

2006 Reg. G Reconciliation (Unaudited)

Reconciliation of Earnings

(in millions except per share amounts, unaudited)

Quarter Ended March 31,							
2006				2005			
GAAP Basis	FAS 123R Adj.	Other Items	Adjusted Basis	GAAP Basis	Other Items	Adjusted Basis	
Cost of goods sold	\$179.4	(\$0.2)	---	\$179.2	\$164.9	---	\$164.9
Marketing, selling & administrative expense	142.6	(6.4)	---	136.2	128.6	---	128.6
Research & development expense	38.6	(0.4)	(10.4)	27.8	27.2	---	27.2
Other (income) expense, net	(7.7)	---	---	(7.7)	(6.4)	3.2	(3.2)
Income tax provision	28.8	2.5	4.1	35.4	29.9	(1.2)	28.7
Net income	\$81.1	\$4.5	\$6.3	\$91.9	\$81.3	(\$2.0)	\$79.3
Diluted earnings per share	\$0.76	\$0.04	\$0.06	\$0.86	\$0.75	(\$0.02)	\$0.73

Quarter Ended June 30,							
2006				2005			
GAAP Basis	FAS 123R Adj.	Other Items	Adjusted Basis	GAAP Basis	Other Items	Adjusted Basis	
Cost of goods sold	\$196.1	(\$0.4)	---	\$195.7	\$173.5	---	\$173.5
Marketing, selling & administrative expense	153.5	(5.3)	---	148.2	136.0	---	136.0
Research & development expense	37.1	(0.4)	(6.4)	30.3	29.0	---	29.0
Other (income) expense, net	(7.6)	---	1.6	(6.0)	(11.5)	8.3	(3.2)
Income tax provision	33.2	2.1	(0.6)	34.7	32.0	(3.2)	28.8
Net income	\$81.4	\$4.0	\$5.4	\$90.8	\$85.3	(\$5.1)	\$80.2
Diluted earnings per share	\$0.76	\$0.04	\$0.05	\$0.85	\$0.79	(\$0.05)	\$0.74

Quarter Ended September 30,							
2006				2005			
GAAP Basis	FAS 123R Adj.	Other Items	Adjusted Basis	GAAP Basis	Other Items	Adjusted Basis	
Cost of goods sold	\$194.7	(\$0.7)	---	\$194.0	\$166.4	---	\$166.4
Marketing, selling & administrative expense	160.9	(12.0)	---	148.9	132.7	---	132.7
Research & development expense	31.2	(0.8)	---	30.4	29.2	---	29.2
Other (income) expense, net	13.4	---	(20.0)	(6.6)	2.9	(7.0)	(4.1)
Income tax provision	7.1	4.7	23.6	35.4	18.6	13.8	32.4
Net income	\$87.6	\$8.8	\$(3.6)	\$92.8	\$90.4	\$(6.8)	\$83.6
Diluted earnings per share	\$0.82	\$0.08	(\$0.03)	\$0.87	\$0.83	(\$0.06)	\$0.77

Quarter Ended December 31,							
2006				2005			
GAAP Basis	FAS 123R Adj.	Other Items	Adjusted Basis	GAAP Basis	Other Items	Adjusted Basis	
Cost of goods sold	\$203.0	(\$1.2)	(\$0.5)	\$201.3	\$177.9	---	\$177.9
Marketing, selling & administrative expense	159.0	(7.4)	(0.2)	151.4	137.3	---	137.3
Research & development expense	38.8	(0.2)	(7.2)	31.4	29.2	---	29.2
Other (income) expense, net	88.0	---	(94.6)	(6.6)	(7.4)	3.4	(4.0)
Income tax provision	6.4	3.2	30.9	40.5	32.0	(1.3)	30.7
Net income	\$22.0	\$5.6	\$71.6	\$99.2	\$80.1	\$(2.1)	\$78.0
Diluted earnings per share	\$0.21	\$0.05	\$0.67	\$0.93	\$0.75	(\$0.02)	\$0.73

	Year Ended December 31,						
	2006				2005		
	GAAP Basis	FAS 123R Adj.	Other Items	Adjusted Basis	GAAP Basis	Other Items	Adjusted Basis
Cost of goods sold	\$773.2	(\$2.5)	(\$0.5)	\$770.2	\$682.7	---	\$682.7
Marketing, selling & administrative expense	616.0	(31.1)	(0.2)	584.7	534.6	---	534.6
Research & development expense	145.7	(1.8)	(24.0)	119.9	114.6	---	114.6
Other (income) expense, net	86.1	---	(113.0)	(26.9)	(22.4)	7.9	(14.5)
Income tax provision	75.5	12.5	58.0	146.0	112.5	8.1	120.6
Net income	\$272.1	\$22.9	\$79.7	\$374.7	\$337.1	(\$16.0)	\$321.1
Diluted earnings per share	\$2.55	\$0.21	\$0.75	\$3.51	\$3.12	(\$0.15)	\$2.97

- For the first quarter of 2006, research and development expense included payments of approximately \$10.4 million pretax (\$6.3 million after-tax) for purchased research and development. The results of the first quarter of 2006 also included a charge of \$7.0 million pretax (\$4.5 million after-tax) related to the incremental impact of the new accounting treatment for share based payments under Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("FAS 123R"), as detailed in the table above. In total, these certain items decreased net income by \$10.8 million after-tax, or \$0.10 diluted earnings per share.
- For the second quarter ended June 30, 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 payment of approximately \$6.4 million pretax for purchased research and development (\$6.4 million after-tax). The results of the second quarter of 2006 also included incremental impact of the new accounting standard for share-based payments under FAS 123R, as detailed in the table above. In total, these certain items decreased net income by \$9.4 million after-tax, or \$0.09 diluted earnings per share..
- For the third quarter ended September 30, 2006, in addition to interest income and exchange gains and losses, other (income) expense, net included a charge of approximately \$20.0 million pretax (\$12.6 million after-tax) for the settlement of a legal matter. Certain items also included a reduction in the income tax provision of approximately \$16.2 million predominantly related to the expiration of the statute of limitations in the United States for the 2000 and 2001 tax years. The results of the third quarter of 2006 also included the incremental impact of the new accounting standard for share-based payments under FAS 123R, as detailed in the table above. In total, these certain items decreased net income by \$5.2 million after-tax, or \$0.05 diluted earnings per share.
- The results for the fourth quarter ended December 31, 2006 included the following certain items: Other (income) expense, net included investment gains of approximately \$1.3 million pretax (\$0.8 million after-tax), a charge of approximately \$1.2 million pretax (\$1.2 million after-tax) related to the pending settlement of a tax matter by the company's joint venture operating in Japan, and a charge of approximately \$49.0 million pretax (\$30.5 million after-tax) for the previously disclosed settlement of a legal matter. In the fourth quarter of 2006, as previously announced, the company decided to discontinue the sale of its Tegress™ urinary incontinence bulking agent and recorded charges of approximately \$0.5 million pretax in cost of goods sold, approximately \$0.2 million pretax in marketing, selling & administrative expense and approximately \$45.7 million pretax in other (income) expense, net for a total charge of approximately \$46.4 million pretax (\$41.5 million after-tax). For the fourth quarter ended December 31, 2006, research and development expense included payments of approximately \$7.2 million pretax (\$6.8 million after-tax) for purchased research and development. Certain items also included 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 results of the fourth quarter ended December 31, 2006 also included the incremental impact of the new accounting standard for share-based payments under FAS 123R, as detailed in the table above. In total, these certain items decreased net income by approximately \$77.2 million after-tax, or \$0.72 diluted earnings per share.
- The results for the year ended December 31, 2006 included the following certain items: Other (income) expense, net included investment gains of approximately \$2.9 million pretax (\$1.8 million after-tax), a charge of approximately \$1.2 million pretax (\$1.2 million after-tax) related to the pending settlement of a tax matter by the company's joint venture operating in Japan, and charges totaling approximately \$69.0 million pretax (\$43.1 million after-tax) for the settlement of legal matters. In 2006, the company decided to discontinue the sale of its Tegress™ urinary incontinence bulking agent and recorded charges of approximately \$0.5 million pretax in

cost of goods sold, approximately \$0.2 million pretax in marketing, selling & administrative expense and approximately \$45.7 million pretax in other (income) expense, net for a total charge of approximately \$46.4 million pretax (\$41.5 million after-tax). For the year ended December 31, 2006, research and development expense included payments of approximately \$24.0 million pretax (\$19.5 million after-tax) for purchased research and development. Certain items also included a reduction in the income tax provision of approximately \$23.8 million predominantly related to the expiration of the statute of limitations in the United States for the 2000 through 2002 tax years. The results of the year ended December 31, 2006 also included the incremental impact of the new accounting standard for share-based payments under FAS 123R, as detailed in the table above. In total, these certain items decreased net income by approximately \$102.6 million after-tax, or \$0.96 diluted earnings per share.

- For the year ended December 31, 2005, in addition to interest income and exchange gains and losses, other (income) expense, net included the following certain items: investment gains and the resolution of a royalty matter for a net adjustment of approximately \$16.8 million pretax (\$10.4 million after-tax), offset by a charge for an asset impairment of approximately \$8.9 million pretax (\$8.0 million after-tax). Certain items also included a reduction in the income tax provision of approximately \$45.6 million predominantly related to the favorable completion of the Internal Revenue Service audit for the tax years 1996-1999, as well as the resolution of certain other tax positions. Additionally, the company recorded an income tax provision of approximately \$32.0 million related to the company's planned repatriation of \$600.0 million of undistributed foreign earnings under the American Jobs Creation Act. In total, these certain items resulted in a net gain of approximately \$16.0 million after-tax, or \$0.15 diluted earnings per share.