contributions").

(3) As soon as practicable (but not more than two (2) business days) following the occurrence of (i) a Potential Change in Control or (ii) a Change in Control (whichever occurs earlier), the Company shall make a contribution of Permitted Contributions to the Benefit Account such that the fair market value of the assets credited to the Benefit Account equals or exceeds the Required Funding Level determined as of

immediately following the Change in Control. For purposes of this Trust Agreement, (A) the "Required Funding Level" as of any date shall be an amount determined by the Chief Executive Officer of the Company and Chief Financial Officer of the Company, but not less than five percent (5%) nor more than sixty percent (60%) of the Estimated Maximum Amount as of such date, and (B) the "Estimated Maximum Amount" as of any date shall be equal to the then-current value of all liabilities which have been and may be incurred under the Arrangements and which have not been satisfied as of such date (and assuming,

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for this purpose, that (u) all such liabilities would be paid at the highest possible amount on the earliest possible date, (v) as to any such liabilities that would be incurred upon a termination of employment, such termination has occurred, (w) as to any such liabilities that would be payable at the election of a Covered Individual in a lump sum or in installments, such liabilities would be paid in a lump sum on the earliest possible date, (x) as to any liability that would be payable only upon the making of an affirmative election by a Covered Individual, such election has been made, (y) any non-cash obligations would be settled at their full value in cash and (z) as to any transaction that would constitute a Change in Control and for which the approval of the stockholders of the Company is required, that such stockholder approval would occur immediately prior to the consummation of such transaction). Not later than five (5) days following a Change in Control, the Trustee shall fully draw upon any letters of credit held in the Benefit Account.

(4) If at any time during a Potential Change in Control Period or following a Change in Control the Trustee determines that the fair market value of the assets credited to the Benefit Account are below the then-current Required Funding Level, the Trustee shall make a written demand on the Company to deliver Permitted Contributions to the Trust, to be credited to the Benefit Account, in an amount such that the fair market value of the assets credited to the Benefit Account equals or exceeds the then-current Required Funding Level. The Company shall comply with such written demand within five (5) days following the date of its receipt thereof.

(5) The Trustee shall establish subaccounts (each, a "Subaccount") within the Trust on behalf of the Company and each subsidiary which adopts the Trust (the Company and each such subsidiary, a "Participating Employer"). Amounts paid into the Benefit Account by the Company shall be allocated to the Subaccount of the Company unless specifically provided otherwise by the Company at the time of the contribution. Amounts paid into the Benefit Account by a Participating Employer other than the Company shall be allocated solely to the Subaccount maintained in respect of such Participating Employer; provided, however, that in no event is the Trustee required actually to segregate assets of the Trust into any such Subaccounts.

(c) TRUSTEE EXPENSE ACCOUNT.

(1) The Company hereby deposits with the Trustee in trust two hundred fifty dollars ($250) in cash, which shall become the principal of the Trustee Expense Account to be held, administered and disposed of by the Trustee as provided in this Trust Agreement.

(2) Prior to a Potential Change in Control, the Company in its sole discretion may at any time or from time to time deliver additional Permitted Contributions to the Trustee to be held in trust and to be credited to the Trustee Expense Account, to augment the principal to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. No part of

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the Trustee Expense Account shall be allocated to a Participating Employer other than the Company.

(3) Notwithstanding any other contributions which have been made to the Trustee Expense Account, as soon as practicable (but not more than two (2) business days) following the occurrence of (i) a Potential Change in Control or (ii) a Change in Control (whichever occurs earlier), the Company shall make a contribution of seven hundred fifty dollars ($750,000) in cash to the Trustee Expense Account.

(4) If at any time during a Potential Change in Control Period or following a Change in Control the Trustee determines that the fair market value of the assets credited to the Trustee Expense Account is less than five hundred thousand dollars ($500,000), the Trustee shall make a written demand on the Company to deliver Permitted Contributions to the Trust, to be credited to the Trustee Expense Account, equal to the difference between the fair market value of the assets credited to the Trustee Expense Account on the date of the written demand and five hundred thousand dollars ($500,000). The Company shall comply with such written demand within five (5) days following the date of its receipt thereof.

(d) Contemporaneously with or as soon as practicable following the occurrence of a Change in Control, the Company shall use its best efforts to cause any shares of Common Stock (or any securities or other property into which such shares are changed or for which such shares are exchanged) held in the Trust to be substituted for cash pursuant to Section 5(c) hereof or to be sold for cash.

(e) Except as provided in Sections 2(c) and 4(b) hereof, the Trust established by this Trust Agreement is irrevocable prior to the satisfaction of all liabilities to the Covered Individuals that may be incurred under the Arrangements.

(f) The Trust is intended to be a grantor trust, of which each Participating Employer is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended (the "Code"), and shall be construed accordingly.

(g) The principal of the Trust and any earnings thereon shall be held separate and apart from other funds of the Participating Employers and shall be used exclusively to satisfy the liabilities to the Covered Individuals under the Arrangements, and, if applicable, liabilities to general creditors, as herein set forth. The Covered Individuals shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Arrangements and this Trust Agreement shall, unless explicitly so provided in any of the Arrangements, be mere unsecured contractual rights of Covered Individuals against an applicable Participating Employer. Any assets held in the Trust will be subject to the claims of the Company's general

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creditors under federal and state law in the event of its Insolvency.

SECTION 2. PAYMENTS UNDER THE ARRANGEMENTS.

(a) (1) As promptly as practicable following the occurrence of (i) a Potential Change in Control or (ii) a Change in Control (whichever occurs earlier), the Company shall deliver to the Trustee a schedule that sets forth the Estimated Maximum Amount as well as (v) the amounts that may become payable to each Covered Individual under the Arrangements, (w) the form in which such payments are to be made or the method of determining such form of payment, (x) the timing of such payments or the method of determining such timing, (y) any applicable beneficiary designations made by a Covered Individual and (z) any other information within the possession or control of the Company reasonably necessary for the timely and accurate satisfaction of the liabilities under the Arrangements (the "Payment Schedule"). Except as set forth in Section 2(a)(2) hereof, during a Potential Change in Control Period and following a Change in Control, no Payment Schedule may be revoked or amended to reflect a reduction of the amounts that may be payable to the Covered Individuals under the Arrangements.

(2) The Company shall cause the Payment Schedule to be updated from time to time during a Potential Change in Control Period and following a Change in Control as necessary to ensure that the information thereon remains accurate. The Company shall retain a reputable, independent actuarial or consulting firm (the "Independent Party") to prepare and thereafter update, or to assist the Company in preparing and thereafter updating, the Payment Schedule. If the Trustee does not receive the Payment Schedule from the Company or the Independent Party when due as provided herein, or if the Trustee determines in its sole discretion that the Payment Schedule that has been furnished by the Company or the Independent Party is not adequate, the Trustee may retain another independent actuarial or consulting firm to prepare or update the Payment Schedule. The Company shall provide the Independent Party (and, if applicable, the firm selected by the Trustee) with information within its possession or control reasonably necessary for the Independent Party (and such firm) to prepare the Payment Schedule.

(3) Except as may be otherwise provided in this Trust Agreement, the Trustee shall make payments to the Covered Individuals in accordance with the most recent Payment Schedule delivered to the Trustee.

(4) The Trustee shall make provision for the reporting and withholding of any federal, state or local taxes that may be required to be withheld with respect to the payment of liabilities pursuant to the terms of the Arrangements and shall pay amounts withheld to the appropriate taxing authorities unless it determines that such amounts have been reported, withheld and paid by the Company.

(b) During a Potential Change in Control Period and in any event upon

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and following a Change in Control, for all purposes of this Trust Agreement, the Arrangements shall be conclusively presumed to be valid and binding obligations, and the Covered Individuals shall be conclusively presumed to be entitled to payment thereunder on the basis of the information contained in the most recent Payment Schedule. If, following a Change in Control, no Payment Schedule is on file with the Trustee as to any Covered Individual, the Trustee shall determine the entitlement of Covered Individual under any Arrangement.

(c) Nothing in this Trust Agreement shall be construed to prohibit the Company from paying liabilities pursuant to the terms of the Arrangements directly to Covered Individuals who are parties thereto. The Company shall notify the Trustee of its decision to make any such payment in advance of the time such amounts are due; provided, however, that the Trustee shall be relieved of its obligation to make such payments from the Trust only if and to the extent that the Company has actually made such payments directly. In addition, if the principal of the Trust and any earnings thereon are not sufficient to satisfy the liabilities under the Arrangements in accordance with the terms thereof, the Company shall pay the unpaid balance thereof as they fall due, and the Trustee shall notify the Company when principal and earnings are not sufficient.

SECTION 3. TRUSTEE RESPONSIBILITY REGARDING PAYMENTS WHEN A PARTICIPATING EMPLOYER IS INSOLVENT.

(a) The Trustee shall cease making payments pursuant to the Trust from the Subaccount maintained on behalf of a Participating Employer if such Participating Employer is Insolvent. A Participating Employer shall be considered "Insolvent" for purposes of this Trust Agreement if it (i) is unable to pay its debts as they become due or (ii) is subject to a pending proceeding as a debtor under the United States Bankruptcy Code (such event, "Insolvency").

(b) At all times during the existence of the Trust, as provided in Section 1(f) hereof, the principal and income of the Trust as allocated to each Subaccount

shall be subject to claims under federal and state law of general creditors of the Participating Employer on whose behalf such Subaccount is maintained.

(1) The board of directors and the chief executive officer of each Participating Employer shall have the duty to inform the Trustee in writing of its Insolvency. If a person claiming to be a creditor of a Participating Employer alleges in writing to the Trustee that such Participating Employer has become Insolvent, the Trustee shall determine whether such Participating Employer is Insolvent and, pending such determination, the Trustee shall discontinue payments from the Subaccount maintained on behalf of such Participating Employer.

(2) Unless the Trustee has actual knowledge of a Participating Employer's Insolvency, or has received notice from a Participating Employer or a

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person claiming to be a creditor alleging that such Participating Employer is Insolvent, the Trustee shall have no duty to inquire whether such Participating Employer is Insolvent. The Trustee may in all events rely on such evidence concerning a Participating Employer's Insolvency as may be furnished to the Trustee and that provides the Trustee with a reasonable basis for making a determination concerning such Participating Employer's Insolvency.

(3) If at any time the Trustee has determined that a Participating Employer is Insolvent, the Trustee shall discontinue payments from the Subaccount maintained on behalf of such Participating Employer and shall hold the assets of such Subaccount for the benefit of such Participating Employer's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of the Covered Individuals to pursue their rights as general creditors of such Participating Employer with respect to liabilities under the Arrangements.

(4) The Trustee shall resume the payment of the liabilities under the Arrangements from a Subaccount maintained on behalf of a Participating Employer in accordance with Section 2 hereof only after the Trustee has determined such Participating Employer is not Insolvent (or is no longer Insolvent).

(c) Provided that there are sufficient assets, if the Trustee discontinues the payment of benefits to Covered Individuals from a Subaccount maintained on behalf of a Participating Employer pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to such Covered Individuals under the terms of the applicable Arrangements for the period of such discontinuance, less the aggregate amount of any payments made to such Covered Individuals by a Participating Employer in lieu of the payments provided for hereunder during any such period of discontinuance.

SECTION 4. PAYMENTS TO THE COMPANY.

(a) Except as provided in Sections 3, 4(b) and 4(c) hereof, no Participating Employer shall have any right or power to direct the Trustee to return to it, or to divert to others, any of the Trust assets before all payments that could be made under the Arrangements have been made thereunder in accordance with the terms thereof.

(b) If at any time during a Potential Change in Control Period or following a Change in Control the Trustee determines that the fair market value of the assets held in the Trust exceeds the Required Funding Level, the Trustee shall so inform the Company, and the Company may direct the Trustee to distribute any such excess assets of the Trust to the applicable Participating Employers; provided, however, that if and to the extent that the fair market value of the assets credited to the Trustee Expense Account is less than seven hundred fifty dollars ($750,000) as of the date that any such direction is

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given, any such excess assets shall be transferred to the Trustee Expense Account so that the fair market value of the assets credited to the Trustee Expense Account is at least seven hundred fifty dollars ($750,000), with the remainder (if any) distributed to the applicable Participating Employers.

(c) If the Trustee determines that a Potential Change in Control Period has ended without a Change in Control having occurred, the Company may direct the Trustee to distribute the assets of the Trust to the applicable Participating Employers (less, however, the amounts set forth in Sections 1(b)(1) and 1(c)(1) hereof).

SECTION 5. INVESTMENT AUTHORITY.

(a) The Trustee shall have exclusive authority and discretion to manage and control the Trust's assets and may employ investment managers, including affiliates of the Trustee, to manage the investment of the Trust's assets.

(b) In the exercise of its authority and discretion under this Section 5, the Trustee, from time to time and at any time, shall, subject to Section 5(d) hereof, have the power:

(1) to invest and reinvest the assets held in the Trust, without distinction between principal and income, in shares of stock (whether common or preferred, and including Common Stock) or other evidences of ownership, bonds, debentures, notes or other evidences of indebtedness, unsecured or secured by mortgages on real or personal property wherever situated (including any part interest in a bond and mortgage or note and mortgage whether insured or uninsured) and other property, or part interest in property, real or personal, foreign or domestic, and in order to reduce interest

rate fluctuations, contracts, as either buyer or seller, for the future delivery of United States Treasury securities and comparable federal-government-backed securities;

(2) to sell, convey, redeem, exchange, grant options for the purchase or exchange of, or otherwise dispose of, any real or personal property, at public or private sale, for cash or upon credit, with or without security, without obligation on the part of any person dealing with the Trustee to see to the application of the proceeds of or to inquire into the validity, expediency or propriety of any such disposition;

(3) to exercise, personally or by general or limited proxy, the right to vote and tender any shares of stock, bonds or other securities held in the Trust (including Common Stock), to delegate discretionary voting power to trustees of a voting trust for any period of time, and to exercise, personally or by power of attorney, any other right appurtenant to any securities or other property of the Trust;

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(4) to join in or oppose any reorganization, recapitalization, consolidation, merger or liquidation, or any plan therefor, or any lease, mortgage or sale of the property of any organization the securities of which are held in the Trust; to pay from the Trust any assessments, charges or compensation specified in any plan of reorganization, recapitalization, consolidation, merger or liquidation; to deposit any property with any committee or depository; and to retain any property allotted to the Trust in any reorganization, recapitalization, consolidation, merger or liquidation;

(5) to exercise or sell any conversion or subscription or other rights appurtenant to any stock, security or other property held in the Trust;

(6) to borrow from any lender (including the Trustee in its individual capacity) money, in any amount and upon any reasonable terms and conditions, for purposes of this Trust Agreement, and to pledge or mortgage any property held in the Trust to secure the repayment of any such loan;

(7) to compromise, settle or arbitrate any claim, debt, or obligation of or against the Trust; to enforce or abstain from enforcing any right, claim, debt or obligation; to make all determinations as to the fair market value of any assets held in the Trust; and to abandon any property determined by it to be worthless;

(8) to make loans of securities held in the Trust to registered brokers and dealers upon such terms and conditions as are permitted by applicable law and regulations, and in each instance to permit the securities so lent to be registered in the name of the borrower or a nominee of the borrower; provided, that in each instance the loan is adequately secured and neither the borrower nor any affiliate of the borrower has

discretionary authority or control with respect to the assets of the Trust involved in the transaction or renders investment advice with respect to those assets; and

(9) to invest and reinvest any property in the Trust in any other form or type of investment not specifically mentioned in this Section 5.

(c) The Company shall have the right at any time, and from time to time in its sole discretion, to substitute assets acceptable to the Trustee of equal fair market value for any asset held in the Trust, so long as the assets to be substituted constitute Permitted Contributions. This right is exercisable by the Company in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

(d) (1) Any shares of Common Stock held by the Trust shall be voted on each matter brought before an annual or special stockholders' meeting of the Company in the manner provided for herein. Prior to each such meeting of the

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stockholders, the Company shall cause the trustee (the "FIP Trustee") of The Dial Corporation Future Investment Plan or successor plan (the "FIP") to furnish to the Trustee (but not to the Company or any of its directors or senior management), as of a date not more than five (5) business days in advance of such meeting, a document setting forth the percentages of the votes to be cast in favor of, in opposition to or in abstention on each matter by the FIP Trustee with respect to the shares of Common Stock held by the FIP, such votes to be based upon the instructions received as of such date from the participants in the FIP in accordance with the provisions of the FIP then in effect; provided, however, that any failure on the part of the FIP Trustee to follow such instructions or otherwise to abide by such provisions by reason of its fiduciary obligations under ERISA or any other reason shall be disregarded. In the event the date of such stockholder's meeting is changed, the provisions of this Section 5(d)(1) shall be applied to each subsequent scheduled meeting date. Upon timely receipt of such document by the Trustee, the Trustee shall on each such matter vote all shares of Common Stock held by the Trust in accordance with such percentages.

(2) As more fully set forth herein, the shares of Common Stock held by the Trust shall be tendered or exchanged by the Trustee in the same proportion as shares of Common Stock held in the FIP. Prior to the scheduled expiration date of a tender or exchange offer for shares of Common Stock, the Company shall cause the FIP Trustee to furnish to the Trustee (but not to the Company or any of its directors or senior management), as of a date not more than five (5) business days in advance of such scheduled expiration date, a document setting forth the percentage of the shares of Common Stock held by the FIP which will be tendered or exchanged, such percentage to be based upon the instructions received as of such date from the participants in the FIP in accordance with the provisions of the FIP then in effect; provided, however, that any failure on the part of the FIP Trustee to follow such instructions or otherwise to abide by

such provisions by reason of its fiduciary obligations under ERISA or any other reason shall be disregarded. In the event the scheduled expiration date of such offer is changed, the provisions of this Section 5(d)(2) shall be applied to each subsequent scheduled expiration date. Upon timely receipt of such document by the Trustee, the Trustee shall tender or exchange the number of shares of Common Stock held by the Trust in the same percentage as shares of Common Stock held by the FIP are to be tendered or exchanged.

(3) All actions taken by the Trustee pursuant to this Section 5(d), and any information in respect of such actions, shall be held confidential by the Trustee and shall not be divulged or released to any person, other than (i) agents of the Trustee who are not affiliated with the Company, (ii) by virtue of the execution by the Trustee of any proxy, consent or letter of transmittal for the shares of Common Stock held in the Trust, or (iii) as may be required by court order.

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SECTION 6. DISPOSITION OF INCOME.

During the term of the Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested in accordance with the terms of this Trust Agreement.

SECTION 7. ACCOUNTING BY TRUSTEE.

(a) The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between the Company and the Trustee. Within sixty (60) days following the close of each calendar year and within sixty (60) days after the removal or resignation of the Trustee, the Trustee shall deliver to the Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be. The Covered Individuals shall have the right to review each such written account.

(b) Unless the Company shall have filed with the Trustee written exceptions or objections to any such statement and account within one hundred and twenty (120) days after receipt thereof, the Company shall be deemed to have approved such statement and account, and in such case or upon the written approval by the Company of any such statement and account, the Trustee shall, to the extent permitted by law, be forever released and discharged with respect to all matters and things contained in

such statement and account as though it had been settled by decree of a court of competent jurisdiction in an action or proceeding to which the Company and all persons having any beneficial interest in the Trust were parties.

(c) Nothing contained in this Trust Agreement or in any Arrangement shall deprive the Trustee of the right to have a judicial settlement of its accounts. In any proceeding for a judicial settlement of the Trustee's accounts or for instructions in connection with the Trust, the only necessary party other than the Trustee shall be the Company. If the Trustee so elects, it may bring in as a party or parties defendant any other person or persons. No person interested in the Trust, other than the Company or at least twenty-five percent (25%) of the Covered Individuals, shall have a right to compel an accounting, judicial or otherwise, by the Trustee, and each such person shall be bound by all accountings by the Trustee to the Company, as herein provided, as if the account had been settled by decree of a court of competent jurisdiction in an action or proceeding to which such person was a party.

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SECTION 8. RESPONSIBILITY OF TRUSTEE.

(a) The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, that the Trustee shall incur no liability to any person for any action pursuant to a direction, request or approval given by the Company which is contemplated by, and in conformity with, the terms of an applicable Arrangement or this Trust Agreement and is given in writing by the Company. In the event of a dispute between the Company and a party over such a direction, request or approval, the Trustee may apply to a court of competent jurisdiction to resolve the dispute.

(b) The Company hereby indemnifies the Trustee and each employee of the Trustee whose responsibilities relate to this Trust against any and all liabilities and expenses, including attorney's fees, actually and reasonably incurred by them in connection with any threatened, pending or completed legal action or judicial or administrative proceeding to which they may be a party, or may be threatened to be made a party, by reason of being the Trustee, except with regard to any matters (i) as to which they shall be adjudged to have failed to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and (ii) with respect to any action finally adjudged to be a crime, had reasonable cause to believe their conduct was unlawful. If the Trustee undertakes or defends any litigation arising in connection with the Trust or an Arrangement (including, but not limited to, Litigation), the Company agrees to indemnify the Trustee against the

Trustee's costs, expenses and liabilities (including, without limitation, attorneys' fees and expenses) relating thereto and to be primarily liable for such payments. If the Company does not pay such costs, expenses and liabilities in a reasonably timely manner, the Trustee may obtain payment from the Trust. The Trustee shall not be required to give any bond or any other security for the faithful performance of its duties under this Trust Agreement, except as required by law.

(c) The Trustee may consult with legal counsel (who may also be counsel for the Company prior to a Change in Control) with respect to any of its duties or obligations hereunder, and shall not be deemed imprudent by reason of its taking or refraining from taking any action in accordance with the opinion of counsel.

(d) (1) The Company shall promptly notify the Trustee of any facts of which its officers have knowledge which have caused the commencement or termination of a Potential Change in Control Period or the occurrence of a Change in Control.

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(2) Upon notification by the Company pursuant to Section 8(d)(1) hereof, the Trustee shall be responsible for ascertaining whether a Potential Change in Control Period has commenced or terminated or whether a Change in Control has occurred based on reasonable information provided to it by the Company.

(3) In the absence of notification by the Company pursuant to Section 8(d)(1) hereof, the Trustee shall have no affirmative duty to investigate or ascertain whether a Potential Change in Control Period has commenced or terminated or whether a Change in Control has occurred; provided, however, that if the Trustee becomes aware of facts or circumstances that in its judgment could constitute the commencement or termination of a Potential Change in Control Period or the occurrence of a Change in Control, it shall take such action as it deems necessary to ascertain whether such facts or circumstances constitute the commencement or termination of a Potential Change in Control Period or the occurrence of a Change in Control.

(e) (1) During the Potential Change in Control Period, and as soon as practicable following a Change in Control, and at the end of each year following the Change in Control, the Trustee shall cause each Covered Individual to be notified in writing of the amount payable to him or her under the applicable Arrangements as reflected on the most recent Payment Schedule. Such notice shall contain a summary of the assets of the Trust and a statement notifying the Covered Individual that he or she has the right to receive or examine a copy of this Trust Agreement and examine the Trustee's the most recent written account filed with the Company pursuant to Section 7(a) hereof.

(2) Within thirty (30) days following a Change in Control, the Company (or upon its failure, the Trustee) shall cause the Covered Individuals to be notified in writing of the Trustee's availability to aid them in pursuing any claims they

may have against the Company in connection with the Arrangements. The Company (or upon its failure, the Trustee) shall cause such notice to be provided to the Covered Individuals by (i) personal delivery or (ii) certified mail, return receipt requested, to their last known addresses.

(3) Subject to Section 8(h) hereof, if, upon or following a Change in Control, a Covered Individual notifies the Trustee that the Company (or insurance company, contract administrator or any other party acting on the Company's behalf, if applicable) has refused to pay a claim under an Arrangement, then, unless the Trustee shall determine that the claim has no basis in law and fact, the Trustee:

(A) shall promptly attempt to negotiate with the Company (or insurance company, contract administrator or any other party acting on the Company's behalf, if applicable) to obtain payment, settlement, or other

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disposition of the claim, subject to the consent of such the Covered Individual;

(B) shall, if negotiations fail within thirty (30) days to result in a payment, settlement or other disposition agreeable to such the Covered Individual, upon the receipt of written authorization from such Covered Individual in substantially the form attached hereto as Exhibit B, institute and maintain legal proceedings (each such proceeding, a "Litigation") against the Company or other appropriate person or entity to recover on the claim on behalf of such Covered Individual (each such Covered Individual, a "Plaintiff"); and

(C) may, subject to the consent of the Plaintiff, settle or discontinue the Litigation.

(4) As soon as practicable following the commencement of Litigation by the Trustee on behalf of one or more Plaintiffs, the Trustee shall notify in writing each Covered Individual who is not a Plaintiff of the commencement of the Litigation, the nature of the claim, the judicial forum and any other information that the Trustee determines is relevant.

(5) The Trustee shall direct the course of the Litigation and shall keep the Plaintiff informed of the progress of the Litigation as the Trustee deems appropriate, but no less frequently than quarterly. If, during the Litigation:

(A) the Plaintiff directs in writing that the Litigation on his or her behalf be settled or discontinued, the Trustee shall take all appropriate action to follow such direction; provided, that the Plaintiff's written direction shall specify the terms and conditions of the settlement or discontinuance; and provided, further, that the Plaintiff, if requested by the Trustee, shall execute and deliver to the Trustee a document

in a form acceptable to the Trustee releasing and holding harmless the Trustee from any liability resulting from the Trustee's following such direction;

(B) the Plaintiff refuses to consent to a settlement or other disposition of the Litigation on terms recommended in writing by the Trustee or does not agree with the Trustee's conduct of the Litigation, the Trustee may proceed, in its sole and absolute discretion, to take such action as it deems appropriate in the Litigation, including entering into settlement or discontinuance of the Litigation; provided, however, that the Trustee shall first afford the Plaintiff at least fifteen (15) days' advance notice of any decision to settle or otherwise discontinue the Litigation; and provided, further, however, that the Trustee shall not be authorized to proceed in the Litigation on behalf of the Plaintiff after (i) the Plaintiff has revoked in writing the authorization of the Trustee to proceed on his or her behalf (in substantially the form attached hereto as Exhibit C) and shall have delivered such writing to the Trustee and (ii) the Plaintiff has appointed his or her own counsel, whose fees and expenses are to be paid by the Plaintiff and who shall

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appear in the Litigation on behalf of the Plaintiff in lieu of counsel retained by the Trustee. Thereafter, the Trustee shall have no obligation to proceed further on behalf of such Plaintiff or to pay from the Trustee Expense Account any costs or expenses incurred in the Litigation.

(6) The Trustee is empowered to retain, at the expense of the Trust and chargeable to the Trustee Expense Account, counsel and other appropriate experts, including actuaries and accountants, to aid it in making any determination under this Section 8(e) and to pursue or settle any Litigation. The Trustee shall have the discretion to determine the form and nature that any Litigation against the Company, or other appropriate person or entity, shall take, and the procedural rules and laws applicable to such Litigation shall supersede any inconsistent provision in this Trust Agreement.

(7) No provision of this Trust Agreement shall be construed to limit, condition or otherwise impair in any way (x) the right of a Covered Individual to commence or continue any litigation to enforce rights under one or more of the Arrangements or (y) if so provided in any such Arrangement, to receive payment from the Company of fees and expenses incurred in connection with any such litigation; provided, however, that the Trustee may, in its sole discretion, deem the commencement of any such litigation to be a revocation of the authorization of the Trustee to proceed as to any claim in any Litigation that is substantially similar to a claim presented in such litigation.

(f) If, at any time during a Potential Change in Control Period or upon or following a Change in Control, legal proceedings are brought against the Trustee by the Company or any other party seeking to invalidate any of the provisions of this Trust Agreement, or seeking to enjoin the Trustee from paying any amounts from the Trust or from taking any other action otherwise required or permitted to be taken by the Trustee

under this Trust Agreement with respect to the Trust, the Trustee shall take all steps that may be necessary in such proceeding to uphold the validity and enforceability of the provisions of both this Trust Agreement and the Trust. All costs and expenses incurred by the Trustee in connection with any such proceeding (including, without limitation, the payment of reasonable fees, costs and disbursements of any counsel, actuaries, accountants or other experts retained by the Trustee in connection with such proceeding) shall be charged to and paid from the Trustee Expense Account. Any costs and expenses so incurred by the Trustee in excess of amounts available in the Trustee Expense Account shall be charged to and paid by the Company.

(g) (1) Subject to Section 8(h) hereof, the Trustee may commence legal action against the Company to recover any fees and expenses described in Section 9(b) hereof not paid within thirty (30) days of the billing date, and shall be obligated to commence such an action if the assets of the Trustee Expense Account fall below four hundred thousand dollars ($400,000).

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(2) Subject to Section 8(h) hereof, the Trustee shall be obligated to commence legal action to compel the Company to provide funds to make payments under an Arrangement if the Trustee has issued a demand pursuant to Section 1(b)(4) hereof and the Company has failed to transfer the demanded funds in a timely fashion under Section 1(b)(4) hereof.

(3) Notwithstanding Sections 8(g)(1) and 8(g)(2) hereof, no failure or delay on the part of the Trustee in exercising any of its rights, powers or privileges under the Trust shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege under this Trust Agreement.

(h) The Trustee shall have no obligation hereunder to institute any legal proceeding and may, without the consent of any person, discontinue any legal proceeding if, in the Trustee's reasonable judgment, the assets held in the Trust are insufficient to maintain or continue (whichever is applicable) such legal proceeding.

(i) The Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

(j) The Trustee shall have, without exclusion, all powers conferred on trustees by applicable law, unless expressly provided otherwise herein; provided, however, that if an insurance policy is held as an asset of the Trust, the Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as

distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan any person the proceeds of any borrowing against such policy.

(k) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or pursuant to applicable law, the Trustee shall not have any power that could give the Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Code.

SECTION 9. COMPENSATION AND EXPENSES OF THE TRUSTEE.

(a) The Company shall pay any federal, state, local or other taxes imposed or levied with respect to the assets and income of the Trust or any part thereof under existing or future laws, and the Company, in its discretion, may contest the validity or amount of any tax, assessment, claim or demand respecting the Trust or any part thereof. The Trustee shall deduct and pay to the appropriate taxing authorities any payroll taxes required to be withheld with respect to any payments made pursuant to the Trust.

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(b) The Company shall pay all Trustee fees and expenses set forth in Schedule 1 attached hereto, and other reasonable expenses of the Trustee, including but not limited to the retention of legal counsel (including but not limited to (i) legal counsel and other professionals retained pursuant to Section 8 hereof and (ii) legal counsel retained to represent the Trustee in any action brought by the Company, any Covered Individual or any other party against the Trustee), accountants and actuaries and such other professionals as the Trustee determines are necessary or appropriate to enable it to perform its services as the Trustee. If not so paid by the Company, such fees and expenses shall be paid from the Trustee Expense Account; and provided, that if the Trustee Expense Account has been depleted, such fees and expenses shall be paid from the Benefit Account.

SECTION 10. RESIGNATION AND REMOVAL OF TRUSTEE; APPOINTMENT OF SUCCESSOR TRUSTEE.

(a) Except as provided in Section 10(c) hereof, the Trustee may resign at any time by written notice to the Company, which shall be effective sixty (60) days after receipt of such notice unless the Company and the Trustee agree otherwise; provided, that no resignation shall be effective unless and until a successor Trustee has been appointed and is in place.

(b) The Trustee may be removed by the Company on thirty (30) days' notice or upon shorter notice accepted by the Trustee; provided, however, that the Trustee may not be removed as trustee of the Trust during a Potential Change in Control Period or upon or following a Change in Control without the prior written consent of at least

seventy-five percent (75%) of the Covered Individuals. The Company shall furnish the Trustee with evidence to establish that such percentage of such Covered Individuals have given their written consent to such removal.

(c) During a Potential Change in Control Period or following a Change in Control, the Trustee may resign only upon the occurrence of one of the following circumstances:

(1) entry of a final decision of a court of competent jurisdiction removing the Trustee by reason of such court's determination of the existence of a conflict of interest which prevents the Trustee from properly performing its duties hereunder. The Trustee agrees to use its best efforts to avoid any such conflict. For the purpose of this Trust Agreement, the decision of a court shall not be deemed to be final unless (i) the decision is not appealable or (ii) no appeal has been taken from the decision and the time for an appeal has expired. Notwithstanding the entry of such a final decision, such resignation shall not be effective unless and until a successor Trustee has been appointed and is in place.

(2) the Trustee has exhausted all of its legal remedies and

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has been unsuccessful in litigation to require the Company to remit to the Trustee such amounts as are billed pursuant to Section 9(b) hereof and the assets of the Trustee Expense Account have been exhausted. In such event, the Trustee shall have the right to resign immediately as the Trustee and immediately upon such resignation shall have no further duties hereunder. The Trustee will have no duty to find or secure the appointment of a successor upon its resignation pursuant to this Section 10(c)(2), nor shall its resignation or the termination of any further duties be contingent upon the appointment and qualification of a successor.

(d) Any successor Trustee appointed pursuant to this Section 10 must be a bank which (A) is among the twenty-five (25) largest banks in the United States, as measured by assets, and (B) serves or has served as trustee of similar trusts and understands its obligations under such similar trusts. Where a successor Trustee has been appointed, the Trustee shall continue to be custodian of the Trust until the successor Trustee is in place, and the Trustee shall be entitled to expenses and fees through the later of the effective date of its resignation as the Trustee or the end of its custodianship of the Trust's assets.

(e) Notwithstanding anything to the contrary, in the event it resigns or is removed, the Trustee shall have a right to have its accounts settled as provided in Section 7 hereof.

(f) Upon resignation or removal of the Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee.

The transfer shall be completed within thirty (30) days after receipt of notice of resignation, removal or transfer, unless the Company extends the time limit.

(g) If the Trustee resigns or is removed pursuant to Section 10(a) or 10(b) hereof, a successor shall be appointed by the effective date of such resignation or removal. If no such appointment has been made, the Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

(h) No successor Trustee appointed under this Trust Agreement need examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets in accordance with the terms and conditions of this Trust Agreement. The successor Trustee shall not be responsible for any claim or liability resulting from any action or inaction of any prior Trustee or from another past event or any condition existing at the time it becomes successor Trustee, and the Company shall indemnify and defend the successor Trustee from any such claim or liability.

(i) The Company shall appoint any successor Trustee required to be

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appointed; provided, however, that, during a Potential Change in Control Period and upon or following a Change in Control, no such appointment shall become effective without the prior written consent of at least seventy-five percent (75%) of Covered Individuals. The Company shall furnish such successor Trustee with evidence to establish that such percentage of such Covered Individuals have given their written consent to such appointment.

SECTION 11. AMENDMENT AND TERMINATION.

(a) Prior to a Change in Control but in no event during a Potential Change in Control Period, this Trust Agreement (including Exhibit A) may be amended without the consent of any Covered Individual, or of any Participating Employer other than the Company, by a written instrument executed by the Trustee and the Company; provided, however, that no such amendment may conflict with the terms of an Arrangement or cause the Trust to become revocable by the Company.

(b) During a Potential Change in Control Period and in any event upon and following a Change in Control, this Trust Agreement (including Exhibit A) may not be amended by the Company unless the Company shall determine that such amendment is required by law or is necessary or desirable to prevent or mitigate adverse tax consequences to the Covered Individuals; provided, that no amendment may increase the duties or obligations or change the compensation of the Trustee without the Trustee's prior written consent. In the event of amendment of this Trust Agreement pursuant to this Section 11(b), the Company shall provide the Trustee with an opinion of counsel

acceptable to the Trustee which shall advise that such amendment is required by law or is necessary or desirable to prevent adverse tax consequences to the Covered Individuals.

(c) This Trust Agreement shall not terminate until the date on which all payments have been made to the Covered Individuals in accordance with the terms of the Arrangements. Upon termination of this Trust Agreement, any assets remaining in the Trust shall be returned to the Company (or, to the extent that any such assets are allocable to the contributions of a Participating Employer, to such Participating Employer).

SECTION 12. MISCELLANEOUS.

(a) Each Participating Employer hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the Applicable Courts and further agrees that service of process, summons, notice or document by U.S. registered mail to such Participating Employer's business address shall be effective service of process for any litigation brought against such Participating Employer in any such court. As to any Litigation, the "Applicable Courts" shall be the courts of the State of Arizona and of the United States of America, in each case located in the County of Maricopa; and as to any litigation by a Covered Individual, the "Applicable Courts" shall be, at the

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discretion of the Covered Individual, (x) the courts of the State in which the Covered Individual resides and of the United States of America, in each case located in the county in which the Covered Individual resides, or (y) the courts of the State of Arizona and of the United States of America, in each case located in the County of Maricopa. Each Participating Employer hereby irrevocably and unconditionally waives any objection to the laying of venue of any litigation in an Applicable Court and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such litigation has been brought in an inconvenient forum. Each Participating Employer further agrees not to commence any litigation against any Covered Individual relating to an Arrangement other than in the courts of the State in which the Covered Individual resides and of the United States of America, in each case located in the county in which the Covered Individual resides.

(b) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(c) Payments to be made to Covered Individuals under the Trust may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(d) This Trust Agreement shall be governed by and construed in accordance with the laws of Delaware.

(e) Each Participating Employer shall, at any time and from time to time, upon the reasonable request of the Trustee, execute and deliver such further instruments and do such further acts as may be necessary or proper to effectuate the purpose of this Trust Agreement.

(f) Any headings used in this Trust Agreement are placed herein for convenience of reference only, and this Trust Agreement is not to be construed by reference thereto.

(g) This Trust Agreement shall bind and inure to the benefit of the successors and assigns of the Participating Employers and the Trustee. This Trust Agreement shall bind and inure to all Covered Individuals under the Arrangements.

(h) This Trust Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one instrument, which may be sufficiently evidenced by any counterpart.

(i) Each Covered Individual is an intended beneficiary under this Trust Agreement, and shall be entitled to enforce all terms and provisions hereof with

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the same force and effect as if such person had been a party hereto.

(j) All notices or other communications under this Trust Agreement shall be in writing and shall be delivered by (i) hand, (ii) certified mail, return receipt requested or (iii) facsimile, addressed as follows:

If to the Company:

The Dial Corporation
Attention: Executive Vice President -- Shared Services
15501 North Dial Boulevard
Scottsdale, AZ 85260
(Fax: 480-754-1098)

If to the Trustee:

Wachovia Bank, N.A.
Attention: Executive Services
One West Fourth Street, NC6251
Winston-Salem, NC 27101
(Fax: (336) 747-8874)

SECTION 13. DEFINITIONS

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Change in Control" shall mean the occurrence while this Trust Agreement is in effect of any of the following:

(1) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of Common Stock (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (3) below (each, a "Non-Control Transaction"); or

(2) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a

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director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(3) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding voting shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a

corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(4) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(c) "Company" for purposes of this Trust Agreement shall mean the Company and any successor.

(d) "Potential Change in Control" shall mean the occurrence of any of the following events (but no event other than the following events), except as

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otherwise provided below:

(1) any Person initiates a tender offer or exchange offer to acquire securities of Company representing twenty percent (20%) or more of either the Outstanding Company Common Stock or the Outstanding Company Voting Securities, or

(2) any Person solicits proxies for the election of directors within any single twelve-month period representing at least one-third (rounded down to the nearest whole number) of the number of directors then on the Board, whose election or nomination is not approved by a majority of the Incumbent Board then serving as members of the Board, or

(3) the Company enters into an agreement, if (x) the agreement provides for the merger, consolidation, transfer, sale, liquidation or dissolution of Company, or for the sale of all or substantially all of the assets of the Company, or (y) the consummation of the transactions contemplated by the agreement could otherwise result in a Change in Control.

Notwithstanding the foregoing, a Potential Change in Control shall not be deemed to occur solely because of an acquisition, proposal, or tender offer made or effected in connection with a Non-Control Transaction or a transaction which, if consummated as proposed, would constitute a Non-Control Transaction.

(e) "Potential Change in Control Period" shall mean the period commencing on the date of the occurrence of a Potential Change in Control and ending on any of the following, while this Trust Agreement is in effect:

(1) the date when the tender offer or exchange offer described in Section 13(b)(1) is terminated without any securities described therein of the Company being purchased thereunder, or

(2) the date when any Person described in Section 13(b)(2) fails to effect the election within any single twelve-month period of one third or more of the number of directors then on the Board, whose election or nomination is not approved by a majority of the Incumbent Board then serving as members of the Board, or

(3) the date when the agreement described in Section 13(b)(3) is terminated or abandoned, or

(4) the date that a Change in Control occurs.

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IN WITNESS WHEREOF, the parties have executed this Trust Agreement effective as of April 11, 2002.

THE DIAL CORPORATION

/s/ Conrad A. Conrad

By: Conrad A. Conrad

Its: Executive Vice President & Chief Financial Officer

Wachovia Bank, N.A.

/s/ Joe O. Long

By: Joe O. Long

Its: Senior Vice President/ Group Executive

STATE OF ARIZONA)
: SS.:
COUNTY OF MARICOPA)

On this 11th day of April, 2002, before me personally came Conrad A. Conrad, to me known, who, being by me duly sworn, did depose and say that he resides at 6633 East Greenway Parkway, Scottsdale, Arizona 85254, and that he is the Executive Vice President & Chief Financial Officer of The Dial Corporation, the entity which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

/s/ Dianne B. Stoehr

Notary Public

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STATE OF NORTH CAROLINA)
: SS.:
COUNTY OF FORSYTH)

On this 12th day of April, 2002, before me personally came Joe O. Long, to me known, who, being by me duly sworn, did depose and say that he or she resides at 553 Maidstone Lane, Clemmons, NC 27012, and that he or she is Senior Vice President of Wachovia Bank, N.A., the entity which executed the foregoing instrument; that he or she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he or she signed his or her name thereto by like order.

/s/ Carolyn D. Gwyn

SCHEDULE 1
TRUSTEE FEES AND EXPENSES

EXHIBIT A
THE ARRANGEMENTS

- Employment Agreement to which the Company and Herbert M. Baum are parties, dated August 7, 2000

- Change of Control Agreements to which the Company is a party

- The Dial Corporation Future Investment Restoration Plan

- The Dial Corporation Future Security Restoration Plan

- The Dial Corporation Separation Pay Plan in Event of a Change In Control

- Article 11 of The Dial Corporation Annual Incentive Plan (and including any similar provision of the Sales Incentive Plan)

EXHIBIT B
AUTHORIZATION PURSUANT TO SECTION 8 OF
THE DIAL CORPORATION BENEFITS PROTECTION TRUST
FOR CHANGE-IN-CONTROL ARRANGEMENTS

TO: [Name of Trustee]

This is to authorize the [Name of Trustee] as the Trustee of The Dial Corporation Benefits Protection Trust For Change-In-Control Arrangements (the "Trust") to institute and maintain legal proceedings against the Company (as defined in the Trust) or other appropriate person or entity to assert the following claim(s) on my behalf: [nature of claim].

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The Trustee shall have the powers and be subject to the procedures set forth in Section 8 of the Trust Agreement (a copy of which I have received and reviewed).

Any proceedings by Trustee under this authorization may be initiated in my name as a plaintiff (or as a member of a class) or in the name of the Trustee, or both, as the Trustee determines is necessary or appropriate at the time proceedings are commenced.

EXHIBIT C

REVOCATION OF AUTHORIZATION UNDER SECTION 8 OF THE DIAL CORPORATION BENEFITS PROTECTION TRUST FOR CHANGE-IN-CONTROL ARRANGEMENTS

TO: [Name of Trustee]

This is to notify the Trustee that I revoke any prior authorization I have given to the Trustee, dated [_________], as the Trustee of The Dial Corporation Benefits Protection Trust For Change-In-Control Arrangements (the "Trust") to maintain legal proceedings against Company (as defined in the Trust), or otherwise to assert certain claims on my behalf as described in such prior authorization.

I understand that this Revocation of Authorization is conditioned upon, and shall not be effective until, the appointment by me of my own counsel and the appearance of that counsel in any legal proceeding on my behalf in lieu of counsel retained by the Trustee. I understand further that, upon the occurrence of these conditions, the Trustee shall have no obligation to proceed further on my behalf, or to pay any costs or expenses incurred after the delivery of this Revocation of Authorization.

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THE DIAL CORPORATION

EXHIBIT 99

PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 SAFE HARBOR COMPLIANCE STATEMENT FOR FORWARD-LOOKING STATEMENTS

MAY 13, 2002

In passing the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), Congress encouraged public companies to make "forward-looking statements" by creating a safe-harbor to protect companies from securities law liability in connection with forward-looking statements. The Dial Corporation intends to qualify both its written and oral forward-looking statements for protection under the PSLRA.

To qualify oral forward-looking statements for protection under the PSLRA, a readily available written document must identify important factors that could cause actual results to differ materially from those in the forward-looking statements. We provide the following information in connection with our continuing effort to qualify both written and oral forward-looking statements for the safe harbor protection of the PSLRA.

Forward-looking statements express expectations of future events. All forward-looking statements are inherently uncertain as they are based on various expectations and assumptions concerning future events and they are subject to numerous known and unknown risks and uncertainties which could cause actual events or results to differ materially from those projected. Due to these inherent uncertainties, the investment community is urged not to place undue reliance on forward-looking statements. In addition, we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to projections over time.

FACTORS THAT MAY AFFECT FUTURE RESULTS AND FINANCIAL CONDITION

Our future results and financial condition are dependent upon our ability to successfully develop, manufacture and market consumer products. Inherent in this process are a number of factors that we must successfully manage to achieve favorable future operating results and financial condition. Potential risks and uncertainties that could affect our future operating results and financial condition include, but are not limited to, the factors discussed below.

WE ARE TAKING A NUMBER OF STEPS DESIGNED TO IMPROVE OUR OPERATIONS AND FINANCIAL RESULTS, INCLUDING THE SPECIAL CHARGES TAKEN IN THE THIRD QUARTER OF 2001 AND THE SECOND AND THIRD QUARTERS OF 2000. WE MAY NOT ACHIEVE THE BENEFITS THAT WE EXPECT FROM THESE MEASURES, WHICH COULD HARM OUR CASH FLOW FROM OPERATIONS.

We are taking a number of steps designed to improve our operations and

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financial results. For example, in the third quarter of 2001, we announced special charges totaling

$11.8 million. These charges and changes to our business operations are expected to produce cost savings going forward. However, we cannot make any assurance that these charges or any of the changes made to our business operations will achieve the benefits that we expect. The expected timing, estimated costs of restructuring and special charges and the projected savings that will result from these charges are based upon management's judgment in light of the circumstances and estimates at the time the judgments were made. Accordingly, the expected timing, estimated costs and projected savings for these charges may change as future events evolve, and the changes may be material.

WE ARE CONSIDERING SELLING SUBSTANTIAL ASSETS OR THE ENTIRE COMPANY. THERE CAN BE NO ASSURANCE THAT WE WILL SELL SUBSTANTIAL ASSETS OR THE ENTIRE COMPANY IN THE NEAR FUTURE OR AT ALL. THE UNCERTAINTY CAUSED BY OUR CONSIDERATION OF THESE ALTERNATIVES COULD HARM EMPLOYEE RECRUITING AND RETENTION AND IMPAIR OUR RELATIONSHIPS WITH OUR CUSTOMERS, SUPPLIERS AND LENDERS.

We are considering selling substantial assets, such as our Argentina operations or selected plants, or the entire company. In this regard, in August 2001, we announced that our Board believes that we may be best served by becoming a part of a larger enterprise. We cannot assure you that any transactions will occur or, if transactions do occur, that they will improve our operating results or financial condition or be on terms favorable to us. Moreover, the uncertainty created by this environment may adversely impact our ability to retain employees and our relationships with customers, suppliers and lenders.

THE POSSIBLE DIVESTITURE OF OUR ARGENTINA BUSINESS MAY LEAD TO ADDITIONAL ASSET WRITEDOWNS OF UP TO APPROXIMATELY $32 MILLION AND A REVERSAL OF THE $89 MILLION OF CURRENCY TRANSLATION ADJUSTMENTS THAT HAVE BEEN RECORDED TO STOCKHOLDERS' EQUITY. THESE CURRENCY TRANSLATION ADJUSTMENTS WOULD BE REQUIRED TO BE TAKEN AS A CHARGE THAT WOULD REDUCE NET INCOME.

We are exploring our strategic alternatives with respect to our Argentina business, but no decision concerning a possible sale of this business has been made. At this time, we believe that if a decision is made in the future to divest this business, a writedown of assets to their estimated market value would be required. As of March 30, 2002, our investment in Argentina totaled approximately $32 million. In addition, if we decide to divest this business, we would be required to reverse the approximate $89 million of currency translation adjustments related to this business that has been recorded as a reduction of stockholders' equity and we would have to record this charge to as a reduction of net income.

WE HAVE RECENTLY DEVELOPED AND COMMENCED SALES OF A NUMBER OF NEW PRODUCTS WHICH, IF THEY DO NOT GAIN WIDESPREAD CUSTOMER ACCEPTANCE OR IF THEY CANNIBALIZE SALES OF EXISTING PRODUCTS, COULD HARM OUR EFFORTS TO IMPROVE OUR FINANCIAL

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PERFORMANCE.

We have introduced a number of new products in the soap, detergent and air freshener categories. In addition, we have committed to increase development efforts in our core brands. The development and introduction of new products involves substantial research, development and marketing expenditures, which we may be unable to recoup if our new products do not gain widespread market acceptance or we do not execute a product roll out effectively. In addition, if our new products merely cannibalize sales of our existing products, our financial performance would be harmed.

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

In the past, we have discontinued certain products and product lines, which resulted in returns from customers, asset write-offs, and shut down costs. We may suffer similar results in the future to the extent we discontinue products that do not meet expectations or no longer satisfy consumer demand. Product returns, write-offs or shut down costs would reduce our cash flow and earnings.

AS THE RESULT OF A RECENT ACCOUNTING PRONOUNCEMENT, OUR REPORTED SALES VOLUMES WILL BE LOWER THAN THEY OTHERWISE WOULD HAVE BEEN, WHICH COULD POTENTIALLY HARM OUR CREDIT RATING AND OUR ABILITY TO ATTRACT FUTURE FINANCING.

Beginning in the first quarter of 2002, the accounting rules regulating how we record net sales changed. We are now required to record most of our trade promotion, coupon and rebate costs as a reduction in our level of sales. In the past, we recorded most of our trade promotion, coupon and rebate costs as a selling, general and administrative expense. For 2001, we incurred approximately $393.1 million of trade promotion, coupon and rebate costs. Although all companies in our industry will face similar issues in modifying their accounting practices, and investors are on notice of these changes, decreased levels of our reported sales may cause investors, financial analysts and rating services to view us, and our industry as a whole, less favorably.

WE FACE INTENSE COMPETITION IN A MATURE INDUSTRY THAT MAY REQUIRE US TO INCREASE EXPENDITURES AND LOWER PROFIT MARGINS TO PRESERVE OR MAINTAIN OUR MARKET SHARE. UNLESS THE MARKETS IN WHICH WE COMPETE GROW SUBSTANTIALLY, A LOSS OF MARKET SHARE WILL RESULT IN REDUCED SALES LEVELS AND POORER OPERATING RESULTS.

Currently, 88% of our sales are generated in U.S. markets. U.S. markets for consumer products are mature and characterized by high household penetration, particularly with respect to our most significant product categories, including detergents and bar soaps. We may not be able to succeed in implementing our strategies to increase domestic revenues. Our unit sales growth in domestic markets will depend on increasing usage by consumers, product innovation and capturing market share from competitors.

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The consumer products industry, particularly the detergent, personal care and air freshener categories, is intensely competitive. To protect our existing market share or to capture increased market share, we may need to increase expenditures for promotions and

advertising and to introduce and establish new products. Increased expenditures may not prove successful in maintaining or enhancing our market share and could result in lower sales and profits.

Many of our competitors are large companies, including The Procter & Gamble Company, Lever Brothers Co., Colgate-Palmolive Company, and S.C. Johnson & Son, Inc., which have greater financial resources than we do. They have the capacity to outspend us in an attempt to take market share from us.

PRICE-CUTTING MEASURES IN RESPONSE TO COMPETITIVE PRESSURES COULD RESULT IN DECREASED PROFIT MARGINS.

Consumer products, particularly those that are value-priced, are subject to significant price competition. From time to time, we may need to reduce the prices for some of our products to respond to competitive and customer pressures and to maintain market share. Any reduction in our prices to respond to these pressures would harm our profit margins. In addition, if our sales volumes fail to grow sufficiently to offset any reduction in margins, our results of operations would suffer.

PROVIDING PRICE CONCESSIONS OR TRADE TERMS THAT ARE ACCEPTABLE TO OUR TRADE CUSTOMERS, OR OUR FAILURE TO DO SO, COULD ADVERSELY AFFECT OUR SALES AND PROFITABILITY. IN ADDITION, REDUCTIONS IN INVENTORY BY OUR TRADE CUSTOMERS, INCLUDING AS A RESULT OF CONSOLIDATIONS IN THE RETAIL INDUSTRY, COULD ADVERSELY AFFECT OUR SALES.

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

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LOSS OF OUR PRINCIPAL CUSTOMERS COULD SIGNIFICANTLY DECREASE OUR SALES AND PROFITABILITY.

Our top ten customers accounted for 50%, 46% and 49% of net sales in 2001, 2000 and 1999 respectively. Wal-Mart, including its affiliate Sam's Club, was our largest customer, accounting for 24% of net sales in 2001, 20% of net sales in 2000, and 20% of

net sales in 1999. The loss of or a substantial decrease in the volume of purchases by Wal-Mart or any of our other top customers could harm our sales and profitability.

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

Increases in the prices of certain raw materials or increases in energy costs could significantly impact our profit margins. Paper, fats and oils, detergent chemicals and meat have the most significant impact on our costs. Tallow (a key ingredient in Dial bar soaps) has experienced price fluctuations within the range of $0.09 and $0.25 per pound from January 1, 1997, to March 31, 2002. Recently, the price of tallow has been trading at the lower end of this historical range. If prices were to increase, we may not be able to increase the prices of our Dial bar soaps to offset these increases. In addition, because our competitors use less tallow in their soap products, increases in tallow prices would adversely impact us more than our competitors.

WE HAVE MADE, AND MAY CONTINUE TO MAKE, ACQUISITIONS THAT PROVE UNSUCCESSFUL OR STRAIN OR DIVERT OUR RESOURCES.

We have made several acquisitions and may make additional acquisitions or substantial investments in complementary businesses or products in the future. All of the acquisitions and investments described above entailed, and any future acquisitions or investments would entail, various risks, including the difficulty of assimilating the operations and personnel of the acquired businesses or products, the potential disruption of our ongoing business and, generally, our potential inability to obtain the desired financial and strategic benefits from the acquisition or investment. These factors could harm our financial results. Any future acquisitions or investments could result in substantial cash expenditures, and the incurrence of additional debt and contingent liabilities. In addition, any potential acquisitions or investments, whether or not they are ultimately completed, could divert the attention of our management and our other resources from other issues that are more critical to our operations.

THE FDA COULD IMPOSE STANDARDS THAT NEGATIVELY IMPACT OUR ABILITY TO MARKET SOME OF OUR PRODUCTS AS ANTIBACTERIAL, WHICH COULD RESULT IN COMPLIANCE COSTS AND COULD MAKE OUR PRODUCTS LESS ATTRACTIVE TO OUR CUSTOMERS.

Since the 1970s, the Food and Drug Administration has regulated

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antibacterial soaps and hand washes under a proposed regulation. Although the proposed regulation has not been finalized, the FDA ultimately could set standards that result in limiting or even precluding soap manufacturers from using some current antibacterial ingredients or making antibacterial claims for some product forms, such as bar soap. We use the antibacterial ingredient Triclosan in Liquid Dial and Triclocarban in Dial bar soap, and emphasize the antibacterial properties of our soap products in our marketing campaigns and product labeling. Any final FDA regulation that limits or precludes this type of advertising could require us to develop new marketing campaigns, develop new products

or utilize different antibacterial ingredients in its products, all of which could make our products less attractive to customers and could seriously harm our business.

OUR INTERNATIONAL BUSINESS EXPOSES US TO CURRENCY FLUCTUATIONS, LIMITATIONS ON FOREIGN INVESTMENT, IMPORT/ EXPORT CONTROLS, AND UNSTABLE GOVERNMENTS AND LEGAL SYSTEMS, WHICH COULD HARM OUR SALES, CASH FLOWS AND STOCKHOLDERS' EQUITY.

In 2001, 12% of our sales were generated outside U.S. markets. To date, our international acquisitions and joint ventures have not yielded the benefits we had anticipated. Further, these operations involve exposure to currency fluctuations, limitations on foreign investment, import/export controls, unstable governments and legal systems, and the additional expense and risks inherent in operating in geographically and culturally diverse locations, which could harm our sales, cash flows and stockholders' equity. For example, we expect that our sales, financial results and stockholders' equity in 2002 will be adversely impacted by the recent currency devaluation and economic deterioration in Argentina.

WE COULD BECOME THE SUBJECT OF ADVERSE PUBLICITY OR PRODUCT RECALLS THAT NEGATIVELY IMPACT OUR OPERATIONS.

Adverse publicity regarding our products could impact the sales of our products. Some news broadcasts by major U.S. television and radio networks have focused on the use of antibacterial agents to kill germs on various surfaces. Triclosan, the active ingredient in Liquid Dial, also has been a focus of these broadcasts. Although none of the broadcasts disputed that Triclosan kills germs on the skin, some third party experts did question whether it provides any additional protection beyond that provided by non-antibacterial soap products. Although we have test results that we believe prove that Triclosan provides consumers with additional protection in limiting exposure to bacteria-related diseases, we cannot assure you that our Triclosan products, or other products, will not be the subject to adverse publicity in the future.

From time to time, consumer product companies, including Dial, have had to recall certain products for various reasons. The costs of recall or other related liabilities could materially lower our profit margins. Adverse publicity

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regarding any product recalls also could depress our sales.

In addition, we share the use of the Armour trademark for food products with ConAgra Inc., the manufacturer of Armour-branded non-canned meat products. Accordingly, we face the added risk that consumer preferences and perceptions with respect to any of our Armour products may be influenced by adverse publicity affecting any of the Armour-branded products of ConAgra, Inc.

WE MAY INCUR UNEXPECTED EXPENSES DUE TO ENVIRONMENTAL, HEALTH OR SAFETY MATTERS.

We are subject to a variety of environmental and health and safety laws in each jurisdiction in which we operate. These laws and regulations pertain to our present and past operations. Although we currently do not anticipate that the costs to comply with environmental laws and regulations will have a material adverse effect on our capital expenditures, earnings or competitive position, the emergence of unforeseen claims or liabilities or the imposition of increasingly stringent laws, regulations and enforcement policies could result in material, unreserved costs in the future. Since 1980, we have received notices or requests for information with respect to "Superfund" sites under the federal Comprehensive Environmental Response, Compensation and Liability Act, five of which are currently active. In addition, in 1999 and in prior years we used nonlyphenol ethoxylate as an ingredient in our liquid and powder detergent products. Certain environmental and regulatory groups have raised concerns regarding the toxicity of compounds produced from nonlyphenol ethoxylate. As of March 31, 2002, we have accrued in our financial statements approximately [$1.4] million in reserves for expenses related to environmental matters. We believe our reserves are adequate, but these costs are difficult to predict with certainty.

LOSS OF KEY MANAGERIAL PERSONNEL COULD NEGATIVELY IMPACT OUR OPERATIONS.

Our operation requires managerial expertise. Of our current key personnel, only our chief executive officer has an employment contract with us. We cannot assure you that any of our key employees will remain employed by us. If we lose any of our key personnel, our business could suffer.

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