

2007 Reg. G Reconciliation (Unaudited)

Reconciliation of Earnings From Continuing Operations

(in millions except per share amounts, unaudited)

Quarterly:

| Quarter Ended March 31, 2007 | | | | | |
|--|---------------------------|---|--|--|----------------------------------|
| | Research & Development | Income Tax Provision (Benefit) | Income From Continuing Operations | Diluted Earnings Per Share | |
| GAAP basis | \$ 30.1 | \$ 40.8 | \$ 101.6 | \$ 0.95 | |
| | | | | | |
| Quarter Ended March 31, 2006 | | | | | |
| | Research & Development | Income Tax Provision (Benefit) | Income From Continuing Operations | Diluted Earnings Per Share | |
| GAAP basis | \$ 38.3 | \$ 28.7 | \$ 81.5 | \$ 0.76 | |
| <u>Items that affect comparability of results between periods:</u> | | | | | |
| Purchased research & development | (10.4) | 4.1 | 6.3 | | |
| Total | (10.4) | 4.1 | 6.3 | 0.06 | |
| Adjusted basis | \$ 27.9 | \$ 32.8 | \$ 87.8 | \$ 0.82 | |
| | | | | | |
| Quarter Ended June 30, 2007 | | | | | |
| | Research & Development | Other (Income) Expense, Net | Income Tax Provision (Benefit) | Income From Continuing Operations | Diluted Earnings Per Share |
| GAAP basis | \$ 35.1 | \$ (8.8) | \$ 41.8 | \$ 97.5 | \$ 0.91 |
| <u>Items that affect comparability of results between periods:</u> | | | | | |
| Purchased research & development | (1.6) | - | 0.1 | 1.5 | |
| Total | (1.6) | - | 0.1 | 1.5 | 0.02 |
| Adjusted basis | \$ 33.5 | \$ (8.8) | \$ 41.9 | \$ 99.0 | \$ 0.93 |
| | | | | | |
| Quarter Ended June 30, 2006 | | | | | |
| | Research & Development | Other (Income) Expense, Net | Income Tax Provision (Benefit) | Income From Continuing Operations | Diluted Earnings Per Share |
| GAAP basis | \$ 37.2 | \$ (7.6) | \$ 33.2 | \$ 81.1 | \$ 0.76 |
| <u>Items that affect comparability of results between periods:</u> | | | | | |
| Purchased research & development | (6.4) | - | - | 6.4 | |
| Investment gains | - | 1.6 | (0.6) | (1.0) | |
| Total | (6.4) | 1.6 | (0.6) | 5.4 | 0.05 |
| Adjusted basis | \$ 30.8 | \$ (6.0) | \$ 32.6 | \$ 86.5 | \$ 0.81 |

| | Quarter Ended September 30, 2007 | | | | |
|--|--------------------------------------|-----------------------------------|---|--|----------------------------------|
| | Research & Development Expense | Other (Income) Expense, Net | Income Tax Provision (Benefit) | Income From Continuing Operations | Diluted Earnings Per Share |
| GAAP basis | \$ 34.0 | \$ (8.9) | \$ 40.1 | \$ 102.1 | \$ 0.96 |
| <u>Items that affect comparability of results between periods:</u> | | | | | |
| Reduction in tax provision | - | - | 3.7 | (3.7) | |
| Total | - | - | 3.7 | (3.7) | (0.03) |
| Adjusted basis | \$ 34.0 | \$ (8.9) | \$ 43.8 | \$ 98.4 | \$ 0.93 |

| | Quarter Ended September 30, 2006 | | | | |
|--|--------------------------------------|-----------------------------------|---|--|----------------------------------|
| | Research & Development Expense | Other (Income) Expense, Net | Income Tax Provision (Benefit) | Income From Continuing Operations | Diluted Earnings Per Share |
| GAAP basis | \$ 30.9 | \$ 13.4 | \$ 7.1 | \$ 87.8 | \$ 0.82 |
| <u>Items that affect comparability of results between periods:</u> | | | | | |
| Settlement of legal matter | - | (20.0) | 7.4 | 12.6 | |
| Reduction in tax provision | - | - | 16.2 | (16.2) | |
| Total | - | (20.0) | 23.6 | (3.6) | (0.03) |
| Adjusted basis | \$ 30.9 | \$ (6.6) | \$ 30.7 | \$ 84.2 | \$ 0.79 |

| | Quarter Ended December 31, 2007 | | | | |
|----------------|--------------------------------------|-----------------------------------|---|--|----------------------------------|
| | Research & Development Expense | Other (Income) Expense, Net | Income Tax Provision (Benefit) | Income From Continuing Operations | Diluted Earnings Per Share |
| GAAP basis | \$ 36.6 | \$ (7.2) | \$ 48.2 | \$ 105.2 | \$ 1.01 |
| Adjusted basis | \$ 36.6 | \$ (7.2) | \$ 48.2 | \$ 105.2 | \$ 1.01 |

| | Quarter Ended December 31, 2006 | | | | |
|--|--------------------------------------|-----------------------------------|---|--|----------------------------------|
| | Research & Development Expense | Other (Income) Expense, Net | Income Tax Provision (Benefit) | Income From Continuing Operations | Diluted Earnings Per Share |
| GAAP basis | \$ 38.5 | \$ 42.3 | \$ 11.1 | \$ 64.1 | \$ 0.60 |
| <u>Items that affect comparability of results between periods:</u> | | | | | |
| Purchased research & development | (7.2) | - | 0.4 | 6.8 | |
| Investment gains | - | 1.3 | (0.5) | (0.8) | |
| Settlement of legal matter | - | (49.0) | 18.5 | 30.5 | |
| Settlement of a tax matter by joint venture in Japan | - | (1.2) | - | 1.2 | |
| Reduction in tax provision | - | - | 7.6 | (7.6) | |
| Total | (7.2) | (48.9) | 26.0 | 30.1 | 0.28 |
| Adjusted basis | \$ 31.3 | \$ (6.6) | \$ 37.1 | \$ 94.2 | \$ 0.88 |

Year to Date:

| Twelve Months Ended December 31, 2007 | | | | | |
|--|--------------------------------------|-----------------------------------|---|--|----------------------------------|
| | Research & Development Expense | Other (Income) Expense, Net | Income Tax Provision (Benefit) | Income From Continuing Operations | Diluted Earnings Per Share |
| GAAP basis | \$ 135.8 | \$ (32.3) | \$ 170.9 | \$ 406.4 | \$ 3.84 |
| <u>Items that affect comparability of results between periods:</u> | | | | | |
| Purchased research & development | (1.6) | - | 0.1 | 1.5 | |
| Reduction in tax provision | - | - | 3.7 | (3.7) | |
| Total | (1.6) | - | 3.8 | (2.2) | (0.02) |
| Adjusted basis | <u>\$ 134.2</u> | <u>\$ (32.3)</u> | <u>\$ 174.7</u> | <u>\$ 404.2</u> | <u>\$ 3.82</u> |

| Twelve Months Ended December 31, 2006 | | | | | |
|--|--------------------------------------|-----------------------------------|---|--|----------------------------------|
| | Research & Development Expense | Other (Income) Expense, Net | Income Tax Provision (Benefit) | Income From Continuing Operations | Diluted Earnings Per Share |
| GAAP basis | \$ 144.9 | \$ 40.4 | \$ 80.1 | \$ 314.5 | \$ 2.94 |
| <u>Items that affect comparability of results between periods:</u> | | | | | |
| Purchased research & development | (24.0) | - | 4.5 | 19.5 | |
| Investment gains | - | 2.9 | (1.1) | (1.8) | |
| Settlement of legal matter | - | (69.0) | 25.9 | 43.1 | |
| Settlement of a tax matter by joint venture in Japan | - | (1.2) | - | 1.2 | |
| Reduction in tax provision | - | - | 23.8 | (23.8) | |
| Total | (24.0) | (67.3) | 53.1 | 38.2 | 0.36 |
| Adjusted basis | <u>\$ 120.9</u> | <u>\$ (26.9)</u> | <u>\$ 133.2</u> | <u>\$ 352.7</u> | <u>\$ 3.30</u> |

- For the first quarter of 2007, there were no items that met the criteria described below that affected the comparability of results between periods.
- For the first quarter of 2006, research and development expense included payments of approximately \$10.4 million pretax (\$6.3 million after-tax; \$0.06 diluted earnings per share) for purchased research and development.
- For the second quarter of 2007, research and development expense included a charge of approximately \$1.6 million pretax for purchased research and development (\$1.5 million after-tax), or \$0.02 diluted earnings per share from continuing operations.
- For the second quarter of 2006, in addition to interest income and exchange gains and losses, other (income) expense, net included investment gains of approximately \$1.6 million pretax (\$1.0 million after-tax). For the second quarter ended June 30, 2006, research and development expense included a charge of approximately \$6.4 million pretax for purchased research and development (\$6.4 million after-tax). In total, these certain items decreased income from continuing operations by \$5.4 million after-tax, or \$0.05 diluted earnings per share from continuing operations.
- For the third quarter ended September 30, 2007, a reduction in the income tax provision impacted the comparability of results between periods. This reduction was due to changes in certain statutory tax rates outside the United States that resulted in the revaluation of deferred taxes. This item increased income from continuing operations by approximately \$3.7 million after-tax, or \$0.03 diluted earnings per share from continuing operations.
- For the third quarter ended September 30, 2006, the following items impacted the comparability of results between periods: (i) a charge of approximately \$20.0 million pretax (\$12.6 million after-tax) for the settlement of a legal matter; and (ii) a reduction in the income tax provision of approximately \$16.2 million predominately related to the expiration of the statute of limitations in the United States for the 2000 and 2001 tax years. The

net effect of these items increased income from continuing operations by \$3.6 million after-tax, or \$0.03 diluted earnings per share from continuing operations.

- For the fourth quarter ended December 31, 2007, there were no items that met the criteria described below that affected the comparability of results between periods.
- For the fourth quarter ended December 31, 2006, the following items affected the comparability of results between periods: (i) charges totaling approximately \$7.2 million pretax (\$6.8 million after-tax) for purchased research and development; (ii) investment gains of approximately \$1.3 million pretax (\$0.8 million after-tax); (iii) a charge of approximately \$49.0 million pretax (\$30.5 million after-tax) for the settlement of a legal matter; (iv) a charge of approximately \$1.2 million pretax (\$1.2 million after-tax) related to the settlement of a tax matter by the company's joint venture in Japan; and (v) a reduction in the income tax provision of approximately \$7.6 million predominantly related to the expiration of the statute of limitations in the United States for the 2002 tax year. The net effect of these items decreased income from continuing operations by \$30.1 million after-tax, or \$0.28 diluted earnings per share from continuing operations.
- For the year ended December 31, 2007, the following items affected the comparability of results between periods: (i) a charge of approximately \$1.6 million pretax (\$1.5 million after-tax) for purchased research and development; and (ii) a reduction in the income tax provision of approximately \$3.7 million due to changes in certain statutory tax rates outside the United States that resulted in the revaluation of deferred taxes. The net effect of these items increased income from continuing operations by \$2.2 million after-tax, or \$0.02 diluted earnings per share from continuing operations.
- For the year ended December 31, 2006, the following items affected the comparability of results between periods: (i) charges of approximately \$24.0 million pretax (\$19.5 million after-tax) for purchased research and development; (ii) investment gains of approximately \$2.9 million pretax (\$1.8 million after-tax); (iii) a charge of approximately \$69.0 million pretax (\$43.1 million after-tax) for the settlement of legal matters; (iv) a charge of approximately \$1.2 million pretax (\$1.2 million after-tax) related to the settlement of a tax matter by the company's joint venture in Japan; and (v) a reduction in the income tax provision of approximately \$23.8 million predominately related to the expiration of the statute of limitations in the United States for the tax years 2000 through 2002. The net effect of these items decreased income from continuing operations by \$38.2 million after-tax, or \$0.36 diluted earnings per share from continuing operations.

In the first quarter of 2007, the company completed its previously disclosed plan to withdraw from the synthetic bulking market and discontinue the sale of the Tegress™ synthetic bulking product, which was formerly reported in the Urology product group category. Consequently, the company accounts for this withdrawal as a discontinued operation for all periods referred to in this release.

This press release contains financial measures that are not calculated in accordance with United States generally accepted accounting principles (GAAP). These non-GAAP financial measures are reconciled to their most directly comparable GAAP measures in the above tables.

This reconciliation includes net sales excluding the impact of foreign exchange. The company analyzes net sales on a constant currency basis to better measure the comparability of results between periods. Because changes in foreign currency exchange rates have a non-operating impact on net sales, the company believes that evaluating growth in net sales on a constant currency basis provides an additional and meaningful assessment of net sales to both management and the company's investors.

In addition, this press release includes the following non-GAAP measures: (1) research & development expense excluding payments for purchased research and development; (2) other (income) expense, net excluding investment gains, a charge for the settlement of a legal matter, and a charge related to the settlement of a tax matter by the company's joint venture operating in Japan; (3) income tax provision excluding reductions relating to expired statutes of limitations, reductions relating to changes in statutory tax rates and the tax effect of the items set forth in (1) and (2) above; (4) income from continuing operations excluding the items set forth in (1) through (3) above; and (5) diluted earnings per share from continuing operations excluding the items set forth in (1) through (3) above.

The company excluded the items described above because they may cause certain statements of income categories not to be indicative of ongoing operating results, and therefore affect the comparability of results between periods. The company therefore believes that these non-GAAP measures provide an additional and meaningful assessment of the company's ongoing operating performance. Because the company has historically reported these non-GAAP results to the investment community, management also believes that the inclusion of these non-GAAP measures provides consistency in its financial reporting and facilitates investors' understanding of the company's historic operating trends by providing an additional basis for comparisons to prior periods. Management uses these non-GAAP measures: (1) to establish financial and operational goals; (2) to monitor the company's actual performance in relation to its business plan and operating budgets; (3) to evaluate the company's core operating performance and understand key trends within the business; and (4) as part of several components it considers in determining incentive compensation.

Management recognizes that the use of these non-GAAP measures has limitations, including the fact that they may not be comparable with similar non-GAAP financial measures used by other companies and that management must exercise judgment in determining which types of charges or other items should be excluded from the non-GAAP financial information. Management compensates for

these limitations by providing full disclosure of each non-GAAP financial measure and a reconciliation to the most directly comparable GAAP financial measure. All non-GAAP financial measures are intended to supplement the applicable GAAP disclosures and should not be considered in isolation from, or as a replacement for, financial information prepared in accordance with GAAP. For a reconciliation of these non-GAAP measures to the most comparable GAAP measures, please see the above tables.