RECONCILIATIONS OF FINANCIAL RESULTS

The following tables present a reconciliation of our financial results for the three months ended March 31, 2017 and 2016 and for the fiscal years ended June 30, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2006, 2005, 2003 and 2002 as reported in conformity with generally accepted accounting principles in the United States ("GAAP") and those results adjusted to exclude certain charges described above each table. The reconciliation between the non-GAAP financial measures and the most directly comparable GAAP measure for certain consolidated statements of earnings accounts are before and after the returns and charges associated with restructuring activities, the Venezuela remeasurements, the extinguishment of debt and accelerated orders associated with the Company's implementation of its Strategic Modernization Initiative (SMI). The Company uses the non-GAAP financial measure, among other things, to evaluate its operating performance and the measure represents the manner in which the Company conducts and views its business. Management believes that excluding these items that are special in nature or that are not comparable from period to period helps investors and others compare operating performance between two periods. While the Company considers the non-GAAP measures useful in analyzing its results, it is not intended to replace, or act as a substitute for, any presentation included in the consolidated financial statements prepared in conformity with GAAP.

The Company operates on a global basis, with the majority of its net sales generated outside the United States. Accordingly, fluctuations in foreign currency exchange rates can affect the Company's results of operations. Therefore, the Company presents certain net sales, operating results and diluted earnings per share information excluding the effect of foreign currency rate fluctuations to provide a framework for assessing the performance of its underlying business outside the United States. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. The Company calculates constant currency information by translating current-period results using prior-year period weighted average foreign currency exchange rates.

As part of SMI, the Company implemented the last major wave of SAP-based technologies in July 2014. As a result, and consistent with prior waves, the Company experienced a shift in its sales and operating results from accelerated orders from certain of its retailers to provide adequate safety stock and to mitigate any potential short-term business interruption associated with the July 2014 SMI rollout. In particular, approximately $178 million of accelerated orders were recorded as net sales in the fiscal 2014 fourth quarter that would have occurred in the fiscal 2015 first quarter.

This action created a favorable comparison between the fiscal 2016 and fiscal 2015 first quarters of approximately $178 million in net sales and approximately $127 million in operating income, equal to $.21 per diluted common share and impacted the Company's operating margin comparisons. The Company believes the presentation of certain comparative information that excludes the impact of the timing of these orders is useful in analyzing the net sales performance and operating results of its business.

As part of the Company's ongoing initiative to upgrade and modernize its systems and processes, it transitioned its global technology infrastructure (GTI) to fundamentally change the way it delivers information technology services internally. This initiative is expected to result in operational efficiencies and reduce the Company's information technology service and infrastructure costs in the future. The implementation of this initiative was substantially completed during fiscal 2016.

In May 2016, the Company announced a multi-year initiative (Leading Beauty Forward) to build on its strengths and better leverage its cost structure to free resources for investment to continue its growth momentum. Leading Beauty Forward is designed to enhance the Company's go-to-market capabilities, reinforce its leadership in global prestige beauty and continue creating sustainable value. During the fiscal 2017 third quarter, the Company continued to approve specific initiatives under Leading Beauty Forward. The Company plans to approve additional initiatives through fiscal 2019 and expects to complete those initiatives through fiscal 2021. The Company expects Leading Beauty Forward will result in related restructuring and other charges totaling between $600 million and $700 million, before taxes. Once fully implemented, Leading Beauty Forward is expected to yield annual net benefits of between $200 million and $300 million, before taxes, of which a portion is expected to be reinvested in future growth initiatives.

During the fiscal 2016 third quarter, as part of the Company's ongoing initiative to upgrade and modernize its systems and processes, the Company transitioned its global technology infrastructure (GTI) to fundamentally change the way it delivers information technology services internally. This initiative is expected to result in operational efficiencies and reduce the Company's information technology service and infrastructure costs in the future. The implementation of this initiative was substantially completed during fiscal 2016.

During the fiscal 2017 third quarter, the Company recorded restructuring and other charges of $62 million ($42 million after tax), equal to $.11 per diluted share, in connection with its previously announced Leading Beauty Forward initiative. During the fiscal 2016 third quarter, the Company recorded charges of $15 million ($10 million after tax), equal to $.02 per share, in connection with its initiative to transform its global technology infrastructure.

Reconciliation between GAAP and non-GAAP	Three Months Ended March 31, 2017				Three Months Ended March 31	
	Net Sales Growth		Diluted EPS Growth		Diluted Earnings Per Share	
(Unaudited)	Reported Basis	Constant Currency	Reported Basis	Constant Currency	2017	2016
Results including restructuring and other charges………………………….	8%[1]	9%	13%[1]	16%	$.80[1]	$.71[1]
Non-GAAP						
Restructuring and other charges……….	—	—	12%[1]	12%	.11[1]	.02[1]
Results excluding charges……..……….	8%	9%	25%	28%	.91	$.73
Impact of foreign currency on earnings per share..					.02	
Constant currency earnings per share….					$.93	

[1] Represents GAAP.

Results by Product Category

(Unaudited; Dollars in millions)	Three Months Ended March 31						
	Net Sales		Percent Change		Operating Income (Loss)		Percent Change
	2017	2016	Reported Basis	Constant Currency	2017	2016	Reported Basis
Skin Care…………………………...	$ 1,105	$ 1,073	3%	4%	$ 265	$ 202	31%
Makeup………………………	1,271	1,161	9	11	192	192	0
Fragrance……………………	336	276	22	24	16	(6)	100+
Hair Care………………………….	126	128	(2)	(1)	12	10	20
Other………………………………	19	19	0	(11)	4	1	100+
Subtotal…………………………..	2,857	2,657	8	9	489	399	23
Returns and charges associated with restructuring and other activities	—	—			(62)	(15)	
Total…………………...………...	$ 2,857	$ 2,657	8%	9%	$ 427	$ 384	11%

Net sales and operating income in the Company’s major product categories were unfavorably impacted by the strength of the U.S. dollar in relation to most currencies. Total operating income in constant currency, before charges, increased 25%.

Results by Geographic Region

(Unaudited; Dollars in millions)	Three Months Ended March 31						
	Net Sales		Percent Change		Operating Income (Loss)		Percent Change
	2017	2016	Reported Basis	Constant Currency	2017	2016	Reported Basis
The Americas…………….…….	$ 1,171	$ 1,112	5%	5%	$ 87	$ 112	(22)%
Europe, the Middle East & Africa..	1,126	1,023	10	13	288	212	36
Asia/Pacific………………….....	560	522	7	8	114	75	52
Subtotal…………………..……. .	2,857	2,657	8	9	489	399	23
Returns and charges associated with restructuring and other activities	—	—			(62)	(15)	
Total……………….……………..	$ 2,857	$ 2,657	8%	9%	$ 427	$ 384	11%

Net sales and operating income in the Company's geographic regions were unfavorably impacted by the strength of the U.S. dollar in relation to most currencies.

(Unaudited; Dollars in millions)

	Nine Months Ended March 31						
	Net Sales		Percent Change		Operating Income (Loss)		Percent Change
	2017	2016	Reported Basis	Local Currency	2017	2016	Reported Basis
Results by Geographic Region							
The Americas………..….……….	$ 3,646	$ 3,607	1%	1%	$ 236	$ 310	(24)%
Europe, the Middle East & Africa	3,477	3,308	5	10	956	843	13
Asia/Pacific……………………....	1,809	1,701	6	6	404	348	16
Subtotal…………………………	8,932	8,616	4	5	1,596	1,501	6
Returns and charges associated with restructuring and other activities	(2)	—			(134)	(34)	
Total…………………………..…..	$ 8,930	$ 8,616	4%	5%	$ 1,462	$ 1,467	0%
Results by Product Category							
Skin Care………………………....	$ 3,455	$ 3,414	1%	2%	$ 828	$ 701	18%
Makeup…………………………..….	3,743	3,574	5	6	562	642	(12)
Fragrance……………………….…..	1,275	1,159	10	14	157	114	38
Hair Care………………………....	399	411	(3)	(2)	38	36	6
Other……………………………..	60	58	3	3	11	8	38
Subtotal………………………..	8,932	8,616	4	5	1,596	1,501	6
Returns and charges associated with restructuring and other activities	(2)	—			(134)	(34)	
Total…………………..…………..	$ 8,930	$ 8,616	4%	5%	$ 1,462	$ 1,467	0%

Reconciliation between GAAP and non-GAAP	**Year Ending June 30, 2017 (F)**				**Twelve Months June 30**	
	Net Sales Growth		**Diluted EPS Growth**		**Diluted Earnings Per Share**	
(Unaudited)	**Reported Basis**	**Constant Currency**	**Reported Basis**	**Constant Currency**	**2017 (F)**	**2016**
Forecast / actual results including charges	4-5%[1]	6-7%	2-4%[1]	6-9%	$3.02 - $3.09[1]	$2.96[1]
Non-GAAP						
Restructuring and other charges …………	—	—	2-1%[1]	2-0%	.28 -.30[1]	.24[1]
Forecast / actual results excluding charges..	4-5%	6-7%	4-5%	8-9%	$3.32 - $3.37	$3.20
Impact of foreign currency on earnings per share..					.13	
Forecasted constant currency earnings per share………………………………………					$3.45 - $3.50	

[1] Represents GAAP.
(F) Represents forecast

Total charges associated with restructuring and other activities included in operating income for the three months ended March 31, 2017 and 2016 were:

(Unaudited)			**Operating Expenses**				
(In millions, except per share data)	**Sales Returns**	**Cost of Sales**	**Restructuring Charges**	**Other Charges**	**Total**	**After Tax**	**Diluted Earnings Per Share**
Three Months Ended March 31, 2017							
Leading Beauty Forward …..……….	$—	$3	$41	$18	$62	$42	$.11
Three Months Ended March 31, 2016							
Global Technology Infrastructure…...	$—	$—	$13	$2	$15	$10	$.02

Total charges associated with restructuring and other activities included in operating income for the nine months ended March 31, 2017 and 2016 were:

(Unaudited)			**Operating Expenses**				
(In millions, except per share data)	**Sales Returns**	**Cost of Sales**	**Restructuring Charges**	**Other Charges**	**Total**	**After Tax**	**Diluted Earning s Per Share**
Nine Months Ended March 31, 2017							
Leading Beauty Forward …..………	$2	$10	$70	$52	$134	$88	$.24
Nine Months Ended March 31, 2016							
Global Technology Infrastructure…...	$—	$—	$29	$5	$34	$22	$.06

THE ESTÉE LAUDER COMPANIES INC.
Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Charges
(Unaudited; In millions, except per share data and percentages)

	Three Months Ended March 31, 2017					Three Months Ended March 31, 2016				
	As Reported	Charges	Before Charges	Impact of foreign currency translation	Constant Currency	As Reported	Charges	Before Charges	% Change versus Prior Year Before Charges	% Change Constant Currency
Net Sales…..............................	$2,857	$—	$2,857	$31	$2,888	$2,657	$—	$2,657	8%	9%
Cost of sales……………….…...	591	(3)	588			504	—	504		
Gross Profit…………………..…...	2,266	3	2,269			2,153	—	2,153	5%	
Gross Margin………………...	79.3%		79.4%			81.0%		81.0%		
Operating expenses…………….	1,839	(59)	1,780			1,769	(15)	1,754	1%	
Operating Expense Margin…..	64.4%		62.3%			66.5%		66.0%		
Operating Income……………...	427	62	489			384	15	399	23%	
Operating Income Margin…...	14.9%		17.1%			14.5%		15.0%		
Provision for income taxes.........	107	20	127			104	5	109		
Net Earnings Attributable to The Estée Lauder Companies Inc....	298	42	340			265	10	275	24%	
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share……..….	.80	.11	.91	.02	.93	.71	.02	.73	25%	28%

	Nine Months Ended March 31, 2017					Nine Months Ended March 31, 2016				
	As Reported	Charges	Before Charges	Impact of foreign currency translation	Constant Currency	As Reported	Charges	Before Charges	% Change versus Prior Year Before Charges	% Change Constant Currency
Net Sales…..............................	$8,930	$2	$8,932	$144	$9,076	$8,616	$—	$8,616	4%	5%
Cost of sales……………….…...	1,824	(10)	1,814			1,670	—	1,670		
Gross Profit…………………..…...	7,106	12	7,118			6,946	—	6,946	2%	
Gross Margin………………...	79.6%		79.7%			80.6%		80.6%		
Operating expenses…………….	5,644	(122)	5,522			5,479	(34)	5,445	1%	
Operating Expense Margin…..	63.2%		61.8%			63.6%		63.2%		
Operating Income……………...	1,462	134	1,596			1,467	34	1,501	6%	
Operating Income Margin…...	16.4%		17.9%			17.0%		17.4%		
Provision for income taxes.........	384	46	430			399	12	411		
Net Earnings Attributable to The Estée Lauder Companies Inc....	1,020	88	1,108			1,021	22	1,043	6%	
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share……..….	2.74	.24	2.97	.10	3.07	2.71	.06	2.77	7%	11%

Amounts may not sum due to rounding.

FISCAL 2016

As part of SMI, the Company implemented the last major wave of SAP-based technologies in July 2014. As a result, and consistent with prior waves, the Company experienced a shift in its sales and operating results from accelerated orders from certain of its retailers to provide adequate safety stock and to mitigate any potential short-term business interruption associated with the July 2014 SMI rollout. In particular, approximately $178 million of accelerated orders were recorded as net sales in the fiscal 2014 fourth quarter that would have occurred in the fiscal 2015 first quarter.

This action created a favorable comparison between the fiscal 2016 and fiscal 2015 twelve months of approximately $178 million in net sales and approximately $127 million in operating income, equal to $.21 per diluted common share and impacted the Company's operating margin comparisons. The Company believes the presentation of certain comparative information in the discussions in this release that exclude the impact of the timing of these orders is useful in analyzing the net sales performance and operating results of its business.

Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Charges, and Accelerated Orders Associated with the Company's Implementation of SMI
(Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2016					Year Ended June 30, 2015					
	As Reported	Charges	Before Charges	Impact of foreign currency translation	Constant Currency	As Reported	Charges	SMI Adjust-ments	Before Charges/ SMI	% Change versus Prior Year Before Charges/SMI	% Change Constant Currency
Net Sales….........................	$11,262.3	$1.4	$11,263.7	$487.5	$11,751.2	$10,780.4	$—	$178.3	$10,958.7	3%	7%
Cost of sales……….........	2,181.1	(0.2)	2,180.9			2,100.6	—	35.1	2,135.7		
Gross Profit………………..	9,081.2	1.6	9,082.8			8,679.8	—	143.2	8,823.0	3%	
Gross Margin…………….	80.6%		80.6%			80.5%			80.5%		
Operating expenses…....…	7,470.9	(133.1)	7,337.8			7,073.5	(5.3)	16.0	7,084.2	4%	
Operating Expense Margin………………..…	66.3%		65.1%			65.6%			64.6%		
Operating Income………..…	1,610.3	134.7	1,745.0			1,606.3	5.3	127.2	1,738.8	0%	
Operating Income Margin……………………	14.3%		15.5%			14.9%			15.9%		
Provision for income taxes...	434.4	43.4	477.8			467.2	—	45.3	512.5		
Net Earnings Attributable to The Estée Lauder Companies Inc…………....	1,114.6	91.3	1,205.9			1,088.9	5.3	81.9	1,176.1	3%	
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share…….…….....	2.96	.24	3.20	.26	3.46	2.82	.01	.21	3.05	5%	13%

Amounts may not sum due to rounding.

Total charges associated with restructuring activities included in operating income for the year ended June 30, 2016 were:

Year Ended June 30, 2016 (Unaudited) (In millions, except per share data)	Sales Returns	Cost of Sales	Operating Expenses: Restructuring Charges	Operating Expenses: Other Charges	Total	After Tax	Diluted Earnings Per Share
Global Technology Infrastructure….....	$ —	$ —	$ 46.0	$ 7.6	$ 53.6	$34.6	$.09
Leading Beauty Forward……………..	1.4	0.2	75.4	4.1	81.1	56.7	.15
Total………………………………..	$1.4	$0.2	$ 121.4	$11.7	$134.7	$91.3	$.24

Reconciliation between GAAP and non-GAAP	Year Ended June 30, 2016				Year Ended June 30	
	Net Sales Growth		Diluted EPS Growth		Diluted Earnings Per Share	
(Unaudited)	Reported Basis	Constant Currency	Reported Basis	Constant Currency	2016	2015
Results including charges and the fiscal 2015 accelerated retailer orders……….	4%[1]	9%	5%[1]	14%	$2.96[1]	$2.82[1]
Non-GAAP						
Restructuring and other charges……….	—	—	8%	8%	.24	—
Venezuela charge……………….……..	—	—	—	—	—	.01
Impact of fiscal 2015 accelerated orders.	~(2)%	~(2)%	~(8)%	~(9)%	—	.21
Results excluding charges and the fiscal 2015 accelerated retailer orders………...	3%	7%	5%	13%	$3.20	$3.05
Impact of foreign currency on earnings per share..					.26	
Constant currency earnings per share…...					$3.46	

[1] Represents GAAP.
Amounts may not sum due to rounding.

THE ESTÉE LAUDER COMPANIES INC.

The impact on net sales and operating results of the accelerated orders from certain retailers associated with the Company's implementation of SMI by product category and geographic region is shown below. Additionally, excluding the impact of the shift in orders, the charges associated with restructuring activities and the Venezuela remeasurement charge, net sales and operating results for the year ended June 30, 2016, increased/(decreased) as follows:

	Year Ended June 30, 2015			Year Ended June 30, 2016		
	Accelerated Sales Orders		Venezuela Remeasurement	Net Sales Growth As Adjusted		Change In Operating
(Unaudited; Dollars in millions)	Net Sales	Operating Results	Charge Operating Results	Reported Basis	Constant Currency	Results As Adjusted
Product Category:						
Skin Care……………………….....	$ 91	$ 72	$2	(3)%	1%	(7)%
Makeup…..………………................	65	41	2	8	13	8
Fragrance…………....……………...	21	14	1	3	9	(11)
Hair Care………………..................	1	—	—	4	7	36
Other………………..…...……...……	—	—	—	48	54	100+
Total……………….…………..….	$178	$127	$5	3%	7%	0%
Geographic Region:						
The Americas………………..……..	$ 84	$ 53	$5	2%	5%	(4)%
Europe, the Middle East & Africa..	68	53	—	5	12	3
Asia/Pacific……………………..……	26	21	—	(2)	4	(3)
Total…………………………..….	$178	$127	$5	3%	7%	0%

Total operating income in constant currency for the year ended June 30, 2016, before charges and the impact of the shift in orders, increased 8%.

The accelerated sales orders in the prior year created an unfavorable comparison in net cash flows provided by operating activities, primarily in certain working capital components. Excluding the impact of the shift in orders, cash flows from operating activities for the year ended June 30, 2016, increased 1%.

Reconciliation between GAAP and non-GAAP	**Net Cash Flows Provided By Operating Activities**		
	Year Ended June 30		**Percent**
(Unaudited; Dollars in millions)	**2016**	**2015**	**Change**
Results as reported……………………..………...	$1,788.7 [1]	$1,943.3 [1]	(8)%
Non-GAAP			
Impact of fiscal 2015 accelerated orders….…….	—	(173.4)	
Results excluding the fiscal 2015 accelerated retailer orders…………………………….….....	$1,788.7	$1,769.9	1%

[1] Represents GAAP.

Fiscal 2015

The following are reconciliations between the non-GAAP financial measures and the most directly comparable GAAP measures for certain consolidated statements of earnings accounts before and after these items. The Company uses these non-GAAP financial measures, among other financial measures, to evaluate its operating performance, and the measures represent the manner in which the Company conducts and views its business. Management believes that excluding these items that are not comparable from period to period helps investors and others compare operating performance between two periods. While the Company considers the non-GAAP measures useful in analyzing its results, they are not intended to replace, or act as a substitute for, any presentation included in the consolidated financial statements prepared in conformity with GAAP.

In the fiscal 2014 fourth quarter some retailers accelerated sales orders in advance of the Company's July 2014 implementation of its Strategic Modernization Initiative (SMI) in certain of its largest remaining locations of approximately $178 million. These orders would have occurred in the Company's fiscal 2015 first quarter ended September 30, 2014. This amounted to approximately $127 million in operating income, equal to approximately $.21 per diluted common share. The impact of this shift is reflected in the consolidated statements of earnings for the year ended June 30, 2015.

During the third quarter of fiscal 2014, based on changes to Venezuela's foreign currency exchange rate regulations made at that time, the Company changed the exchange rate used to remeasure its Venezuelan net monetary assets to a newly enacted SICAD II rate. Accordingly, the Company recorded a remeasurement charge of $38.3 million, both before and after tax, equal to approximately $.10 per diluted common share.

During the fiscal 2015 third quarter, the Venezuelan government introduced a new open market foreign exchange system, SIMADI, which effectively replaced the SICAD II mechanism. As a result, the Company changed the exchange rate used to remeasure the net monetary assets of its Venezuelan subsidiary to the SIMADI rate. Accordingly, the Company recorded a remeasurement charge of $5.3 million, both before and after tax, equal to approximately $.01 per diluted share.

THE ESTÉE LAUDER COMPANIES INC.
Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Returns and Charges and Accelerated Orders Associated with the Company's Implementation of SMI
(Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2015						Year Ended June 30, 2014					
	As Reported	Returns/ Charges	SMI Adjust-ments	Before Charges /SMI	Impact of foreign currency transla-tion	Constant Currency	As Reported	Returns/ Charges	SMI Adjust-ments	Before Charges /SMI	% Change versus Prior Year Before Charges/SMI	% Change Constant Currency
Net Sales…...........	$10,780.4	$ 0.0	$178.3	$10,958.7	$519.8	$11,478.5	$10,968.8	$(0.1)	$(178.3)	$10,790.4	2%	6%
Cost of sales….......	2,100.6	0.0	35.1	2,135.7			2,158.2	(0.1)	(35.1)	2,123.0		
Gross Profit…….....	8,679.8	0.0	143.2	8,823.0			8,810.6	0.0	(143.2)	8,667.4	2%	
Gross Margin…..	80.5%			80.5%			80.3%			80.3%		
Operating expenses	7,073.5	(5.3)	16.0	7,084.2			6,983.0	(35.4)	(16.0)	6,931.6	2%	
Operating Expense Margin.	65.6%			64.6%			63.6%			64.2%		
Operating Income...	1,606.3	5.3	127.2	1,738.8			1,827.6	35.4	(127.2)	1,735.8	0%	
Operating Income Margin………....	14.9%			15.9%			16.7%			16.1%		
Provision for income taxes.........	467.2	0.0	45.3	512.5			567.7	(1.1)	(45.3)	521.3		
Net Earnings Attributable to The Estée Lauder Companies Inc......	1,088.9	5.3	81.9	1,176.1			1,204.1	36.5	(81.9)	1,158.7	2%	
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share…..	2.82	.01	.21	3.05	.24	3.29	3.06	.09	(.21)	2.95	3%	12%

Amounts may not sum due to rounding.

THE ESTÉE LAUDER COMPANIES INC.

The impact on net sales and operating results of accelerated orders from certain retailers associated with the Company's implementation of SMI, as well as the impact of the Venezuela remeasurement charges by product category and geographic region is as follows:

	Accelerated Sales Orders		Venezuela Remeasurement Charges	
	Three Months and Year Ended June 30, 2015		Operating Results Year Ended June 30	
(Unaudited; In millions)	Net Sales	Operating Results	2015	2014
Product Category:				
Skin Care	$ 91	$ 72	$ 2	$ 12
Makeup	65	41	2	16
Fragrance	21	14	1	10
Hair Care	1	—	—	—
Other	—	—	—	—
Total	$ 178	$ 127	$ 5	$ 38
Geographic Region:				
The Americas	$ 84	$ 53	$ 5	$ 38
Europe, the Middle East & Africa	68	53	—	—
Asia/Pacific	26	21	—	—
Total	$ 178	$ 127	$ 5	$ 38

Excluding the impact of the shift in orders, the adjustments associated with restructuring activities and, for the full fiscal year, the Venezuela remeasurement charges, net sales and operating results for the three months and year ended June 30, 2015 would have increased/(decreased) as follows:

	Three Months Ended June 30, 2015			Year Ended June 30, 2015		
	Net Sales As Adjusted		Operating Results As Adjusted	Net Sales As Adjusted		Operating Results As Adjusted
(Unaudited)	Reported Basis	Constant Currency		Reported Basis	Constant Currency	
Product Category:						
Skin Care	(9)%	(2)%	(15)%	(2)%	2%	(1)%
Makeup	3	10	10	5	10	2
Fragrance	17	26	(100)+	2	8	(2)
Hair Care	4	10	35	3	7	13
Other	7	14	100	4	9	(28)
Total	(1)%	7%	(9)%	2%	6%	0%
Geographic Region:						
The Americas	7%	12%	(78)%	2%	6%	(31)%
Europe, the Middle East & Africa	(8)	3	1	1	8	13
Asia/Pacific	(2)	4	100	0	4	16
Total	(1)%	7%	(9)%	2%	6%	0%

Total operating income in constant currency for the three months and year ended June 30, 2015, excluding the impact of the shift in orders, the adjustments associated with restructuring activities and, for the full fiscal year, the Venezuela remeasurement charges, increased 6% and 8%, respectively.

Fiscal 2014

The following are reconciliations between the non-GAAP financial measures and the most directly comparable GAAP measures for certain consolidated statements of earnings accounts before and after these items. The Company uses these non-GAAP financial measures, among other financial measures, to evaluate its operating performance, and the measures represent the manner in which the Company conducts and views its business. Management believes that excluding these items that are not comparable from period to period helps investors and others compare operating performance between two periods. While the Company considers the non-GAAP measures useful in analyzing its results, they are not intended to replace, or act as a substitute for, any presentation included in the consolidated financial statements prepared in conformity with GAAP.

During the second quarter of fiscal 2013, the Company closed its multi-faceted cost savings program implemented in February 2009 (the "Program") and has executed substantially all remaining initiatives as of June 30, 2014. The impact of returns, charges and adjustments related to the Program for each fiscal period are set forth in tables that follow these notes.

During the third quarter of fiscal 2014, based on then changes to Venezuela's foreign currency exchange rate regulations, the Company changed the exchange rate used to remeasure its Venezuelan net monetary assets to a newly enacted SICAD II rate. Accordingly, the Company recorded a remeasurement charge of $38.3 million, both before and after tax, equal to approximately $.10 per diluted common share.

In the first quarter of fiscal 2013, the Company redeemed $230.1 million principal amount of its 7.75% Senior Notes due November 1, 2013. As a result, the Company recorded a pre-tax charge of $19.1 million.

THE ESTÉE LAUDER COMPANIES INC.
Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Returns and Charges
(Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2014			Year Ended June 30, 2013			
	As Reported	Returns/ Charges	Before Returns/ Charges	As Reported	Returns/ Charges	Before Returns/ Charges	% Change versus Prior Year Before Returns/Charges
Net Sales………………………...	$10,968.8	$(0.1)	$10,968.7	$10,181.7	$ 1.5	$10,183.2	8%
Cost of sales……………………..	2,158.2	(0.1)	2,158.1	2,025.9	(1.2)	2,024.7	
Gross Profit………………………..	8,810.6	0.0	8,810.6	8,155.8	2.7	8,158.5	8%
Gross Margin……………...…….	80.3 %		80.3 %	80.1%		80.2%	
Operating expenses………………..	6,983.0	(35.4)	6,947.6	6,629.8	(15.1)	6,614.7	5%
Operating Expense Margin…...	63.6 %		63.3 %	65.1%		65.0%	
Operating Income……………..……	1,827.6	35.4	1,863.0	1,526.0	17.8	1,543.8	21%
Operating Income Margin………	16.7 %		17.0 %	15.0%		15.2%	
Interest expense on debt extinguishment…….….…….	—	—	—	19.1	(19.1)	—	
Provision for income taxes………	567.7	(1.1)	566.6	451.4	13.0	464.4	
Net Earnings Attributable to The Estée Lauder Companies Inc.	1,204.1	36.5	1,240.6	1,019.8	23.9	1,043.7	19%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share…………	3.06	.09	3.16	2.58	.06	2.64	19%

As part of the Company's Strategic Modernization Initiative (SMI), the Company implemented the last major wave of SAP-based technologies in July 2014. As a result, and consistent with prior waves, the Company experienced a shift in its sales and operating results from accelerated orders from certain of its retailers to provide adequate safety stock and to mitigate any potential short-term business interruption associated with the July 2014 SMI rollout. In particular, approximately $178 million of accelerated orders were recorded as net sales in the fiscal 2014 fourth quarter that would normally have been expected to occur in the fiscal 2015 first quarter.

This action created a favorable comparison between the fiscal 2014 and fiscal 2013 fourth quarters and full years of approximately $178 million in net sales and approximately $127 million in operating income, equal to $.21 per diluted common share and impacted the Company's operating margin comparisons. The Company believes the presentation of certain comparative information in the discussions in its communications that exclude the impact of the timing of these orders is useful in analyzing the net sales performance and operating results of its business.

	Year Ended June 30, 2014				Year Ended June 30, 2013				
	As Reported	Returns/ Charges	SAP Adjust-ments	Before Charges /SAP	As Reporte d	Returns/ Charges	SAP Adjust-ments	Before Charges /SAP	% Change versus Prior Year Before Charges/SAP
Net Sales………………..........	$10,968.8	$(0.1)	$(178.3)	$10,790.4	$10,181.7	$ 1.5	$ —	$10,183.2	6%
Cost of sales……………….......	2,158.2	(0.1)	(35.1)	2,123.0	2,025.9	(1.2)	—	2,024.7	
Gross Profit……………..........	8,810.6	0.0	(143.2)	8,667.4	8,155.8	2.7	—	8,158.5	6%
Gross Margin…………........	80.3%			80.3%	80.1%			80.2%	
Operating expenses…..............	6,983.0	(35.4)	(16.0)	6,931.6	6,629.8	(15.1)	—	6,614.7	5%
Operating Expense Margin..	63.6%			64.2%	65.1%			65.0%	
Operating Income…………...	1,827.6	35.4	(127.2)	1,735.8	1,526.0	17.8	—	1,543.8	12%
Operating Income Margin...	16.7%			16.1%	15.0%			15.2%	
Interest expense on debt extinguishment…………..….	—	—	—	—	19.1	(19.1)	—	—	
Provision for income taxes.....	567.7	(1.1)	(45.3)	521.3	451.4	13.0	—	464.4	
Net Earnings Attributable to The Estée Lauder Companies Inc....................	1,204.1	36.5	(81.9)	1,158.7	1,019.8	23.9	—	1,043.7	11%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share……………..	3.06	.09	(.21)	2.95	2.58	.06	—	2.64	12%

The impact on net sales and operating results of accelerated orders from certain retailers associated with the Company's implementation of SMI, as well as the impact of the Venezuela remeasurement charge by product category and geographic region is as follows:

	Accelerated Sales Orders		Venezuela Remeasurement Charge
	Three Months and Year Ended June 30, 2014		Year Ended June 30, 2014
(Unaudited; In millions)	Net Sales	Operating Results	Operating Results
Product Category:			
Skin Care	$ 91	$ 72	$ 12
Makeup	65	41	16
Fragrance	21	14	10
Hair Care	1	—	—
Other	—	—	—
Total	$ 178	$ 127	$ 38
Geographic Region:			
The Americas	$ 84	$ 53	$ 38
Europe, the Middle East & Africa	68	53	—
Asia/Pacific	26	21	—
Total	$ 178	$ 127	$ 38

Excluding the impact of the current-year period shift in orders associated with the Company's implementation of SMI, the returns and charges (adjustments) associated with restructuring activities and, for the full fiscal year, the Venezuela remeasurement charge, net sales and operating results for the three months and year ended June 30, 2014 would have increased/(decreased) as follows:

	Three Months Ended June 30, 2014			Year Ended June 30, 2014		
	Net Sales As Adjusted		Operating	Net Sales As Adjusted		Operating
(Unaudited)	Reported Basis	Constant Currency	Results As Adjusted	Reported Basis	Constant Currency	Results As Adjusted
Product Category:						
Skin Care	5%	5%	82%	5%	6%	10%
Makeup	5	5	29	7	7	19
Fragrance	6	5	49	7	7	(17)
Hair Care	6	7	100+	5	6	26
Other	93	97	61	16	17	66
Total	6%	5%	68%	6%	7%	12%
Geographic Region:						
The Americas	3%	4%	28%	4%	5%	24%
Europe, the Middle East & Africa	9	6	37	9	7	9
Asia/Pacific	6	7	56	4	7	7
Total	6%	5%	68%	6%	7%	12%

Fiscal 2013

In February 2009, the Company announced the implementation of a multi-faceted cost savings program (the "Program") to position it to achieve long-term profitable growth. As of December 31, 2012, the Company closed the Program. As a result of the closure of the Program and evaluation of the initiatives that have been implemented as of June 30, 2013, the Company anticipates total cumulative restructuring charges and other costs to implement those initiatives to total between $320 million and $330 million, before taxes and that such charges have been substantially recorded through fiscal 2013. Since the inception of the Program, the Company approved cost savings initiatives to resize the organization, reorganize certain functions, turnaround or exit unprofitable operations and outsource certain services. The impact of returns, charges and adjustments related to the Program for each fiscal period are set forth in tables that follow these notes.

In the first quarter of fiscal 2013, the Company redeemed $230.1 million principal amount of its 7.75% Senior Notes due November 1, 2013. As a result, the Company recorded a pre-tax charge to earnings of $19.1 million ($12.2 million after tax), for the impact of the extinguishment of debt, equal to $.03 per diluted common share.

THE ESTÉE LAUDER COMPANIES INC.
Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Returns and Charges
(Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2013			Year Ended June 30, 2012			
	As Reported	Returns/ Charges	Before Returns/ Charges	As Reported	Returns/ Charges	Before Returns/ Charges	% Change versus Prior Year Before Returns/Charges
Net Sales………………………...	$10,181.7	$ 1.5	$10,183.2	$9,713.6	$ 2.1	$9,715.7	5%
Cost of sales……………………….	2,025.9	(1.2)	2,024.7	1,995.8	(1.5)	1,994.3	
Gross Profit………………………..	8,155.8	2.7	8,158.5	7,717.8	3.6	7,721.4	6%
Gross Margin……………...…….	80.1%		80.2 %	79.5%		79.5%	
Operating expenses………………..	6,629.8	(15.1)	6,614.7	6,406.1	(59.6)	6,346.5	4%
Operating Expense Margin…..…	65.1%		65.0 %	66.0%		65.3%	
Operating Income………………….	1,526.0	17.8	1,543.8	1,311.7	63.2	1,374.9	12%
Operating Income Margin…….	15.0%		15.2 %	13.5%		14.2%	
Interest expense on debt extinguishment…………..…….	19.1	(19.1)	—	—	—	—	
Provision for income taxes………	451.4	13.0	464.4	400.6	19.1	419.7	
Net Earnings Attributable to The Estée Lauder Companies Inc.	1,019.8	23.9	1,043.7	856.9	44.1	901.0	16%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share…………	2.58	.06	2.64	2.16	.11	2.27	16%

Fiscal 2012

In February 2009, the Company announced the implementation of a multi-faceted cost savings program (the "Program") to position it to achieve long-term profitable growth. The Company anticipates the Program will result in related restructuring and other charges, inclusive of cumulative charges recorded to date and through the remainder of the Program, totaling between $350 million and $450 million, before taxes. Since the inception of the Program, the Company approved cost savings initiatives to resize the organization, reorganize certain functions, turnaround or exit unprofitable operations and outsource certain services.

For the year ended June 30, 2012 and 2011, aggregate restructuring charges of $53.6 million and $41.1 million, respectively, were recorded in the Company's consolidated statements of earnings related to the Program. These charges primarily reflected employee-related costs, asset write-offs, contract terminations and other exit costs.

The Company recorded other charges in connection with the implementation of the Program for the year ended June 30, 2012 and 2011 of $6.0 million and $7.9 million, respectively, primarily related to consulting and other professional services. For the year ended June 30, 2012, the Company recorded $2.1 million, reflecting sales returns (less a related cost of sales of $0.3 million) and a write-off of inventory of $1.8 million associated with exiting unprofitable operations. During the year ended June 30, 2011, the Company recorded $4.6 million, reflecting sales returns (less a related cost of sales of $1.2 million) and a write-off of inventory of $7.0 million associated with turnaround operations, primarily related to the reformulation of Ojon brand products.

Total charges associated with restructuring activities included in operating income for the year ended June 30, 2012 and 2011, were $63.2 million and $59.4 million, respectively.

THE ESTÉE LAUDER COMPANIES INC.

Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Returns and Charges

(Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2012			Year Ended June 30, 2011			
	As Reported	Returns/ Charges	Before Returns/ Charges	As Reported	Returns/ Charges	Before Returns/ Charges	% Change versus Prior Year Before Returns/Charges
Net Sales…………………………...	$9,713.6	$ 2.1	$9,715.7	$8,810.0	$ 4.6	$8,814.6	10%
Cost of sales……………………….	1,995.8	(1.5)	1,994.3	1,936.9	(5.8)	1,931.1	
Gross Profit………………………..	7,717.8	3.6	7,721.4	6,873.1	10.4	6,883.5	12%
Gross Margin……………......…....	79.5%		79.5 %	78.0%		78.1%	
Operating expenses………………..	6,406.1	(59.6)	6,346.5	5,783.7	(49.0)	5,734.7	11%
Operating Expense Margin…......	66.0%		65.3 %	65.6%		65.1%	
Operating Income……………..……	1,311.7	63.2	1,374.9	1,089.4	59.4	1,148.8	20%
Operating Income Margin…….....	13.5%		14.2 %	12.4%		13.0%	
Provision for income taxes………	400.6	19.1	419.7	321.7	17.7	339.4	
Net Earnings Attributable to The Estée Lauder Companies Inc.	856.9	44.1	901.0	700.8	41.7	742.5	21%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share…………	2.16	.11	2.27	1.74	.10	1.85	23%

Fiscal 2011

In February 2009, the Company announced the implementation of a multi-faceted cost savings program (the “Program”) to position it to achieve long-term profitable growth. The Company anticipates the Program will result in related restructuring and other special charges, inclusive of cumulative charges recorded to date and over the next few fiscal years, totaling between $350 million and $450 million, before taxes.

During the year ended June 30, 2011 and June 30, 2010, the Company approved cost savings initiatives to resize the organization, reorganize certain functions, turnaround or exit unprofitable operations and outsource certain services.

For the year ended June 30, 2011 and 2010, aggregate restructuring charges of $41.1 million and $48.8 million, respectively, were recorded in the Company’s consolidated statements of earnings related to the Program. These charges primarily reflected employee-related costs, asset write-offs, contract terminations and other exit costs.

The Company recorded other special charges in connection with the implementation of the Program for the year ended June 30, 2011 and 2010 of $7.9 million and $12.3 million, respectively, related to consulting and other professional services and accelerated depreciation.

During the year ended June 30, 2011, the Company recorded $4.6 million, reflecting sales returns (less a related cost of sales of $1.2 million) and a write-off of inventory of $7.0 million associated with turnaround operations, primarily related to the reformulation of Ojon brand products.

For the year ended June 30, 2010, the Company recorded $15.7 million, reflecting sales returns (less a related cost of sales of $2.5 million) and a write-off of inventory of $10.4 million associated with exiting unprofitable operations.

Total charges associated with restructuring activities included in operating income for the year ended June 30, 2011 and 2010 were $59.4 million and $84.7 million, respectively.

THE ESTÉE LAUDER COMPANIES INC.
Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Returns and Charges
(Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2011			Year Ended June 30, 2010			
	As Reported	Returns/ Charges	Before Returns/ Charges	As Reported	Returns/ Charges	Before Returns/ Charges	% Change versus Prior Year Before Returns/Charges
Net Sales………………………..	$8,810.0	$ 4.6	$8,814.6	$7,795.8	$ 15.7	$7,811.5	13%
Cost of sales……………………..	1,936.9	(5.8)	1,931.1	1,829.4	(7.9)	1,821.5	
Gross Profit……………………...	6,873.1	10.4	6,883.5	5,966.4	23.6	5,990.0	15%
Gross Margin……………...…….	78.0%		78.1 %	76.5%		76.7%	
Operating expenses………………..	5,783.7	(49.0)	5,734.7	5,176.5	(61.1)	5,115.4	12%
Operating Expense Margin…...	65.6%		65.1 %	66.4%		65.5%	
Operating Income……………..……	1,089.4	59.4	1,148.8	789.9	84.7	874.6	31%
Operating Income Margin………	12.4%		13.0 %	10.1%		11.2%	
Interest expense on debt extinguishment…………….…….	—	—	—	27.3	(27.3)	—	
Provision for income taxes………	321.7	17.7	339.4	205.9	38.6	244.5	
Net Earnings Attributable to The Estée Lauder Companies Inc.	700.8	41.7	742.5	478.3	73.4	551.7	35%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share……………	3.48	.21	3.69	2.38	.37	2.75	34%

Fiscal 2010

The table below reconciles the results for the year ended June 30, 2010 before and after returns and charges associated with restructuring activities and the extinguishment of debt.

In February 2009, the Company announced the implementation of a multi-faceted cost savings program (the "Program") to position it to achieve long-term profitable growth. The Company anticipates the Program will result in related restructuring and other special charges over the next few fiscal years totaling between $350 million and $450 million before taxes. The Program includes organizational resizing and regional realignments which principally reflects the reduction of the workforce by approximately 2,000 employees.

During the year ended June 30, 2010, the Company approved cost savings initiatives to resize the organization, reorganize certain functions, turnaround or exit unprofitable operations and outsource certain services. For the year ended June 30, 2010, aggregate restructuring charges of $48.8 million were recorded in the Company's consolidated statements of earnings related to the Program. These charges primarily reflected employee-related costs, asset write-offs, contract terminations and other exit costs.

The Company recorded other special charges in connection with the implementation of the Program for the year ended June 30, 2010 of $12.3 million related to consulting, other professional services, and accelerated depreciation. For the year ended June 30, 2010, the Company recorded $15.7 million, reflecting anticipated sales returns (less a related cost of sales of $2.5 million) and a write-off of inventory associated with exiting unprofitable operations of $10.4 million.

Total charges associated with restructuring activities included in operating income for the year ended June 30, 2010, were $84.7 million.

In the fourth quarter of fiscal 2010, the Company completed a cash tender offer for $199.9 million aggregate principal amount of Senior Notes due in 2012 and 2013. As a result, the Company recorded a pre-tax charge to earnings of $27.3 million.

THE ESTÉE LAUDER COMPANIES INC.
Reconciliation of Certain Consolidated Statements of Earnings Accounts Before and After Returns and Charges
(Unaudited; In millions, except per share data and percentages)

	Year Ended June 30, 2010			Year Ended June 30, 2009			
	As Reported	Returns/ Charges	Before Returns/ Charges	As Reported	Returns/ Charges	Before Returns/ Charges	% Change versus Prior Year Before Returns/Charges
Net Sales…….………………………...	$7,795.8	$ 15.7	$7,811.5	$7,323.8	$ 8.1	$7,331.9	6.5%
Cost of sales………………………..	1,829.4	(7.9)	1,821.5	1,881.6	(6.8)	1,874.8	
Gross Profit………………………...	5,966.4	23.6	5,990.0	5,442.2	14.9	5,457.1	9.8%
Gross Margin…………………….	76.5%		76.7%	74.3%		74.5%	
Operating expenses………………...	5,176.5	(61.1)	5,115.4	5,023.8	(76.8)	4,947.0	3.4%
Operating Expense Margin………	66.4%		65.5 %	68.6%		67.5%	
Operating Income………………….	789.9	84.7	874.6	418.4	91.7	510.1	71.5%
Operating Income Margin………	10.1%		11.2 %	5.7%		7.0%	
Interest expense on debt extinguishment…………..……..	27.3	(27.3)	—	—		—	
Provision for income taxes…………	205.9	38.6	244.5	115.9	30.0	145.9	
Net Earnings Attributable to The Estée Lauder Companies Inc……..	478.3	73.4	551.7	218.4	61.7	280.1	97.0%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share…………………	2.38	.37	2.75	1.10	.31	1.42	94.0%

Fiscal 2009
The table below reconciles the results for the year ended June 30, 2009 as reported and results prior to restructuring and special charges.

In February 2009, the Company announced the implementation of a multi-faceted cost savings program (the "Program") to position it to achieve long-term profitable growth. The Company anticipates the Program will result in related restructuring and other special charges over the next few fiscal years totaling between $350 million and $450 million before taxes. The Program includes organizational resizing and regional realignments which principally reflects the reduction of the workforce by approximately 2,000 employees.

During fiscal 2009, the Company approved cost savings initiatives to resize the organization, reorganize certain functions, exit unprofitable operations and outsource certain services. For the year ended June 30, 2009, aggregate restructuring charges of $70.3 million were recorded in the Company's summary of consolidated results related to the Program. These charges primarily reflected employee-related costs, asset write-offs, contract terminations and other exit costs.

The Company incurred other special charges in connection with the implementation of the Program for the year ended June 30, 2009 of $10.1 million related to consulting, other professional services, and accelerated depreciation. In addition to the other special charges, the Company recorded $8.1 million reflecting sales returns (less a related cost of sales of $1.2 million) and a write-off of inventory associated with exiting unprofitable operations of $8.0 million.

During the year ended June 30, 2009, the Company recorded a gain of $3.6 million related to excess accruals that were recorded as other special charges in prior years.

Total charges associated with restructuring activities included in operating income for the year ended June 30, 2009 were $91.7 million.

	Year Ended June 30, 2009			Year Ended June 30, 2008			
	As Reported	Charges	Before Charges	As Reported	Charges	Before Charges	% Change versus Prior Year Before Charges
Net Sales	$7,323.8	$8.1	$7,331.9	$7,910.8	$0.0	$7,910.8	(7.3)%
Cost of Sales	1,881.6	6.8	1,874.8	1,996.8	0.0	1,996.8	
Gross Profit	5,442.2	14.9	5,457.1	5,914.0	0.0	5,914.0	(7.7)%
Gross Margin	*74.3%*		*74.5%*	*74.8%*		*74.8%*	
Operating Expenses	5,023.8	76.8	4,947.0	5,103.3	0.4	5,102.9	(3.1)%
Operating Expense Margin	*68.6%*		*67.5%*	*64.5%*		*64.5%*	
Operating Income	418.4	91.7	510.1	810.7	0.4	811.1	(37.1)%
Operating Income Margin	*5.7%*		*7.0%*	*10.3%*		*10.3%*	
Provision for income taxes	115.9	30.0	145.9	259.9	0.1	260.0	
Net Earnings	218.4	61.7	280.1	473.8	0.3	474.1	(40.9)%
Diluted net earnings per common share	1.10	.31	1.42	2.40	.00	2.40	(41.1)%

Fiscal 2006

The table below reconciles the fiscal 2006 results as reported and results prior to special charges.

As part of an initiative to reduce expenses, the Company commenced streamlined process and organizational changes. The principal component of the initiative in fiscal 2006 was a voluntary separation program offered to employees. During the three and twelve months ended June 30, 2006, the Company recorded charges of $38.9 million and $92.1 million, respectively, related to the implementation of this cost savings initiative. The provision for income taxes related to these charges was $14.2 million and $34.1 million, for the three and twelve months ended June 30, 2006, respectively.

In July 2006 the Company reached a settlement with the Internal Revenue Service (IRS) regarding its examination of the Company's consolidated Federal income tax returns for the fiscal years ended June 30, 1998 through June 30, 2001. The settlement resolved previously disclosed issues raised during the IRS's examination, including transfer pricing and foreign tax credit computations. While the settlement concludes the audit for fiscal years 1998 through 2001, the statement of earnings impact related to these issues also has been computed for all subsequent periods and the aggregate impact was recorded in the fourth quarter of fiscal year ended June 30, 2006. The settlement resulted in an increase to the Company's fiscal 2006 income tax provision and a corresponding decrease in fiscal 2006 net earnings of approximately $46 million, or approximately $.21 per diluted common share.

During the fourth quarter of fiscal 2006, the Company completed the repatriation of foreign earnings through intercompany dividends under the provisions of the American Jobs Creation Act of 2004 (the "AJCA"). In connection with the repatriation, the Company finalized computations of the related aggregate tax impact, resulting in a favorable adjustment of approximately $11 million, or approximately $.05 per diluted common share, to the Company's initial tax charge of $35 million recorded in fiscal 2005.

The tax settlement, combined with the favorable adjustment to the fiscal 2005 AJCA-related tax charge, resulted in a net increase to the Company's fiscal 2006 income tax provision and a corresponding decrease in fiscal 2006 net earnings of approximately $35 million, or approximately $.16 per diluted common share.

	Year Ended June 30, 2006			Year Ended June 30, 2005			
	As Reported	Special Charges	Before Special Charges	As Reported	Special Charges	Before Special Charges	% Change versus Prior Year Before Charges
Operating Expenses......................	$4,157.6	$92.1	$4,065.5	$3,950.4	$ -	$3,950.4	2.9%
Operating Expense Margin......	*64.3%*		*62.9%*	*62.9%*		*62.9%*	
Operating Income.........................	619.6	92.1	711.7	726.8	-	726.8	(2.1)%
Operating Income Margin.........	*9.6%*		*11.0%*	*11.6%*		*11.6%*	
Provision for income taxes...........	259.7	0.9	258.8	293.7	27.5	266.2	
Net Earnings from Continuing Operations	324.5	93.0	417.5	409.9	27.5	437.4	(4.5)%
Net Earnings................................	244.2	93.0	337.2	406.1	27.5	433.6	(22.2)%
Diluted net earnings per common share:							
Net earnings from continuing operations	1.49	.43	1.92	1.80	.12	1.92	0.4%
Net earnings.................................	1.12	.43	1.55	1.78	.12	1.90	(18.2)%

Fiscal 2005

The table below reconciles the fiscal 2005 results as reported and results prior to adjustment for a special tax charge related to our plans to repatriate approximately $690 million of foreign earnings in fiscal year 2006, which includes $500 million of extraordinary intercompany dividends under the provisions of the American Jobs Creation Act of 2004 (the "AJCA"). This plan resulted in an aggregate tax charge of approximately $35 million in our fiscal year ended June 30, 2005, which includes an incremental tax charge of $27.5 million, equal to $.12 per diluted common share. The repatriated funds will be reinvested in the United States under a domestic reinvestment plan in accordance with the provisions of the AJCA.

	Three Months Ended June 30, 2005		Year Ended June 30, 2005	
	Income (Expense)	Diluted Net Earnings Per Common Share	Income (Expense)	Diluted Net Earnings Per Common Share
	(Unaudited)			
Net Earnings before special tax charge	$ 94.1	$ .42	$433.6	$1.90
Special tax charge	(27.5)	(.12)	(27.5)	(.12)
Net Earnings	$ 66.6	$ .30	$406.1	$1.78

Fiscal 2003

The table below reconciles the fiscal 2003 results as reported and results prior to adjustment for a special pre-tax charge of $22.0 million, or $13.5 million after-tax, equal to $.06 per diluted common share, in connection with the proposed settlement of a class action lawsuit brought against us and a number of other defendants. The amount of the charge in this case is significantly larger than similar charges we have incurred individually or in the aggregate for legal proceedings in any prior year and we do not expect to take a charge of a similar magnitude for a single matter like it in the near future.

	Year Ended June 30, 2003		
	As Reported Results	Reconciling Items	Non-GAAP Results
	(Dollars in millions, except per share data)		
Net sales	$5,096.0	$ -	$5,096.0
Cost of sales	1,324.4	-	1,324.4
Gross profit	3,771.6	-	3,771.6
Gross margin	*74.0%*		*74.0%*
Operating expenses	3,267.9	22.0	3,245.9
Operating expense margin	*64.1%*		*63.7%*
Operating income	503.7	22.0	525.7
Operating income margin	*9.9%*		*10.3%*
Provision (benefit) for income taxes	163.3	(8.5)	171.8
Net Earnings from Continuing Operations	325.6	13.5	339.1
Discontinued operations, net of tax	(5.8)	-	(5.8)
Net Earnings	$ 319.8	$13.5	$ 333.3
Net Earnings Attributable to Common Stock	$ 296.4	$13.5	$ 309.9
Diluted net earnings per common share:			
Net earnings attributable to common stock from continuing operations	$ 1.29	$ .06	$ 1.35
Net earnings attributable to common stock	$ 1.26	$ .06	$ 1.32

Fiscal 2002

The table below reconciles the fiscal 2002 results as reported and results prior to adjustment for pre-tax restructuring charges of $117.4 million (of which $0.8 million was included in discontinued operations), or $76.9 million after-tax (of which $0.5 million was included in discontinued operations), equal to $.32 per diluted common share. The restructuring charges were related to repositioning certain businesses as part of a globalization and reorganization initiative, and are described in greater detail in our report on Form 10-K for the year ended June 30, 2003. The restructuring was not considered part of our core continuing business in fiscal 2002. Management also excludes the related charges in evaluating its performance when comparing fiscal 2002 to future periods.

	Year Ended June 30, 2002		
	As Reported Results	Reconciling Items	Non-GAAP Results
	(Dollars in millions, except per share data)		
Net sales	$4,711.5	$ 6.2	$4,717.7
Cost of sales	1,260.5	0.8	1,259.7
Gross profit	3,451.0	7.0	3,458.0
Gross margin	*73.2%*		*73.3%*
Operating expenses	3,108.9	109.6	2,999.3
Operating expense margin	*66.0%*		*63.6%*
Operating income	342.1	116.6	458.7
Operating income margin	*7.2%*		*9.7%*
Provision (benefit) for income taxes	114.7	(40.2)	154.9
Net Earnings from Continuing Operations	212.9	76.4	289.3
Discontinued operations, net of tax	(21.0)	0.5	(20.5)
Net Earnings	$ 191.9	$76.9	$ 268.8
Net Earnings Attributable to Common Stock	$ 168.5	$76.9	$ 245.4
Diluted net earnings per common share:			
Net earnings attributable to common stock from continuing operations	$ .79	$ .31	$ 1.10
Net earnings attributable to common stock	$ .70	$ .32	$ 1.02