

Supplemental Information – Balance Sheet

(Unaudited)

As of December 31, 2007

Working Capital Update

	Q2					
	FY 2008 (\$ millions)	FY 2007 (\$ millions)	Change (\$ millions)	Days ⁽⁵⁾ FY 2008	<i>Days</i> ⁽⁵⁾ FY 2007	Change
Receivables, net	\$397	\$393	\$4	31	31	0 days
Inventories	\$421	\$340	\$81	48	47	+1 day
Accounts payable (1)	\$312	\$283	\$29	36	40	-4 days
Accrued liabilities	\$389	\$435	-\$46			
Total WC (2)	\$144	\$58	\$86			
Total WC % net sales (3)	3.0%	1.3%				
Average WC (2)	\$109	\$42	\$67			
Average WC % net sales (4)	2.3%	1.0%				

- <u>Inventories</u> increased primarily as a result of the acquisition of Burt's Bees, higher resin costs, and pre-build for Q3 merchandising events and new product launches, including Green Works.
- Accounts payable increased mainly due to the acquisition of Burt's Bees, increased commodity costs and timing of payments.
- Accrued liabilities decreased primarily due to the adoption of FASB Financial Interpretation No. 48 which
 resulted in income tax contingency accruals being reclassified from accrued liabilities to income taxes payable
 and long-term liabilities. This was partially offset by higher accruals related to the acquisition of Burt's Bees,
 increased trade and marketing spending levels, and the May 2007 increase in the quarterly dividend rate.

Supplemental Information - Cash Flow

(Unaudited)
As of December 31, 2007

Capital expenditures were \$45 million

Depreciation and amortization was \$50 million

Cash provided by operations

Net cash provided by operations was \$148 million, compared with \$122 million provided by operations in the year-ago quarter. The year-over-year increase was mainly due to collection of receivables offset by increased inventories.

⁽¹⁾ Days of accounts payable is calculated as follows: average accounts payable / [(cost of products sold + change in inventory) / 90].

Working capital (WC) is defined in this context as current assets minus current liabilities excluding cash and short-term debt, based on end of period balances. Average working capital represents a two-point average of working capital.

⁽³⁾ Represents working capital at the end of the period divided by annualized net sales (current quarter net sales x 4).

⁽⁴⁾ Represents a two-point average of working capital divided by annualized net sales (current quarter net sales x 4).

Days calculations based on a two-point average.