



Cash Flow from Operations Analysis - Adjusted for Acquisition of Fragrance Business of Sovereign Sales, LLC
Nine Months Ended March 31, 2007 Compared to March 31, 2008
(In Thousands)

In connection with the acquisition of the fragrance business of Sovereign Sales, LLC, Elizabeth Arden, Inc. (the "Company") acquired \$68 million of inventory that was reflected as an investing activity in the Company's Consolidated Statement of Cash Flows for the nine months ended March 31, 2007. If this inventory had been acquired in the ordinary course of the Company's business, it would have been recorded as an operating activity rather than an investing activity. The reconciliation below shows (i) the Company's adjusted cash used in operating activities for the nine months ended March 31, 2007, assuming the acquisition of the inventory from Sovereign had been recorded as an operating activity rather than an investing activity, and (ii) the difference in cash flow (used in) provided by operating activities between the nine months ended March 31, 2007 and March 31, 2008. The Company believes that this adjusted cash flow information is helpful in understanding the Company's cash flow on a comparative basis, though it is not prepared in accordance with generally accepted accounting principles.

Net cash provided by operating activities, as reported for the nine months ended March 31, 2007	\$ 41,250
Adjustment for inventory acquired from Sovereign recorded in investing activities rather than operating activities	<u>(68,090)</u>
Net cash used in operating activities for the nine months ended March 31, 2007, adjusted for Sovereign acquisition	(26,840)
Net cash provided by operating activities, for the nine months ended March 31, 2008	25,860
Increase in net cash provided by operating activities, adjusted for Sovereign acquisition	<u><u>\$ 52,700</u></u>