

Results of Operations and Financial Condition

In our annual report on Form 10-K for the fiscal year ended January 31, 2004, we reported operating segment information for fiscal years 2002, 2003 and 2004 with respect to five reportable segments– the Direct Selling segment, the Wholesale Home Fragrance segment, the Wholesale Creative Expressions segment, the Catalog & Internet segment and the All Other segment. For fiscal 2005, as previously reported, we have determined, based upon changes in our management organization, that we now have three reportable segments – the Direct Selling Segment, the Wholesale Segment and the Catalog & Internet Segment. By reason of the change in the number of our reportable segments, in our next annual report on Form 10-K, we will be required to restate our operating segment information for 2003 and 2004 so as to report such information with respect to such three reportable segments.

In response to requests that we have received from various analysts, we have prepared the following table that shows net sales, earnings and identifiable assets information for fiscal years 2003 and 2004 with respect to our three reportable segments that we expect to include in our next annual report on Form 10-K.

Blyth, Inc.**Restated Segment Information - 3 Segment Format**

Year ended January 31, (In thousands)

	2003	2004
Net Sales		
Direct Selling	\$ 717,442	\$ 764,527
Wholesale	571,141	630,318
Catalog & Internet	-	110,728
Total	\$ 1,288,583	\$ 1,505,573
Earnings		
Direct Selling ⁽²⁾	\$ 145,169	\$ 136,423
Wholesale ^(1,2)	10,348	10,026
Catalog & Internet	-	6,628
	155,517	153,077
Other income (expense)	(12,960)	(16,184)
Earnings before income taxes and cumulative effect of accounting change	\$ 142,557	\$ 136,893
Identifiable Assets		
Direct Selling	\$ 246,607	\$ 273,900
Wholesale	475,472	526,133
Catalog & Internet	-	160,380
Unallocated Corporate	138,005	167,550
Total	\$ 860,084	\$ 1,127,963

⁽¹⁾ 2003 Wholesale segment earnings include an impairment charge of approximately \$2.6 million as a result of placing Wax Lyrical into administrative receivership.

⁽²⁾ 2004 earnings include \$23.8 million of restructuring and impairment charges of which \$6.7 million relates to the Direct Selling segment and \$17.1 million relates to the Wholesale segment.