

Earnings (Losses) from Continuing Operations Before Interest and Taxes (EBIT), Earnings (Losses) from Continuing Operations Before Interest, Taxes, Depreciation and Amortization (EBITDA) (1)

Reconciliation schedule of earnings (loss) from continuing operations before income taxes to EBIT and EBITDA

Dollars in millions and percentages based on rounded numbers

	FY 2010				FY 2011			
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
	9/30/09	12/31/09	3/31/10	6/30/10	6/30/10	9/30/10	12/31/10	3/31/2011
Earnings (losses) from continuing operations before income taxes	\$ 217	\$ 137	\$ 209	\$ 242	\$ 805	\$ 202	\$ (112)	\$ 219
Goodwill impairment (2)	-	-	-	-	-	-	258	-
Interest income	(1)	(1)	-	(1)	(3)	(1)	(1)	-
Interest expense	36	37	34	32	139	32	33	29
EBIT (3)	252	173	243	273	941	233	178	248
EBIT margin ⁽³⁾	19.3%	14.2%	18.9%	19.1%	18.0%	18.4%	15.1%	19.0%
Depreciation and amortization	48	46	44	45	183	45	43	42
EBITDA (4)	\$ 300	\$ 219	\$ 287	\$ 318	\$ 1,124	\$ 278	\$ 221	\$ 290
EBITDA margin (4)	23.0%	18.0%	22.3%	22.3%	21.5%	22.0%	18.7%	22.2%
Net sales	\$ 1,303	\$ 1,215	\$ 1,287	\$ 1,429	\$ 5,234	\$ 1,266	\$ 1,179	\$ 1,304

⁽¹⁾ In accordance with SEC's Regulation G, this schedule provides the definition of certain non-GAAP measures and the reconciliation to the most closely related GAAP measure. Management believes the presentation of EBIT, EBIT margin, EBITDA and EBITDA margin provides additional useful information to investors about current trends in the business.

Note: The Company calculates EBITDA for compliance with its debt covenants using net earnings.

⁽²⁾ The goodwill impairment represents a \$258 million noncash charge recognized in Q2 fiscal 2011 to adjust the carrying value of the goodwill related to the acquisition of Burt's Bees to estimated fair value.

⁽³⁾ EBIT (a non-GAAP measure) represents earnings (losses) from continuing operations before income taxes (a GAAP measure), excluding goodwill impairment, interest income and interest expense, as reported above. EBIT margin is a measure of EBIT as a percentage of net sales.

⁽⁴⁾ EBITDA (a non-GAAP measure) represents earnings (losses) from continuing operations before income taxes (a GAAP measure), excluding goodwill impairment, interest income, interest expense, depreciation and amortization, as reported above. EBITDA margin is a measure of EBITDA as a percentage of net sales.