RECONCILIATIONS OF FINANCIAL RESULTS

The following tables present a reconciliation of our financial results for the three months ended December 31, 2011 and 2010 and for the fiscal years ended June 30, 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. We have presented these reconciliations because of the special nature of the charges or the fact that they are not necessarily comparable from period to period. We believe that such measures provide investors with a view of our ongoing business trends and results of continuing operations. This is consistent with the approach used by management in its evaluation and monitoring of such trends and results and provides investors with a base for evaluating future periods. There were no events or transactions in other fiscal years for which we believe such a presentation would be relevant.

While we consider the non-GAAP financial measures useful in analyzing our 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.

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.

Restructuring and other charges - Three months ended December 31, 2011 and 2010

For the three months ended December 31, 2011 and 2010, aggregate restructuring charges of $3.9 million and $10.7 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 three months ended December 31, 2011 and 2010 of $2.2 million and $3.3 million, respectively, primarily related to consulting and other professional services. For the three months ended December 31, 2011, the Company recorded $0.1 million, reflecting sales returns (less a related cost of sales of $0.1 million) associated with restructuring activities. During the three months ended December 31, 2010, the Company recorded $1.5 million, reflecting sales returns (less a related cost of sales of $0.5 million) and a write-off of inventory of $4.3 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 three months ended December 31, 2011 and 2010, were $6.1 million and $19.3 million, respectively.

Restructuring and other charges - Six months ended December 31, 2011 and 2010

For the six months ended December 31, 2011 and 2010, aggregate restructuring charges of $6.9 million and $12.4 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 six months ended December 31, 2011 and 2010 of $3.9 million and $5.4 million, respectively, primarily related to consulting and other professional services.

For the six months ended December 31, 2011, the Company recorded an adjustment to reduce the reserve for anticipated returns associated with restructuring activities of $0.6 million. During the six months ended December 31, 2010, the Company recorded $1.5 million, reflecting sales returns (less a related cost of sales of $0.5 million) and a write-off of inventory of $5.1 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 six months ended December 31, 2011 and 2010, were $10.2 million and $23.9 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)

	Three Months Ended December 31, 2011			Three Months Ended December 31, 2010			
	As Reported	Returns/ Charges	Before Returns/ Charges	As Reported	Returns/ Charges	Before Returns/ Charges	% Change versus Prior Year Before Returns/Charges
Net Sales……..	$2,737.5	$ 0.1	$2,737.6	$2,492.0	$ 1.5	$2,493.5	10%
Cost of sales……..	551.0	0.1	551.1	541.1	(3.8)	537.3	
Gross Profit……...	2,186.5	0.0	2,186.5	1,950.9	5.3	1,956.2	12%
Gross Margin……...…….	79.9%		79.9 %	78.3%		78.4%	
Operating expenses……...	1,589.5	(6.1)	1,583.4	1,433.2	(14.0)	1,419.2	12%
Operating Expense Margin…...	58.1%		57.9 %	57.5%		56.9%	
Operating Income…….……	597.0	6.1	603.1	517.7	19.3	537.0	12%
Operating Income Margin……	21.8%		22.0 %	20.8%		21.5%	
Provision for income taxes……	192.5	1.7	194.2	155.7	7.4	163.1	
Net Earnings Attributable to The Estée Lauder Companies Inc.	396.7	4.4	401.1	343.9	11.9	355.8	13%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share……	1.00	.01	1.01	.86	.03	.89	15%

	Six Months Ended December 31, 2011			Six Months Ended December 31, 2010			
	As Reported	Returns/ Charges	Before Returns/ Charges	As Reported	Returns/ Charges	Before Returns/ Charges	% Change versus Prior Year Before Returns/Charges
Net Sales……..	$5,214.2	$ (0.6)	$5,213.6	$4,583.7	$ 1.5	$4,585.2	14%
Cost of sales……..	1,085.3	—	1,085.3	1,029.2	(4.6)	1,024.6	
Gross Profit……...	4,128.9	(0.6)	4,128.3	3,554.5	6.1	3,560.6	16%
Gross Margin……...…….	79.2%		79.2 %	77.5%		77.6%	
Operating expenses……..	3,101.9	(10.8)	3,091.1	2,738.8	(17.8)	2,721.0	14%
Operating Expense Margin…...	59.5%		59.3 %	59.7%		59.3%	
Operating Income…….……	1,027.0	10.2	1,037.2	815.7	23.9	839.6	24%
Operating Income Margin……	19.7%		19.9 %	17.8%		18.3%	
Provision for income taxes……	327.9	2.9	330.8	248.0	8.7	256.7	
Net Earnings Attributable to The Estée Lauder Companies Inc.	675.3	7.3	682.6	535.0	15.2	550.2	24%
Diluted net earnings attributable to The Estée Lauder Companies Inc. per common share……	1.70	.02	1.72	1.33	.04	1.37	25%

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