



Supplemental Information – Balance Sheet

(Unaudited)

As of September 30, 2008

Working Capital Update

	Q1		Change (\$ millions)	Days ⁽⁵⁾ FY 2009	Days ⁽⁵⁾ FY 2008	Change
	FY 2009 (\$ millions)	FY 2008 (\$ millions)				
Receivables, net	\$455	\$408	\$47	31	32	-1 days
Inventories, net	\$421	\$332	\$89	44	41	3 days
Accounts payable ⁽¹⁾	\$392	\$318	\$74	42	40	2 days
Accrued liabilities	\$367	\$347	\$20			
Total WC ⁽²⁾	\$148	\$74	\$74			
Total WC % net sales ⁽³⁾	2.7%	1.5%				
Average WC ⁽²⁾	\$139	\$36	\$103			
Average WC % net sales ⁽⁴⁾	2.5%	0.7%				

- Receivables increased primarily as a result of the acquisition of Burt's Bees and higher sales.
- Inventories increased primarily as a result of the acquisition of Burt's Bees, higher commodity costs, and inventory build for restructuring of the supply chain.
- Accounts payable increased mainly due to the acquisition of Burt's Bees and increased commodity and transportation costs.
- Accrued liabilities increased primarily due to higher accruals related to the acquisition of Burt's Bees and interest expense.

Supplemental Information – Cash Flow

(Unaudited)

For the quarter and year ended September 30, 2008

Capital expenditures for the first quarter were \$39 million

Depreciation and amortization for the first quarter was \$47 million

Cash provided by operations

Net cash provided by operations in the first quarter was \$93 million, compared with \$163 million in the year-ago quarter. The decrease was primarily due to higher working capital. Working capital reflected the impact of the Burt's Bees acquisition and higher inventory levels resulting from increased commodity costs and inventory builds to support both new product launches and the manufacturing network consolidation. Also contributing to the decline in cash flow were higher incentive compensation and interest payments versus the year-ago quarter.

- (1) Days of accounts payable is calculated as follows: average accounts payable / [(cost of products sold + change in inventory) / 90].
- (2) 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*).
- (5) Days calculations based on a two-point average.