UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-14064

The Estée Lauder Companies Inc.

(Exact name of registrant as specified in its charter)

Delaware	**11-2408943**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
767 Fifth Avenue, New York, New York	**10153**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **212-572-4200**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $.01 par value	EL	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	
Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's voting common equity held by non-affiliates of the registrant was approximately $28 billion at December 31, 2018 (the last business day of the registrant's most recently completed second quarter).*

At August 16, 2019, 221,218,519 shares of the registrant's Class A Common Stock, $.01 par value, and 139,537,814 shares of the registrant's Class B Common Stock, $.01 par value, were outstanding.

Documents Incorporated by Reference

Document	Where Incorporated
Proxy Statement for Annual Meeting of Stockholders to be held November 15, 2019	Part III

* Calculated by excluding all shares held by executive officers and directors of registrant and certain trusts without conceding that all such persons are "affiliates" of registrant for purposes of the Federal securities laws.

THE ESTÉE LAUDER COMPANIES INC.

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Cautionary Note Regarding Forward-Looking Information and Risk Factors

This Annual Report on Form 10-K includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include our expectations regarding sales, earnings or other future operations, financial performance or liquidity, our long-term strategy, restructuring and other initiatives, product introductions, geographic regions or channels, information technology initiatives and new methods of sale. Although we believe that our expectations are based on reasonable assumptions within the bounds of our knowledge of our business and operations, we cannot assure that actual results will not differ materially from our expectations. Factors that could cause actual results to differ from expectations are described herein; in particular, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Cautionary Note Regarding Forward-Looking Information." In addition, there is a discussion of risks associated with an investment in our securities, see "Item 1A. Risk Factors."

Unless the context requires otherwise, references to "we," "us," "our" and the "Company" refer to The Estée Lauder Companies Inc. and its subsidiaries.

PART I

Item 1. *Business.*

The Estée Lauder Companies Inc., founded in 1946 by Estée and Joseph Lauder, is one of the world's leading manufacturers and marketers of quality skin care, makeup, fragrance and hair care products. Our products are sold in approximately 150 countries and territories under a number of well-known brand names including: Estée Lauder, Clinique, Origins, M·A·C, Bobbi Brown, La Mer, Jo Malone London, Aveda and Too Faced. We are also the global licensee for fragrances, cosmetics and/or related products sold under various designer brand names. Each brand is distinctly positioned within the market for cosmetics and other beauty products.

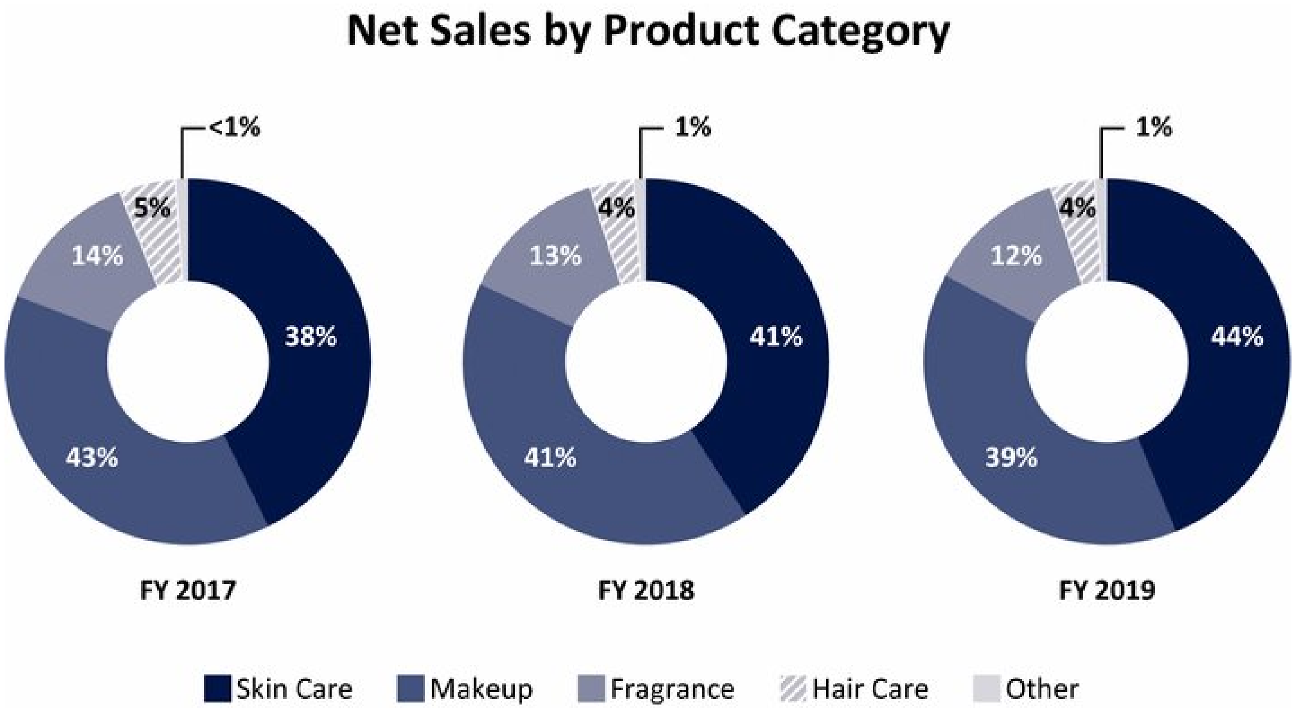
We believe we are a leader in the beauty industry due to the global recognition of our brand names, our leadership in product innovation, our strong position in key geographic markets and the consistently high quality of our products and "High-Touch" services. We sell our prestige products principally through limited distribution channels to complement the images associated with our brands. These channels consist primarily of department stores, specialty-multi retailers, upscale perfumeries and pharmacies and prestige salons and spas. In addition, our products are sold in our own and authorized freestanding stores, our own and authorized retailer websites, third-party online malls, stores in airports and on cruise ships, in-flight, and duty-free shops. We believe that our strategy of pursuing selective distribution strengthens our relationships with retailers and consumers, enables our brands to be among the best selling product lines at the stores and online, and heightens the aspirational quality of our brands.

For a discussion of recent developments, see *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Overview*.

The discussion of our net sales and operating results is based on specific markets in commercially concentrated locations, which may include separate discussions on territories within a country. For segment and geographical area financial information, see *Item 8. Financial Statements and Supplementary Data – Note 21 – Segment Data and Related Information*.

We have been controlled by the Lauder family since the founding of our Company. Members of the Lauder family, some of whom are directors, executive officers and/or employees, beneficially own, directly or indirectly, as of August 16, 2019, shares of Class A Common Stock and Class B Common Stock having approximately 86% of the outstanding voting power of the Common Stock.

Products



Skin Care - Our broad range of skin care products addresses various skin care needs. These products include moisturizers, serums, cleansers, toners, body care, exfoliators, acne care and oil correctors, facial masks, cleansing devices and sun care products.

Makeup - Our full array of makeup products includes lipsticks, lip glosses, mascaras, foundations, eyeshadows, nail polishes and powders. Many of the products are offered in an extensive palette of shades and colors. We also sell related items such as compacts, brushes and other makeup tools.

Fragrance - We offer a variety of fragrance products. The fragrances are sold in various forms, including eau de parfum sprays and colognes, as well as lotions, powders, creams, candles and soaps that are based on a particular fragrance.

Hair Care - Our hair care products include shampoos, conditioners, styling products, treatment, finishing sprays and hair color products.

Other - We also sell ancillary products and services.

Our Brands

Given the personal nature of our products and the wide array of consumer preferences and tastes, as well as competition for the attention of consumers, our strategy has been to market and promote our products through distinctive brands seeking to address broad preferences and tastes. Each brand has a single global image that is promoted with consistent logos, packaging and advertising designed to enhance its image and differentiate it from other brands in the market. Beauty brands are differentiated by numerous factors, including quality, performance, a particular lifestyle, where they are distributed (e.g., prestige, mass) and price point. Below is a chart showing most of the brands that we sell and how we view them based on lifestyle and price point:

ESTEE LAUDER	Estée Lauder brand products, which have been sold since 1946, have a reputation for innovation, sophistication and superior quality. Estée Lauder is one of the world's most renowned beauty brands, producing iconic skin care, makeup and fragrances.
aramis	We pioneered the marketing of prestige men's fragrance, grooming and skin care products with the introduction of Aramis products in 1964.
CLINIQUE Allergy Tested. 100% Fragrance Free	Introduced in 1968, Clinique skin care and makeup products are all allergy tested and 100% fragrance free and have been designed to address individual skin types and needs. Clinique also offers select fragrances. The skin care and makeup products are based on the research and related expertise of leading dermatologists.
LAB SERIES SKINCARE FOR MEN	Lab Series, introduced in 1987, is a series of high performance, specialized skin care solutions uniquely created to improve the look and feel of men's skin.
ORIGINS	Introduced in 1990, Origins is known for high-performance natural skin care that is "powered by nature and proven by science." The brand also sells makeup, fragrance and hair care products and is distributed primarily through online, specialty-multi and free-standing Origins stores. Origins has a license agreement to develop and sell beauty products using the name of Dr. Andrew Weil.
M·A·C	M·A·C, the leading brand of professional cosmetics, was created in Toronto, Canada. We completed our acquisition of M·A·C in 1998. The brand's popularity has grown through a tradition of word-of-mouth endorsement from professional makeup artists, models, photographers and journalists around the world.
BOBBI BROWN	Acquired in 1995, Bobbi Brown is a global prestige beauty brand known for its high quality and undertone-correct makeup and skin care products that celebrate individual beauty and confidence. Reflecting its artistry roots, the brand is focused on creating a teaching and learning community of women around the world.

LA MER	Acquired in 1995, La Mer is a leading global luxury skin care brand that is available in limited distribution worldwide. The brand is known for its iconic Crème de la Mer moisturizer, serums and lotions, as well as other skin care and foundation products that are created around the original "Miracle Broth."
AVEDA THE ART AND SCIENCE OF PURE FLOWER AND PLANT ESSENCES	Acquired in 1997, Aveda sells high-performance, naturally-derived hair care products, as well as skin care, makeup and fragrance. The brand is known for its innovative plant-based products and its commitment to environmental sustainability and corporate responsibility. It is distributed primarily through top-tier hair salons and direct-to-consumer, via online and Aveda stores.
JO MALONE LONDON	Acquired in 1999, Jo Malone London is a scented British lifestyle brand with understated elegance, offering enchanted story-telling and high-touch boutique services. The brand's famous colognes are perfect alone or artfully layered with Fragrance Combining. Jo Malone London embodies the spirit of gifting generosity and inspires emotional elevation.
Bumble and bumble.	Acquired in 2006, Bumble and bumble is a New York-based hair care brand that creates high-quality hair care and styling products. The brand is distributed primarily through top-tier salons, including Bumble and bumble's own flagship salons, specialty-multi retailers and online.
DARPHIN PARIS	Acquired in 2003, Darphin is a Paris-based, prestige skin care brand known for its high-performance botanical skin care. The brand is distributed primarily through high-end independent pharmacies and online brand and retailer channels.
TOM FORD BEAUTY	In 2005, we entered into a license agreement to develop and distribute luxury fragrances and beauty products under the Tom Ford brand name, all shaped with Tom Ford's vision to be the first true luxury brand of the 21st century encompassing fashion, fragrance and accessories. In the same vein as the fashion brand, Tom Ford Beauty exudes seductive modern-day glamour and includes luxury fragrance, color cosmetics, men's grooming products and skin care products for discerning consumers globally.
smashbox	Acquired in 2010, Smashbox Cosmetics is a Los Angeles-based, photo studio-inspired makeup brand with high performance products created for our consumer's everyday life in the spotlight.

AERIN BEAUTY	Launched in 2012, AERIN is a luxury lifestyle beauty and fragrance brand inspired by the signature style of its founder, Aerin Lauder.
LE LABO GRASSE – NEW YORK	Acquired in 2014, Le Labo is a sensory and experiential lifestyle brand, deeply rooted in the craft of slow perfumery. Born in Grasse, France and raised in downtown NYC, it offers hand-crafted and personalized fragrances, as well as ‘alternative’ and genuine experiences celebrating craftsmanship.
EDITIONS DE PARFUMS FREDERIC MALLE	Acquired in 2015, Les Editions de Parfums Frédéric Malle is a collection of exclusive, sophisticated, ultraluxury fragrances crafted by some of the world’s most talented perfumers and published by the brand.
HOLLYWOOD, CALIFORNIA GLAMGLOW	Acquired in 2015, GLAMGLOW started as a behind-the-scenes Hollywood secret to instant glow. The brand is known for bold, sensorial products that deliver instant results, and its unconventional philosophy that high performance skin care should also be fun and sexy.
Kilian PERFUME AS AN ART	Acquired in 2016, By Kilian is a prestige fragrance brand that embodies timeless sophistication and modern luxury.
BECCA	Acquired in 2016, BECCA is the makeup brand known for its complexion products and iconic glow. The brand is committed to inclusivity and has shades for the lightest to darkest skin tones. Its formulas harness innovative light technology to provide a range of glow from start to finish.
Too Faced	Acquired in 2016, Too Faced is a serious makeup brand that knows how to have fun. The brand is unabashedly pink, pretty and feminine with a playful wink that is beloved for its high-quality formulas, cheeky product names and distinctive packaging.

TOMMY HILFIGER DONNA KARAN NEW YORK DKNY MICHAEL KORS Ermenegildo Zegna PARFUMS

Under exclusive global license arrangements with Tommy Hilfiger, Donna Karan New York, DKNY, Michael Kors and Ermenegildo Zegna, we manage a diversified designer fragrance portfolio.

In addition to the brands described above, we manufacture and sell products under the Prescriptives, RODIN olio lusso and FLIRT! brands. We also develop and sell products under a license from Kiton. Our license agreement with Tory Burch for bath and body products will expire in December 2019, and we have certain rights after such expiration to continue selling Tory Burch products for a limited time.

Our "heritage brands" are Estée Lauder, Clinique and Origins. Our "makeup artist brands" are M·A·C and Bobbi Brown. Our "luxury brands" are La Mer, Jo Malone London, Tom Ford, AERIN, RODIN olio lusso, Le Labo, Editions de Parfums Frédéric Malle and By Kilian. Our "designer fragrances" are sold under the Tommy Hilfiger, Donna Karan New York, DKNY, Michael Kors, Kiton and Ermenegildo Zegna brand names, which we license from their respective owners.

Distribution

We sell our products primarily through limited distribution channels that complement the luxury image and prestige status of our brands. These channels consist primarily of department stores, specialty-multi retailers, upscale perfumeries and pharmacies and prestige salons and spas. In addition, our products are sold in freestanding stores that are operated either by us or by authorized third parties, through our own and third-party operated e-commerce websites and websites of our authorized retailers, in various travel retail locations such as stores in airports and on cruise ships, in-flight and duty-free shops, and certain products are sold in self-select outlets. Our practice is to accept returns of our products from customers if properly requested and approved.

In fiscal 2019, we continued to strategically open new points of distribution globally, and exited certain locations when appropriate.

As of June 30, 2019, we operated approximately 1,500 freestanding stores. Most are operated under a single brand name, such as M·A·C, Jo Malone London, Aveda or Origins. There are also more than 800 Company-branded freestanding stores around the world operated by authorized third parties, primarily in Europe, the Middle East & Africa.

Products from most of our brands are sold online through Company-owned and operated e-commerce and m-commerce sites, through various sites operated by authorized retailers and through third-party online malls. These sites and/or malls are in approximately 50 countries. While today a majority of these online sales are generated in the United States, the United Kingdom and China, we have additional opportunity to expand online sales globally.

We maintain dedicated sales teams that manage our retail accounts. We have wholly-owned operations in over 50 countries, and two controlling interests that operate in several countries, through which we market, sell and distribute our products. In certain countries, we sell our products through carefully selected distributors that share our commitment to protecting the image and position of our brands. In addition, we sell certain products in select domestic and international U.S. military exchanges. For information regarding our net sales and long-lived assets by geographic region, see *Item 8. Financial Statements and Supplementary Data – Note 21 – Segment Data and Related Information*.

Customers

Our strategy is to build strong relationships globally with select retailers, as well as with our consumers directly through freestanding stores, e-commerce sites and social media. Senior management works with executives of our major retail accounts on a regular basis, and we believe we are viewed as an important supplier to these customers.

Marketing

Our strategy to market and promote our products begins with our well-diversified portfolio of more than 25 distinctive brands across four product categories. Our portfolio can be deployed in multiple distribution channels, key travel corridors and geographies where our global reputation and awareness of our brands benefit us. Our geographic and distribution channel diversity allows us to engage local consumers across an array of developed and emerging markets by emphasizing products and services with the greatest local relevance, inclusiveness and appeal. This strategy is built around "Bringing the Best to Everyone We Touch." Our founder, Mrs. Estée Lauder, formulated this unique marketing philosophy to provide "High-Touch" service and high quality products as the foundation for a solid and loyal consumer base. Our "High-Touch" approach is demonstrated through our integrated consumer engagement models that leverage our product specialists and technology to provide the consumer with a distinct and truly personalized experience that can include personal consultations with beauty advisors, in person or online, who demonstrate and educate the consumer on product usage and application. As our business has grown, we have further evolved our marketing philosophy to encompass "High-Touch," which focuses on building a personalized consumer experience through targeted digital media and tailored trial-to-loyalty pathways. We plan to continue to leverage our core strengths, including the quality of our products, our "High-Touch" consumer engagement and a diversified portfolio of brands, channels and geographies.

Our marketing strategies vary by brand, local market and distribution channel. We have a diverse portfolio of brands, and we employ different engagement models suited to each brand's equity, distribution, product focus, understanding of the core consumer and local relevance. This enables us to elevate the consumer experience as we attract new consumers, create trial, build loyalty, drive consumer advocacy and address the transformation of consumer shopping behaviors. Our marketing planning approach leverages local insights to optimize allocation of resources across different media outlets and retail touch points to resonate with our most discerning consumers most effectively. This includes strategically deploying our brands and tailoring product assortments and communications to fit local tastes and preferences in cities and neighborhoods. Most of our creative marketing work is done by in-house teams, in collaboration with external resources, that design and produce the sales materials, social media strategies, advertisements and packaging for products in each brand. For a number of products, we create and deploy 360° integrated consumer engagement programs. We build brand equity and drive traffic to retail locations and to our own and authorized retailers' websites through digital and social media, magazines and newspapers, television, billboards in cities and airports, and direct mail and email. In addition, we seek editorial coverage for our brands and products in digital and social media and print, to drive influencer amplification.

We are increasing our brand awareness and sales through our strategic emphasis on technology, by continuing to elevate our digital presence encompassing e-commerce and m-commerce, as well as digital, social media and influencer marketing. We are investing in new analytical capabilities to promote a more personalized experience across our distribution channels. We continue to innovate to better meet consumer online shopping preferences (e.g., how-to videos, ratings and reviews and mobile phone and tablet applications), support e-commerce and m-commerce businesses via digital and social marketing activities designed to build brand equity and "High-Touch" consumer engagement, in order to continue to offer unparalleled service and set the standard for prestige beauty shopping online. We also support our authorized retailers to strengthen their e-commerce businesses and drive sales of our brands on their websites. We have opportunities to expand our brand portfolio online around the world, and we are investing in and testing new omnichannel concepts in the United States, China and other markets to increase brand loyalty by better serving consumers as they shop across channels and travel corridors. We have dedicated resources to implement creative, coordinated, brand-enhancing strategies across all online activities to increase our direct access to consumers.

Promotional activities and in-store displays are designed to attract new consumers, build demand and loyalty and introduce existing consumers to other product offerings from the respective brands. Our marketing efforts also benefit from cooperative advertising programs with some retailers, some of which are supported by coordinated promotions, such as sampling programs, including purchase with purchase and gift with purchase, and we continue to believe that the quality and perceived benefits of sample products have been effective inducements to purchases by new and existing consumers. Such activities attract consumers to our counters and websites and keep existing consumers engaged. Our marketing and sales executives spend considerable time in the field meeting with consumers, retailers, beauty advisors and makeup artists at the points of sale to enable us to offer a seamless experience across channels of distribution.

Information Technology

Information technology supports all aspects of our business, including product development, marketing, sales, order processing, production, distribution and finance. We continue to maintain and enhance our information technology systems in alignment with our long-term strategy. An increasing portion of our global information technology infrastructure is cloud-based. This allows for a more scalable platform to support current and future requirements and improves our agility and flexibility to respond to the demands of the business by leveraging more advanced technologies.

We recognize that technology presents opportunities for competitive advantage, and we continue to invest in new capabilities across various aspects of our business. During fiscal 2019, we deployed capabilities to enhance data analytics, launched new marketing capabilities to drive deeper consumer engagement and elevated the in-store experience through innovative technologies. Over the next few years, we plan to expand our seamless omni-retail capabilities, create manufacturing and distribution facilities of the future powered by technology and utilize predictive analytics to optimize our supply and demand planning.

Research and Development

We believe that we are an industry leader in the development of new products. Our research and development group, which includes scientists, engineers and other employees involved in product innovation and packaging design and development, works closely with our marketing and product development teams and third-party suppliers to generate ideas, develop new products and product-line extensions, create new packaging concepts, and improve, redesign or reformulate existing products. In addition, these research and development personnel provide ongoing technical assistance and know-how to quality assurance and manufacturing personnel on a worldwide basis, to ensure consistent global standards for our products and to deliver products that meet or exceed consumer expectations. The research and development group has long-standing working relationships with several U.S. and international medical and educational facilities, which supplement internal capabilities. Members of the research and development group are also responsible for regulatory compliance matters. As our business continues to grow globally, and to satisfy the demand for locally relevant consumer products, we have increased our focus on innovation in Asia/Pacific, especially in China, as well as in Korea and Japan.

Our research and development costs totaled $202 million, $181 million and $179 million in fiscal 2019, 2018 and 2017, respectively, and are expensed as incurred. As of June 30, 2019, we had approximately 850 employees engaged in research and development activities. We maintain research and development programs at certain of our principal facilities and facilities dedicated to performing research and development, see *Item 2. Properties.*

We do not conduct animal testing on our products or ingredients, and do not ask others to test on our behalf, except when required by law.

Manufacturing, Warehousing and Raw Materials

We manufacture our products primarily in the United States, Belgium, Switzerland, the United Kingdom and Canada. We continue to streamline our manufacturing processes and identify sourcing opportunities to improve innovation, increase efficiencies, minimize our impact on the environment and reduce costs. Our plants are modern, and our manufacturing processes are substantially automated. While we believe that our network of manufacturing facilities and third-party manufacturers is sufficient to meet current and reasonably anticipated manufacturing requirements, we continue to implement improvements in capacity, technology, and productivity and align our manufacturing with regional sales demand. From time to time, demand changes may challenge our capacity for certain subcategories on a short-term basis, but we believe that this will not impact our ability to meet our annual or longer-term strategic objectives. To capitalize on innovation and other supply chain benefits, we also continue to utilize a network of third-party manufacturers on a global basis.

We have established a global distribution network designed to meet the changing demands of our customers while maintaining service levels. We are continuously evaluating and adjusting this physical distribution network. We have established regional distribution centers, including those maintained by third parties, strategically positioned throughout the world in order to facilitate efficient delivery of our products to our customers.

The principal raw materials used in the manufacture of our products are essential oils, alcohols and specialty chemicals. We also purchase packaging components that are manufactured to our design specifications. Procurement of materials for all manufacturing facilities is generally made on a global basis through our Global Supplier Relations function. We review our supplier base periodically with the specific objectives of improving quality, increasing innovation and speed-to-market and reducing costs. In addition, we focus on supply sourcing within the region of manufacture to allow for improved supply chain efficiencies. Some of our products rely on a single or limited number of suppliers; however, we believe that our portfolio of suppliers has adequate resources and facilities to overcome most unforeseen interruptions of supply. In the past, we have been able to obtain an adequate supply of essential raw materials and currently believe we have adequate sources of supply for virtually all components of our products.

We are continually benchmarking the performance of our supply chain and augment our supply base and adjust our distribution networks and manufacturing footprint based upon the changing needs of the business. As we integrate acquired brands, we continually seek new ways to leverage our production and sourcing capabilities to improve our overall supply chain performance.

Competition

There is significant competition within each market where our skin care, makeup, fragrance and hair care products are sold. Brand recognition, product quality and effectiveness, distribution channels, accessibility, and price point are some of the factors that impact consumers' choices among competing products and brands. Marketing, merchandising, in-store experiences and demonstrations, and new product innovations also have an impact on consumers' purchasing decisions. With our portfolio of diverse brands sold in a variety of channels, we are one of the world's leading manufacturers and marketers of skin care, makeup, fragrance and hair care products.

We compete against a number of global and local companies. Some of our competitors are large, well-known, multinational manufacturers and marketers of skin care, makeup, fragrance and hair care products, most of which market and sell their products under multiple brand names. Our competitors include L'Oreal S.A.; Unilever; Procter & Gamble; LVMH Moët Hennessey Louis Vuitton; Shiseido Company, Ltd.; Coty, Inc.; Beiersdorf; Chanel S.A.; Kao Corp; and Amorepacific Corp. We also face competition from a number of independent brands, some of which are backed by private-equity investors, as well as some retailers that have their own beauty brands. Certain of our competitors also have ownership interests in retailers that are customers of ours.

Trademarks, Patents and Copyrights

We own the trademark rights used in connection with the manufacturing, marketing, distribution and sale of our products both in the United States and in the other principal countries where such products are sold, including Estée Lauder, Clinique, Aramis, Prescriptives, Lab Series, Origins, M·A·C, Bobbi Brown, La Mer, Aveda, Jo Malone London, Bumble and bumble, Darphin, Smashbox, Le Labo, RODIN olio lusso, Editions de Parfums Frédéric Malle, GLAMGLOW, By Kilian, BECCA and Too Faced and the names of many of the products sold under these brands. We are the exclusive worldwide licensee for fragrances, cosmetics and/or related products for Tommy Hilfiger, Donna Karan New York, DKNY, Kiton, Michael Kors, Tom Ford, Dr. Andrew Weil, Ermenegildo Zegna, AERIN and Tory Burch. For further discussion on license arrangements, including their duration, see *Item 8. Financial Statements and Supplementary Data – Note 2 – Summary of Significant Accounting Policies – License Arrangements*. We protect our trademarks in the United States and significant markets worldwide. We consider the protection of our trademarks to be important to our business.

A number of our products incorporate patented, patent-pending or proprietary technology. In addition, several products and packaging for such products are covered by design patents or copyrights. While we consider these patents and copyrights, and the protection thereof, to be important, no single patent or copyright, or group of patents or copyrights, is considered material to the conduct of our business.

Employees

At June 30, 2019, we had approximately 48,000 full-time employees worldwide (including demonstrators at points of sale who are employed by us). We have no employees in the United States that are covered by a collective bargaining agreement. A limited number of employees outside of the United States are covered by a works council agreement or other syndicate arrangements.

Government Regulation

We and our products are subject to regulation by the Food and Drug Administration and the Federal Trade Commission in the United States, as well as by various other federal, state, local and international regulatory authorities and the regulatory authorities in the countries in which our products are produced or sold. Such regulations principally relate to the ingredients, manufacturing, labeling, packaging, marketing, advertising, shipment, disposal and safety of our products. We believe that we are in substantial compliance with such regulations, as well as with applicable federal, state, local and international and other countries' rules and regulations governing the discharge of materials hazardous to the environment or that relate to climate change. There are no significant capital expenditures for regulated environmental control or climate change matters either planned in the current year or expected in the near future.

Seasonality

Our results of operations in total, by region and by product category, are subject to seasonal fluctuations, with net sales in the first half of the fiscal year typically being slightly higher than in the second half of the fiscal year. The higher net sales in the first half of the fiscal year are attributable to the increased levels of purchasing by retailers for the holiday selling season. Fluctuations in net sales and operating income in total and by geographic region and product category in any fiscal quarter may be attributable to the level and scope of new product introductions or the particular retail calendars followed by our customers that are retailers, which may impact their order placement and receipt of goods. Additionally, gross margins and operating expenses are impacted on a quarter-by-quarter basis by variations in our launch calendar and the timing of promotions, including purchase with purchase and gift with purchase promotions.

Availability of Reports

We make available financial information, news releases and other information on our website: www.elcompanies.com. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports, as well as any amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are available free of charge via the EDGAR database at www.sec.gov or our website, as soon as reasonably practicable after we file such reports and amendments with, or furnish them to, the Securities and Exchange Commission. Stockholders may also contact Investor Relations at 767 Fifth Avenue, New York, New York 10153 or call 800-308-2334 to obtain a hard copy of these reports without charge.

Corporate Governance Guidelines and Code of Conduct

The Board of Directors has developed corporate governance practices to help it fulfill its responsibilities to stockholders in providing general direction and oversight of management. These practices are set forth in our Corporate Governance Guidelines. We also have a Code of Conduct ("Code") applicable to all employees, officers and directors of the Company, including the Chief Executive Officer, the Chief Financial Officer and other senior financial officers. These documents and any waiver of a provision of the Code granted to any senior officer or director or any material amendment to the Code may be found in the "Investors" section of our website: www.elcompanies.com under the heading "Corporate Governance." The charters for the Audit Committee, Compensation Committee and Nominating and Governance Committee may be found in the same location on our website. Stockholders may also contact Investor Relations at 767 Fifth Avenue, New York, New York 10153 or call 800-308-2334 to obtain a hard copy of these documents without charge.

Information about our Executive Officers*

Name	Age	Position(s) Held
John Demsey	63	Executive Group President
Fabrizio Freda	61	President, Chief Executive Officer and a Director
Carl Haney	56	Executive Vice President, Global Research and Development, Corporate Product Innovation, Package Development
Jane Hertzmark Hudis	59	Group President
Leonard A. Lauder	86	Chairman Emeritus and a Director
Ronald S. Lauder	75	Chairman of Clinique Laboratories, LLC and a Director
William P. Lauder	59	Executive Chairman and a Director
Sara E. Moss	72	Vice Chairman and General Counsel
Michael O'Hare	51	Executive Vice President – Global Human Resources
Gregory F. Polcer	64	Executive Vice President – Global Supply Chain
Cedric Prouvé	59	Group President – International
Tracey T. Travis	57	Executive Vice President and Chief Financial Officer
Alexandra C. Trower	54	Executive Vice President – Global Communications

*as of August 16, 2019

All of the executive officers named above have been employees of the Company for more than five years.

Information about our Board of Directors*

Name	Principal Occupation or Employment
Charlene Barshefsky	Senior International Partner, WilmerHale, a law firm
Rose Marie Bravo, CBE	Retail and Marketing Consultant
Wei Sun Christianson	Managing Director and Co-Chief Executive Officer of Asia Pacific Chief Executive Officer of China at Morgan Stanley, a global financial services firm
Lynn Forester de Rothschild	Chair, E.L. Rothschild LLC, a private investment company
Fabrizio Freda	President and Chief Executive Officer, The Estée Lauder Companies Inc.
Paul J. Fribourg	Chairman and Chief Executive Officer, Continental Grain Company, an international agribusiness and investment company
Irvine O. Hockaday, Jr.	Former President and Chief Executive Officer, Hallmark Cards, Inc.
Jennifer Hyman	Co-Founder and Chief Executive Officer, Rent the Runway, Inc., a company that rents designer apparel and accessories to women
Jane Lauder	Global Brand President, Clinique
Leonard A. Lauder	Chairman Emeritus, The Estée Lauder Companies Inc.
Ronald S. Lauder	Chairman, Clinique Laboratories, LLC
William P. Lauder	Executive Chairman, The Estée Lauder Companies Inc.
Richard D. Parsons	Senior Advisor, Providence Equity Partners LLC, a global private equity and investment firm, and co-founder and partner of Imagination Capital LLC, a venture capital firm
Barry S. Sternlicht	Chairman and Chief Executive Officer, Starwood Capital Group, a privately-held global investment firm
Jennifer Tejada	Chief Executive Officer, PagerDuty, Inc., a digital operations management platform
Richard F. Zannino	Managing Director, CCMP Capital Advisors, LLC, a private equity firm

*as of August 16, 2019

Item 1A. Risk Factors.

There are risks associated with an investment in our securities. Please consider the following risks and all of the other information in this annual report on Form 10-K and in our subsequent filings with the Securities and Exchange Commission ("SEC"). Our business may also be adversely affected by risks and uncertainties not presently known to us or that we currently believe to be immaterial. If any of the events contemplated by the following discussion of risks should occur or other risks arise or develop, our business, which includes our prospects, financial condition and results of operations, the trading prices of our securities and our reputation, may be adversely affected.

The beauty business is highly competitive, and if we are unable to compete effectively our results will suffer.

We face vigorous competition from companies throughout the world, including multinational consumer product companies. Some of these competitors have greater resources than we do and others are newer companies (some backed by private-equity investors) competing in distribution channels where we are less represented. In some cases, our competitors may be able to respond to changing business and economic conditions more quickly than us. Competition in the beauty business is based on a variety of factors including pricing of products, innovation, perceived value, service to the consumer, promotional activities, advertising, special events, new product introductions, e-commerce and m-commerce initiatives and other activities. It is difficult for us to predict the timing and scale of our competitors' actions in these areas.

Our ability to compete also depends on the continued strength of our brands, our ability to attract and retain key talent and other personnel, the efficiency of our manufacturing facilities and distribution network, and our ability to maintain and protect our intellectual property and those other rights used in our business. Our Company has a well-recognized and strong reputation that could be negatively impacted by social media and many other factors. If our reputation is adversely affected, our ability to attract and retain customers and consumers could be impacted. In addition, certain of our key retailers around the world market and sell competing brands or are owned or otherwise affiliated with companies that market and sell competing brands. Our inability to continue to compete effectively in key countries around the world could have a material adverse effect on our business.

Our inability to anticipate and respond to market trends and changes in consumer preferences could adversely affect our financial results.

Our continued success depends on our ability to anticipate, gauge and react in a timely and cost-effective manner to changes in consumer tastes for skin care, makeup, fragrance and hair care products, attitudes toward our industry and brands, as well as to where and how consumers shop. We must continually work to develop, manufacture and market new products, maintain and adapt our "High-Touch" services to existing and emerging distribution channels, maintain and enhance the recognition of our brands, achieve a favorable mix of products, successfully manage our inventories, and modernize and refine our approach as to how and where we market and sell our products. While we devote considerable effort and resources to shape, analyze and respond to consumer preferences, we recognize that consumer tastes cannot be predicted with certainty and can change rapidly. The issue is compounded by the increasing use of digital and social media by consumers and the speed by which information and opinions are shared. If we are unable to anticipate and respond to sudden challenges that we may face in the marketplace, trends in the market for our products and changing consumer demands and sentiment, our financial results will suffer. In addition, from time to time, sales growth or profitability may be concentrated in a relatively small number of our brands, channels or countries. If such a situation persists or a number of brands, channels or countries fail to perform as expected, there could be a material adverse effect on our business.

In key markets, such as the United States, we have seen a decline in retail traffic in some of our department store customers and certain of our freestanding stores. We are seeing the emergence of strong e- and m-commerce platforms (both in mass and prestige distribution) that are impacting our business. Consolidation or liquidation in the retail trade, from these or other factors, may result in us becoming increasingly dependent on key retailers and could result in an increased risk related to the concentration of our customers. A severe, adverse impact on the business operations of our customers could have a corresponding material adverse effect on us. If one or more of our largest customers change their strategies (including pricing or promotional activities), or if our relationship with any large customer is changed or terminated for any reason, there could be a material adverse effect on our business.

Our future success depends, in part, on our ability to achieve our long-term strategy.

Achieving our long-term strategy will require investment in new capabilities, brands, categories, distribution channels, supply chain facilities, technologies and emerging and more mature geographic markets. These investments may result in short-term costs without any current sales and, therefore, may be dilutive to our earnings. In addition, we may dispose of or discontinue select brands or streamline operations and incur costs or restructuring and other charges in doing so. Although we believe that our strategy will lead to long-term growth in sales and profitability, we may not realize the anticipated benefits. The failure to realize benefits, which may be due to our inability to execute plans, global or local economic conditions, competition, changes in the beauty industry and the other risks described herein, could have a material adverse effect on our business.

Acquisitions may expose us to additional risks.

We continuously review acquisition and strategic investment opportunities that would expand our current product offerings, our distribution channels, increase the size and geographic scope of our operations or otherwise offer growth and operating efficiency opportunities. There can be no assurance that we will be able to identify suitable candidates or consummate these transactions on favorable terms. If required, the financing for these transactions could result in an increase in our indebtedness, dilute the interests of our stockholders or both. The purchase price for some acquisitions may include additional amounts to be paid in cash in the future, a portion of which may be contingent on the achievement of certain future operating results of the acquired business. If the performance of any such acquired business exceeds such operating results, then we may incur additional charges and be required to pay additional amounts.

Acquisitions including strategic investments or alliances entail numerous risks, which may include:

- difficulties in integrating acquired operations or products, including the loss of key employees from, or customers of, acquired businesses;
- diversion of management's attention from our existing businesses;
- adverse effects on existing business relationships with suppliers and customers;
- adverse impacts of margin and product cost structures different from those of our current mix of business; and
- risks of entering distribution channels, categories or markets in which we have limited or no prior experience.

Our failure to successfully complete the integration of any acquired business or to achieve the long-term plan for such business, as well as any other adverse consequences associated with our acquisition and investment activities, could have a material adverse effect on our business.

Completed acquisitions typically result in additional goodwill and/or an increase in other intangible assets on our balance sheet. We are required at least annually, or as facts and circumstances exist, to test goodwill and other intangible assets with indefinite lives to determine if impairment has occurred. If the testing performed indicates that impairment has occurred, we are required to record a non-cash impairment charge for the difference between the carrying value of the goodwill or other intangible assets with indefinite lives and the implied fair value of the goodwill or the fair value of other intangible assets with indefinite lives in the period the determination is made. We cannot accurately predict the amount and timing of any impairment of assets. Should the value of goodwill or other intangible assets become impaired, there could be a material adverse effect on our business.

Our business could be negatively impacted by corporate citizenship and sustainability matters.

There is an increased focus from certain investors, customers, consumers, employees, and other stakeholders concerning corporate citizenship and sustainability matters. From time to time, we announce certain initiatives, including goals, regarding our focus areas, which include environmental matters, packaging, responsible sourcing and social investments. We could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could fail in accurately reporting our progress on such initiatives and goals. In addition, we could be criticized for the scope of such initiatives or goals or perceived as not acting responsibly in connection with these matters. Our business could be negatively impacted by the matters discussed above. Any such matters, or related corporate citizenship and sustainability matters, could have a material adverse effect on our business.

A general economic downturn, or sudden disruption in business conditions may affect consumer purchases of discretionary items and/or the financial strength of our customers that are retailers, which could adversely affect our financial results.

The general level of consumer spending is affected by a number of factors, including general economic conditions, inflation, interest rates, energy costs, and consumer confidence generally, all of which are beyond our control. Consumer purchases of discretionary items tend to decline during recessionary periods, when disposable income is lower, and may impact sales of our products. A decline in consumer purchases of discretionary items also tends to impact our customers that are retailers. We generally extend credit to a retailer based on an evaluation of its financial condition, usually without requiring collateral. However, the financial difficulties of a retailer could cause us to curtail or eliminate business with that customer. We may also assume more credit risk relating to the receivables from that retailer. Our inability to collect receivables from our largest customers or from a group of customers could have a material adverse effect on our business. If a retailer was to liquidate, we may incur additional costs if we choose to purchase the retailer's inventory of our products to protect brand equity.

In addition, sudden disruptions in business conditions, for example, from events such as a pandemic, or other local or global health issues, conflicts around the world, or as a result of a terrorist attack, retaliation or similar threats, or as a result of adverse weather conditions, climate changes or seismic events, can have a short-term and, sometimes, long-term impact on consumer spending.

Events that impact consumers' willingness or ability to travel or purchase our products while traveling may impact our business, including travel retail, a significant contributor to our overall results, and our strategy to market and sell products to international travelers at their destinations.

A downturn in the economies of, or continuing recessions in, the countries where we sell our products or a sudden disruption of business conditions in those countries could adversely affect consumer confidence, the financial strength of our retailers and our sales and profitability. We are also cautious of foreign currency movements, including their impact on tourism. Additionally, we continue to monitor the effects of the global macroeconomic environment; social and political issues; regulatory matters, including the imposition of tariffs; geopolitical tensions; and global security issues.

Volatility in the financial markets and a related economic downturn in key markets or markets generally throughout the world could have a material adverse effect on our business. While we currently generate significant cash flows from our ongoing operations and have access to global credit markets through our various financing activities, credit markets may experience significant disruptions. Deterioration in global financial markets or an adverse change in our credit ratings could make future financing difficult or more expensive. If any financial institutions that are parties to our undrawn revolving credit facility or other financing arrangements, such as foreign exchange or interest rate hedging instruments, were to declare bankruptcy or become insolvent, they may be unable to perform under their agreements with us. This could leave us with reduced borrowing capacity or unhedged against certain foreign currency or interest rate exposures which could have a material adverse effect on our business.

Changes in laws, regulations and policies that affect our business could adversely affect our financial results.

Our business is subject to numerous laws, regulations and policies around the world. Changes in these laws, regulations and policies, including the interpretation or enforcement thereof, that affect our business could adversely affect our financial results. These changes include accounting standards, laws and regulations relating to tax matters, trade, data privacy (e.g., General Data Protection Regulation (GDPR)), anti-corruption, advertising, marketing, manufacturing, distribution, customs matters, product registration, ingredients, chemicals, packaging, selective distribution, environmental or climate change matters.

We are involved, and may become involved in the future, in disputes and other legal or regulatory proceedings that could adversely affect our financial results.

We are, and may in the future become, party to litigation, other disputes or regulatory proceedings. In general, claims made by us or against us in litigation, disputes or other proceedings can be expensive and time consuming to bring or defend against and could result in settlements, injunctions or damages that could significantly affect our business. We are currently vigorously contesting certain of these claims. However, it is not possible to predict the final resolution of the litigation, disputes or proceedings to which we currently are or may in the future become party to, and the impact of certain of these matters on our business could be material.

Government reviews, inquiries, investigations and actions could harm our business.

As we operate in various locations around the world, our operations in certain countries are subject to significant governmental scrutiny and may be adversely impacted by the results of such scrutiny. The regulatory environment with regard to our business is evolving, and officials often exercise broad discretion in deciding how to interpret and apply applicable regulations. From time to time, we may receive formal and informal inquiries from various government regulatory authorities, as well as self-regulatory organizations, about our business and compliance with local laws, regulations or standards. Any determination that our operations or activities, or the activities of our employees, are not in compliance with existing laws, regulations or standards could negatively impact us in a number of ways, including the imposition of substantial fines, interruptions of business, loss of supplier, vendor or other third-party relationships, termination of necessary licenses and permits, or similar results, all of which could potentially harm our business. Even if an inquiry does not result in these types of determinations, it potentially could create negative publicity which could harm our business.

Our success depends, in part, on the quality, efficacy and safety of our products.

Our success depends, in part, on the quality, efficacy and safety of our products. If our products are found to be defective or unsafe, our product claims are found to be deceptive, or our products otherwise fail to meet our consumers' expectations, our relationships with customers or consumers could suffer, the appeal of one or more of our brands could be diminished, and we could lose sales and become subject to liability or claims, any of which could result in a material adverse effect on our business. In addition, third parties may sell counterfeit versions of some of our products. These counterfeit products may pose safety risks, may fail to meet consumers' expectations, and may have a negative impact on our business.

Our success depends, in part, on our key personnel.

Our success depends, in part, on our ability to retain our key personnel, including our executive officers and senior management team. The unexpected loss of, or misconduct by, one or more of our key employees could adversely affect our business. Our success also depends, in part, on our continuing ability to identify, hire, train and retain other highly qualified personnel. Competition for these employees can be intense. We may not be able to attract, assimilate or retain qualified personnel in the future, and our failure to do so could have a material adverse effect on our business. This risk may be exacerbated by the stresses associated with the implementation of our strategic plan and other initiatives.

We are subject to risks related to the global scope of our operations.

We operate on a global basis, with a majority of our fiscal 2019 net sales and operating income generated outside the United States. We maintain offices in over 50 countries and have key operational facilities located inside and outside the United States that manufacture, warehouse or distribute goods for sale throughout the world. Our global operations are subject to many risks and uncertainties, including:

- fluctuations in foreign currency exchange rates and the relative costs of operating in different places, which can affect our results of operations, the value of our foreign assets, the relative prices at which we and competitors sell products in the same markets, the cost of certain inventory and non-inventory items required in our operations, and the relative prices at which we sell our products in different markets;
- foreign or U.S. laws, regulations and policies, including restrictions on trade, immigration and travel, operations, and investments; currency exchange controls; restrictions on imports and exports, including license requirements; tariffs; and taxes;
- lack of well-established or reliable legal and administrative systems in certain countries in which we operate;
- adverse weather conditions and natural disasters; and
- social, economic and geopolitical conditions, such as terrorist attacks, war or other military action.

These risks could have a material adverse effect on our business.

A disruption in our operations or supply chain could adversely affect our business.

As a company engaged in manufacturing and distribution on a global scale, we are subject to the risks inherent in such activities, including industrial accidents, environmental events, strikes and other labor disputes, capacity constraints, disruptions in supply chain or information technology, loss or impairment of key manufacturing sites or suppliers, product quality control, safety, increase in commodity prices and energy costs, licensing requirements and other regulatory issues, as well as natural disasters and other external factors over which we have no control. If such an event were to occur, it could have a material adverse effect on our business.

We use a wide variety of direct and indirect suppliers of goods and services from around the world. Some of our products rely on a single or a limited number of suppliers. Changes in the financial or business condition of our suppliers could subject us to losses or adversely affect our ability to bring products to market. Further, the failure of our suppliers to deliver goods and services in sufficient quantities, in compliance with applicable standards, and in a timely manner could adversely affect our customer service levels and overall business. In addition, any increases in the costs of goods and services for our business may adversely affect our profit margins if we are unable to pass along any higher costs in the form of price increases or otherwise achieve cost efficiencies in our operations.

Our information technology and websites may be susceptible to cybersecurity breaches, outages and other risks.

We rely on information technology (outsourced and in-house) that support our business processes, including product development, marketing, sales, order processing, production, distribution, finance and intracompany communications throughout the world. We have e-commerce, m-commerce and other Internet websites in the United States and many other countries. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, break-ins and other events. Despite the implementation of network security measures, our systems may be vulnerable to constantly evolving cybersecurity threats such as malware, break-ins and similar disruptions from unauthorized tampering. The occurrence of these or other events could disrupt or damage our information technology and adversely affect our business. Insurance policies that may provide coverage with regard to such events may not cover any or all of the resulting financial losses.

Failure to adequately maintain the security of our electronic and other confidential information could materially adversely affect our business.

We are dependent upon automated information technology processes. As part of our normal business activities, we collect and store certain information that is confidential, proprietary or otherwise sensitive, including personal information with respect to customers, consumers and employees. We may share some of this information with vendors who assist us with certain aspects of our business. Moreover, the success of our e-commerce and m-commerce operations depends upon the secure transmission of confidential and personal data over public networks, including the use of cashless payments. Any failure on the part of us or our vendors to maintain the security of our confidential data and personal information, including via the penetration of our network security and the misappropriation of confidential and personal information, could result in business disruption, damage to our reputation, financial obligations to third parties, fines, penalties, regulatory proceedings and private litigation with potentially large costs, and also result in deterioration in our employees', consumers' and customers' confidence in us and other competitive disadvantages, and thus could have a material adverse effect on our business. In addition, a security or data privacy breach could require that we expend significant additional resources to enhance our information security systems and could result in a disruption to our operations. Furthermore, third parties including our suppliers and customers may also rely on information technology and be subject to such cybersecurity breaches. These breaches may negatively impact their businesses, which could in turn disrupt our supply chain and/or our business.

We are subject to risks associated with our global information technology.

Our implementation and maintenance of global information technology (outsourced and in-house), including supply chain and finance systems, human resource management systems, creative asset management and retail operating systems, as well as associated hardware and use of cloud-based models, involve risks and uncertainties. Failure to implement and maintain these and other systems as planned, in terms of timing, specifications, costs, or otherwise, could have a material adverse effect on our business.

As we outsource functions, we become more dependent on the entities performing those functions.

As part of our long-term strategy, we are continually looking for opportunities to provide essential business services in a more cost-effective manner. In some cases, this requires the outsourcing of functions or parts of functions that can be performed more effectively by external service providers. These include certain information technology, finance and human resource functions. While we believe we conduct appropriate due diligence before entering into agreements with the outsourcing entity, the failure of one or more entities to provide the expected services, provide them on a timely basis or to provide them at the prices we expect may have a material adverse effect on our business. In addition, if we transition systems to one or more new, or among existing, external service providers, we may experience challenges that could have a material adverse effect on our business.

The trading prices of our securities periodically may rise or fall based on the accuracy of predictions of our financial performance.

Our business planning process is designed to maximize our long-term strength, growth and profitability, not to achieve an earnings target in any particular fiscal quarter. We believe that this longer-term focus is in the best interests of the Company and our stockholders. At the same time, however, we recognize that it may be helpful to provide investors with guidance as to our expectations regarding certain aspects of our business. This could include forecasts of net sales, earnings per share and other financial metrics or projections. Accordingly, when we announced our year-end financial results for fiscal 2019, we provided guidance as to certain assumptions, including ranges for our expected net sales and earnings per share for the quarter ending September 30, 2019 and the fiscal year ending June 30, 2020. While we generally expect to provide updates to our guidance when we report our results each fiscal quarter, we assume no responsibility to provide additional guidance or update any of our guidance or other forward-looking statements at such times or otherwise. In addition, the longer-term guidance we provide is based on goals that we believe, at the time guidance is given, are reasonably attainable for growth and performance over a number of years. Such targets are more difficult to predict than our current quarter and fiscal year expectations. We historically have paid dividends on our common stock and repurchased shares of our Class A Common Stock. At any time, we could stop or suspend payment of dividends or stop or suspend our stock repurchase program, and any such action could cause the market price of our stock to decline.

In all of our public statements when we make, or update, a forward-looking statement about our business, whether it be about net sales or earnings expectations or expectations regarding restructuring or other initiatives, or otherwise, we accompany such statements directly, or by reference to a public document, with a list of factors that could cause our actual results to differ materially from those we expect. Such a list is included, among other places, in our earnings press release and in our periodic filings with the SEC (e.g., in our reports on Form 10-K and Form 10-Q). These and other factors may make it difficult for us and for outside observers, such as research analysts, to predict what our earnings or other financial metrics, or business outcomes, will be in any given fiscal quarter or year.

Outside analysts and investors have the right to make their own predictions of our business for any future period. Outside analysts, however, have access to no more material information about our results or plans than any other public investor, and we do not endorse their predictions as to our future performance. Nor do we assume any responsibility to correct the predictions of outside analysts or others when they differ from our own internal expectations. If and when we announce actual results that differ from those that outside analysts or others have been predicting, the market price of our securities could be affected. Investors who rely on the predictions of outside analysts or others when making investment decisions with respect to our securities do so at their own risk. We take no responsibility for any losses suffered as a result of such changes in the prices of our securities.

We are controlled by the Lauder family. As a result, the Lauder family has the ability to prevent or cause a change in control or approve, prevent or influence certain actions by us.

As of August 16, 2019, members of the Lauder family beneficially own, directly or indirectly, shares of the Company's Class A Common Stock (with one vote per share) and Class B Common Stock (with 10 votes per share) having approximately 86% of the outstanding voting power of the Common Stock. In addition, there are four members of the Lauder family who are Company employees and members of our Board of Directors.

As a result of their stock ownership and positions at the Company, as well as our dual-class structure, the Lauder family has the ability to exercise significant control and influence over our business, including all matters requiring stockholder approval (e.g., the election of directors, amendments to the certificate of incorporation, and significant corporate transactions, such as a merger or other sale of our Company or its assets) for the foreseeable future. In addition, if significant stock indices decide to prohibit the inclusion of companies with dual-class stock structures, the price of our Class A Common Stock could be negatively impacted and could become more volatile.

We are a "controlled company" within the meaning of the New York Stock Exchange rules and, as a result, are relying on exemptions from certain corporate governance requirements that are designed to provide protection to stockholders of companies that are not "controlled companies."

The Lauder family and their related entities own more than 50% of the total voting power of our common shares and, as a result, we are a "controlled company" under the New York Stock Exchange corporate governance standards. As a controlled company, we are exempt under the New York Stock Exchange standards from the obligation to comply with certain New York Stock Exchange corporate governance requirements, including the requirements that (1) a majority of our board of directors consists of independent directors; (2) we have a nominating committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and (3) we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

While we have voluntarily caused our Board to have a majority of independent directors and the written charters of our Nominating and Governance Committee and the Compensation Committee to have the required provisions, we are not requiring our Nominating and Governance Committee and Compensation Committee to be comprised solely of independent directors. As a result of our use of the "controlled company" exemptions, investors will not have the same protection afforded to stockholders of companies that are subject to all of the New York Stock Exchange corporate governance requirements.

Item 1B. ***Unresolved Staff Comments.***

As of the filing of this annual report on Form 10-K, there were no unresolved comments from the Staff of the Securities and Exchange Commission.

Item 2. *Properties*.

The following table sets forth our principal owned and leased manufacturing, assembly, research and development ("R&D") and distribution facilities, some of which include contiguous office space, as well as our principal executive offices, as of August 16, 2019. The leases expire at various times through 2040 subject to certain renewal options.

	The Americas		Europe, the Middle East & Africa		Asia/Pacific	
	Owned	Leased	Owned	Leased	Owned	Leased
Manufacturing	2	2	3	—	—	—
R&D	1	2	—	—	—	1
Distribution	—	6	2	6	—	1
Manufacturing and R&D	1	—	—	1	—	—
Manufacturing and Assembly	—	2	—	—	—	—
Distribution and Manufacturing	—	—	—	—	—	1
Principal Executive Offices	—	1	—	—	—	—
Total	4	13	5	7	—	3

Certain of our manufacturing facilities are utilized primarily for the production of products relating to particular product categories: five for makeup; two for skin care and fragrance; one for skin care and hair care; one for skin care and makeup; one for makeup and fragrance; and one for skin care. The operations of the remaining facilities are not specific to particular product categories.

We consider our properties to be generally in good condition and believe that our facilities are adequate for our operations and provide sufficient capacity to meet anticipated requirements.

Item 3. *Legal Proceedings*.

For a discussion of legal proceedings, see *Item 8. Financial Statements and Supplementary Data – Note 15 – Commitments and Contingencies.*

Item 4. *Mine Safety Disclosures.*

Not applicable.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Market for Registrant's Common Equity and Related Stockholder Matters

Our Class A Common Stock is publicly traded on the New York Stock Exchange under the symbol "EL."

We expect to continue the payment of cash dividends in the future, but there can be no assurance that the Board of Directors will continue to declare them. On August 16, 2019, a dividend was declared in the amount of $.43 per share on our Class A and Class B Common Stock. The dividend is payable in cash on September 16, 2019 to stockholders of record at the close of business on August 30, 2019.

As of August 16, 2019, there were 7,952 record holders of Class A Common Stock and 13 record holders of Class B Common Stock.

Share Repurchase Program

We are authorized by the Board of Directors to repurchase shares of our Class A Common Stock in the open market or in privately negotiated transactions, depending on market conditions and other factors. The following table provides information relating to our repurchase of Class A Common Stock during the referenced periods:

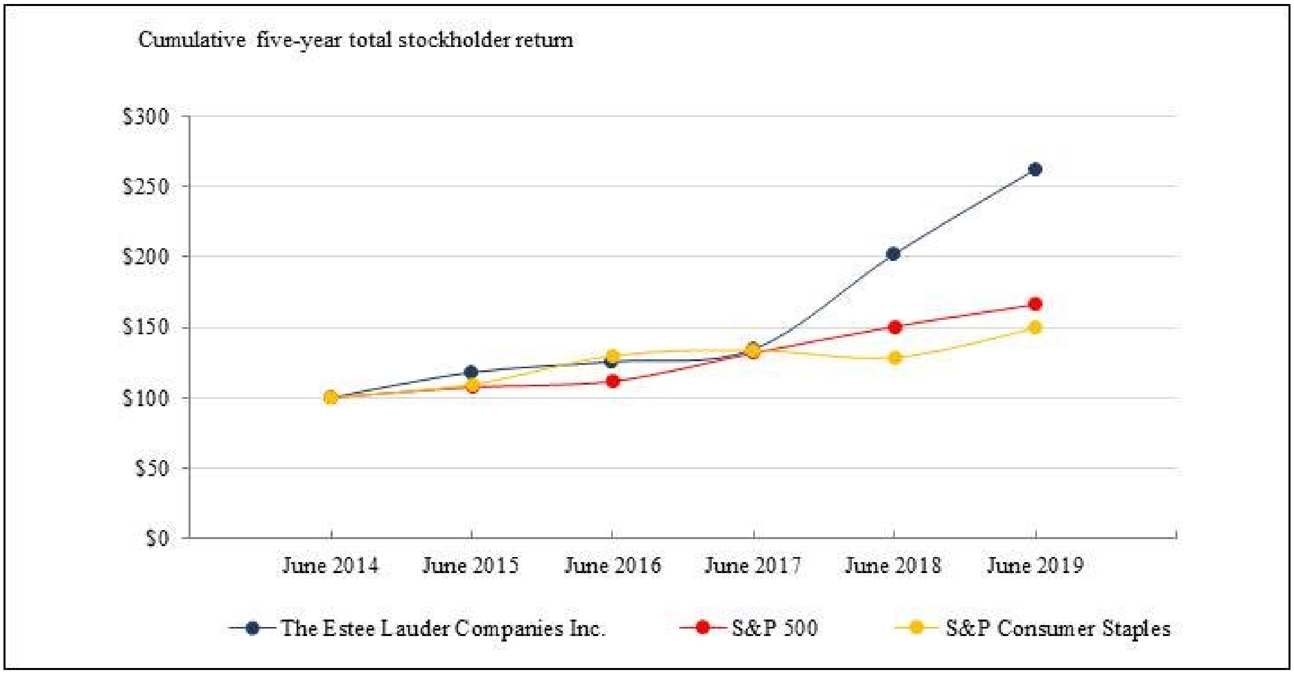
Period	Total Number of Shares Purchased[1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under the Program[2]
April 2019	1,823	$ 165.52	—	40,008,652
May 2019	1,031,408	166.40	1,031,408	38,977,244
June 2019	234,394	163.72	234,394	38,742,850
	1,267,625	165.90	1,265,802	

(1) Includes shares that were repurchased by the Company to satisfy tax withholding obligations upon the payout of certain stock-based compensation arrangements.

(2) The Board of Directors has authorized the current repurchase program for up to 80.0 million shares. The total amount was last increased by the Board on October 31, 2018. Our repurchase program does not have an expiration date.

Performance Graph

The following graph compares the cumulative five-year total stockholder return (stock price appreciation plus dividends) on the Company's Class A Common Stock with the cumulative total return of the S&P 500 Index and the S&P Consumer Staples Index. The returns are calculated by assuming an investment of $100 in the Class A Common Stock and in each index on June 30, 2014.



Item 6. *Selected Financial Data.*

The table below summarizes selected financial information. For further information, refer to the audited consolidated financial statements and the notes thereto beginning on page F-1 of this report.

	Year Ended or at June 30				
	2019	2018	2017	2016	2015
	(In millions, except per share data)				
Statement of Earnings Data:					
Net sales[(1) – (2)]	$ 14,863	$ 13,683	$ 11,824	$ 11,262	$ 10,780
Net earnings attributable to The Estée Lauder Companies Inc.[(1) - (7)]	1,785	1,108	1,249	1,115	1,089
Per Share Data:					
Net earnings attributable to The Estée Lauder Companies Inc. per common share:					
Basic[(1) - (7)]	$ 4.91	$ 3.01	$ 3.40	$ 3.01	$ 2.87
Diluted[(1) - (7)]	4.82	2.95	3.35	2.96	2.82
Cash dividends declared per common share	1.67	1.48	1.32	1.14	.92
Balance Sheet Data:					
Total assets[(4) (7)]	$ 13,156	$ 12,567	$ 11,568	$ 9,223	$ 8,227
Total debt [(3)]	3,412	3,544	3,572	2,242	1,625

(1) Results include charges associated with restructuring and other activities of $190 million, $193 million, $143 million and $90 million, after tax, or $.51, $.51, $.38, and $.24 per diluted common share in fiscal 2019, 2018, 2017 and 2016, respectively.

(2) As a result of our July 2014 Strategic Modernization Initiative rollout, approximately $178 million of accelerated orders were recorded as net sales and approximately $127 million as operating income in fiscal 2014 that would have occurred in the fiscal 2015 first quarter, equal to approximately $.21 per diluted common share.

(3) In February 2017, we issued 1.80%, 3.15% and 4.15% Senior Notes in a public offering, each with an aggregate principal amount of $500 million. These Senior Notes are due in February 2020, March 2027 and March 2047, respectively. We used the net proceeds of the offerings to redeem the Senior Notes due May 15, 2017 and for general corporate purposes. In May 2016, we issued $450 million of 1.70% Senior Notes due May 10, 2021 and an additional $150 million of our 4.375% Senior Notes due June 15, 2045 in a public offering. In June 2015, we issued $300 million of 4.375% Senior Notes due June 15, 2045 in a public offering.

(4) Fiscal 2019 and 2017 results included $85 million and $23 million, after tax, or $.23 and $.06 per diluted common share related to goodwill and other intangible asset impairments, respectively.

(5) Results include gain (loss) associated with changes in fair value of contingent consideration related to certain of our acquisitions of $31 million, $33 million, $44 million, $(8) million and $(6) million, after tax, or $.08, $.09, $.12, $(.02) and $(.02) per diluted common share in fiscal 2019, 2018, 2017, 2016 and 2015, respectively.

(6) On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "TCJA"), which, among other things, lowered the U.S. corporate statutory income tax rate and established a modified territorial system requiring a mandatory deemed repatriation tax on undistributed earnings of foreign subsidiaries (the "Transition Tax"). See *Item 8. Financial Statements and Supplementary Data – Note 8 – Income Taxes* for further discussion relating to the TCJA. Fiscal 2019 results reflect credits (charges) to adjust the TCJA provisional amounts recorded in fiscal 2018 relating to the Transition Tax, the remeasurement of U.S. net deferred tax assets and the foreign withholding taxes recorded in connection with the reversal of its indefinite reinvestment assertion related to certain foreign earnings of $12 million, or $.03 per diluted common share, $(8) million, or $(.02) per diluted common share and $(9) million, or $(.02) per diluted common share, respectively. Fiscal 2018 results reflect impacts and charges resulting from the TCJA, including the Transition Tax, the remeasurement of U.S. net deferred tax assets and the establishment of a net deferred tax liability related to foreign withholding taxes on certain foreign earnings of $(351) million, or $(.94) per diluted common share, $(53) million, or $(.14) per diluted common share and $(46) million, or $(.12) per diluted common share, respectively.

Fiscal 2017 results include $75 million, or $.20 per diluted common share, related to the reversal of a deferred tax asset valuation allowance. The deferred tax asset and associated valuation allowance related to the accumulated carryforward of excess advertising and promotional expenses. In the fourth quarter of fiscal 2017, a favorable change to the tax law in China was enacted that expanded the corporate income tax deduction allowance for advertising and promotional expenses, resulting in this change in realizability of the asset.

(7) Fiscal 2019 results include $57 million, after tax, or $.15 per diluted common share, related to a gain on liquidation of an investment in a foreign subsidiary, net.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

RESULTS OF OPERATIONS

We manufacture, market and sell beauty products including those in the skin care, makeup, fragrance and hair care categories, which are distributed in approximately 150 countries and territories. The following table is a comparative summary of operating results for fiscal 2019, 2018 and 2017 and reflects the basis of presentation described in *Item 8. Financial Statements and Supplementary Data – Note 2 – Summary of Significant Accounting Policies* and *Note 21 – Segment Data* and *Related Information* for all periods presented. Products and services that do not meet our definition of skin care, makeup, fragrance and hair care have been included in the "other" category.

	Year Ended June 30		
	2019	2018	2017
	(In millions)		
NET SALES			
By Product Category:			
Skin Care	$ 6,551	$ 5,595	$ 4,527
Makeup	5,860	5,633	5,054
Fragrance	1,802	1,826	1,637
Hair Care	584	570	539
Other	69	67	69
	14,866	13,691	11,826
Returns associated with restructuring and other activities	(3)	(8)	(2)
Net sales	$ 14,863	$ 13,683	$ 11,824
By Region:			
The Americas	$ 4,741	$ 5,015	$ 4,819
Europe, the Middle East & Africa	6,452	5,634	4,650
Asia/Pacific	3,673	3,042	2,357
	14,866	13,691	11,826
Returns associated with restructuring and other activities	(3)	(8)	(2)
Net sales	$ 14,863	$ 13,683	$ 11,824
OPERATING INCOME (LOSS)			
By Product Category:			
Skin Care	$ 1,925	$ 1,514	$ 1,019
Makeup	438	549	718
Fragrance	140	176	117
Hair Care	39	64	51
Other	12	9	11
	2,554	2,312	1,916
Charges associated with restructuring and other activities	(241)	(257)	(212)
Operating income	$ 2,313	$ 2,055	$ 1,704
By Region:			
The Americas	$ (194)	$ 211	$ 286
Europe, the Middle East & Africa	2,019	1,526	1,208
Asia/Pacific	729	575	422
	2,554	2,312	1,916
Charges associated with restructuring and other activities	(241)	(257)	(212)
Operating income	$ 2,313	$ 2,055	$ 1,704

As a result of ongoing organizational developments and changes, including those arising from our Leading Beauty Forward initiative (as described below) and certain transfer pricing adjustments among our geographic regions, we are reassessing how management reviews the operating performance of these regions, including our travel retail business that is currently reflected in Europe, the Middle East & Africa. This reassessment is expected to be completed by the end of our fiscal 2020 first quarter, which could result in a change in how we present the operating results among our geographic regions in future periods.

The following table presents certain consolidated earnings data as a percentage of net sales:

	Year Ended June 30		
	2019	2018	2017
Net sales	100.0%	100.0%	100.0%
Cost of sales	22.8	20.8	20.6
Gross profit	77.2	79.2	79.4
Operating expenses:			
Selling, general and administrative	59.6	62.5	63.2
Restructuring and other charges	1.4	1.7	1.6
Goodwill impairment	0.5	—	0.2
Impairment of other intangible assets	0.1	—	—
Total operating expenses	61.6	64.2	65.0
Operating income	15.6	15.0	14.4
Interest expense	0.9	0.9	0.8
Interest income and investment income, net	0.4	0.4	0.2
Other components of net periodic benefit cost	—	—	0.1
Other income, net	0.4	—	—
Earnings before income taxes	15.5	14.5	13.7
Provision for income taxes	3.4	6.3	3.1
Net earnings	12.1	8.2	10.6
Net earnings attributable to noncontrolling interests	0.1	0.1	—
Net earnings attributable to The Estée Lauder Companies Inc.	12.0%	8.1%	10.6%

We continually introduce new products, support new and established products through advertising, merchandising and sampling and phase out existing products that no longer meet the needs of our consumers or our objectives. The economics of developing, producing, launching, supporting and discontinuing products impact our sales and operating performance each period. The introduction of new products may have some cannibalizing effect on sales of existing products, which we take into account in our business planning.

Non-GAAP Financial Measures

We use certain non-GAAP financial measures, among other financial measures, to evaluate our operating performance, which represent the manner in which we conduct and view our business. Management believes that excluding certain items that are not comparable from period to period helps investors and others compare operating performance between periods. While we consider the non-GAAP measures useful in analyzing our 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 U.S. GAAP. See *Reconciliations of Non-GAAP Financial Measures* beginning on page 37 for reconciliations between non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

We operate on a global basis, with the majority of our net sales generated outside the United States. Accordingly, fluctuations in foreign currency exchange rates can affect our results of operations. Therefore, we present certain net sales, operating results and diluted net earnings per common share information excluding the effect of foreign currency rate fluctuations to provide a framework for assessing the performance of our underlying business outside the United States. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. We calculate constant currency information by translating current year results using prior year weighted-average foreign currency exchange rates. Beginning in fiscal 2019, the Company adopted a new accounting standard related to hedging that resulted in gains/losses on our foreign currency cash flow hedging activities to now be reflected in Net sales, where in prior periods they were reflected in Cost of sales and Selling, general and administrative expenses, see *Item 8. Financial Statements and Supplementary Data –Note 11 – Derivative Financial Instruments.* To better assess our performance in a constant currency environment, beginning in fiscal 2019 we are excluding the impact of these hedging activities in our constant currency calculations. The revised calculation did not have a significant impact on constant currency information presented for prior periods and therefore has not been restated.

Overview

We believe that the best way to increase stockholder value is to continue providing superior products and services in the most efficient and effective manner while recognizing consumers' changing behaviors and shopping preferences. Accordingly, our long-term strategy has numerous initiatives across geographic regions, product categories, brands, channels of distribution and functions designed to grow our sales, provide cost efficiencies, leverage our strengths and make us more productive and profitable. We plan to build upon and leverage our history of outstanding creativity and innovation, high quality products and services, and engaging communications while investing for long-term sustainable growth.

Our business is focused on prestige beauty, which combines the repeat purchase and relative affordability of consumer goods with the high-quality products and high-touch services of luxury goods. We are solely focused on prestige beauty, yet we are well diversified by brand, product category, geography, channel, consumer segment and price point. Our innovation capabilities, driven by our creativity and inspired by data analytics and consumer insights, allow us to use our highly desirable brand portfolio to capitalize on opportunities in fast growing and profitable areas of prestige beauty. We believe that our broad and inclusive range of prestige product offerings allows us to increase our share of a consumer's beauty routine and source consumers from brands sold in mass-market distribution.

- In fiscal 2019, global prestige skin care continued to lead product category growth. Our skin care business benefited from the enduring strength of hero product lines such as Advanced Night Repair from Estée Lauder and Crème de La Mer from La Mer, as well as recent product launches, the growth in Asia and targeted expanded consumer reach. The launches of Advanced Night Repair Eye Supercharged Complex and Micro Essence with Sakura Ferment from Estée Lauder were particularly successful in Asia/Pacific. During fiscal 2019, we introduced a new level of personalization with Clinique iD, which allows the consumer to create a custom blend of hydration and treatment.

- Global prestige makeup sales also continued to grow; however, the pace was slower than in prior years. Our makeup business continued to benefit from growth in hero product lines such as Double Wear from Estée Lauder as well as strong demand for M·A·C and Tom Ford in Asia and the successful launch of the Cushion Compact from La Mer.

- Our fragrance category continues to benefit from increased sales of our luxury fragrance brands. New products, such as Honeysuckle and Davana from Jo Malone London and Ombre Leather from Tom Ford, as well as strength in certain existing product lines, have contributed to our success in the category. The category also benefited from strong growth and targeted expanded consumer reach of Le Labo and By Kilian. Increased interest in luxury fragrances in China has also helped category growth. We look for further opportunities to strengthen our business in this category through targeted expanded consumer reach of our luxury brands.

- In our hair care category, our brands are reaching new consumers globally as we further expanded our presence outside the United States. During fiscal 2019, Aveda launched Cherry Almond Softening Shampoo and Conditioner and relaunched its popular Shampure and Rosemary Mint lines, which also contributed to the category's growth.

Our global distribution capability and operations allow us to target opportunities wherever consumer demographics and trends are the most attractive. Our regional organizations, and the expertise of our people there, enable our brands to be more locally and culturally relevant in both product assortment and communications. We are evolving the way we connect with our consumers in stores, online and where they travel, including by expanding our digital and social media presence and the engagement of global and local influencers to amplify brand or product stories. We tailor our strategy by market to drive consumer engagement and embrace cultural diversity. We continuously strengthen our presence in large, image-building core markets, while broadening our presence in emerging markets.

- In North America, we continue to deploy a number of strategies to accelerate growth, despite a challenging environment especially in brick and mortar retail. In Latin America, we continue to launch new brands, expand social media outreach and encourage consumers to trade up from mass beauty products.

- In Europe, the Middle East & Africa, we are expanding the consumer reach of many of our brands, strengthening their digital and social media presence and leveraging our strength in the makeup category to gain share in prestige beauty.

- In Asia/Pacific, particularly in China, we are leveraging our diversified brand portfolio and expansion on third-party online malls to benefit from the strong consumer demand for prestige beauty.

We approach distribution strategically by product category and geographic region and seek to optimize distribution by matching each of our brands with appropriate opportunities while maintaining high productivity per door. We are expanding our brands in higher growth channels, such as travel retail and online. We also focus on brand-building retail activities, technology-driven activations and omnichannel capabilities that enhance the luxury experience for consumers.

- As part of this strategy, we have built a leadership position in the global travel retail channel, positioning us well to leverage the increasing international passenger traffic. Travel retail continues to be an important channel for brand building due to the increase in traveling consumers, particularly those from emerging markets, who often experience our brands for the first time while traveling. We continue to expand our strategic presence in travel retail across duty-free locations primarily in airports, downtown stores, in-flight and cruise ships. We engage consumers at the airport through compelling pop-up activations in non-traditional commercial areas, and we ensure we have appropriate communication and curated assortments to be relevant to targeted consumer groups. At the same time, travel retail is susceptible to a number of external factors, including fluctuations in currency exchange rates and consumers' willingness and ability to travel and spend.
- Online net sales continue to grow strongly on a global basis, and we continue to launch e- and m-commerce sites in new and existing markets directly with our retail customers or on select third-party online malls. We collaborate with our retailers globally to drive sales of our products on their online sites. We believe our success in delivering particularly strong online growth is a result of customization of our strategy to meet local market and cultural needs. We also continue to develop and implement omnichannel concepts to deliver an integrated consumer experience and better serve consumers as they shop across channels.

While our multiple engines of growth have enabled us to produce excellent sales growth, we have also transformed our operations, freeing up resources to invest behind further growth opportunities. Our Leading Beauty Forward initiative (described below) has enabled us to cut costs and invest in new capabilities such as digital and data analytics as well as increased advertising.

In fiscal 2019, we continued to further integrate corporate citizenship and sustainability into our strategy and business operations. Areas of focus include packaging, ingredient transparency, responsible sourcing, energy and emissions, social investments, employee engagement and employee safety.

While our business is performing well overall, we continue to face strong competition globally and economic challenges in certain countries. We are cautious of the continued decline in retail traffic primarily related to certain brick-and-mortar stores in the United States and the United Kingdom. This is due to the impact of shifts in consumer preferences as to where and how they shop, as well as adverse macroeconomic conditions in the United Kingdom. We continue to monitor the geopolitical tensions between the United States and China and the uncertainties caused by the evolving trade policy dispute, which could increase our cost of sales and negatively impact our overall net sales, or otherwise have a material adverse effect on our business. We also continue to monitor the potential implications of the ongoing economic and political uncertainties stemming from the United Kingdom's anticipated exit from the European Union (i.e. "Brexit") and continue developing our risk mitigation strategies to address such uncertainties. These strategies include changes related to regulatory and legislative compliance, assessing alternatives to supply chain routing, revising customer arrangements and analyzing inventory levels. We are also cautious of foreign currency movements, including their impact on tourism. Additionally, we continue to monitor the effects of the global macroeconomic environment; social and political issues; regulatory matters, including the imposition of tariffs; geopolitical tensions; and global security issues.

We believe we can, to some extent, offset the impact of these challenges by continually developing and pursuing a diversified strategy with multiple engines of growth and accelerating areas of strength among our geographic regions, product categories, brands and channels of distribution. However, if economic conditions or the degree of uncertainty or volatility worsen, or the adverse conditions previously described are further prolonged, there could be a negative effect on consumer confidence, demand, spending and willingness or ability to travel and, as a result, on our business. We will continue to monitor these and other risks that may affect our business.

Leading Beauty Forward

In May 2016, we announced a multi-year initiative ("Leading Beauty Forward," or the "Program") to build on our strengths and better leverage our cost structure to free resources for investment to continue our growth momentum. Leading Beauty Forward is designed to enhance our go-to-market capabilities, reinforce our leadership in global prestige beauty and continue creating sustainable value. As of June 30, 2019, we concluded the approvals of all major initiatives under Leading Beauty Forward related to the optimization of select corporate functions, supply chain activities, and corporate and regional market support structures, as well as the exit of underperforming businesses, and expect to substantially complete those initiatives through fiscal 2021. We previously estimated that Leading Beauty Forward would result in related restructuring and other charges totaling between $900 million and $950 million, before taxes. After concluding the final approvals and reviewing the progress of previously approved initiatives under Leading Beauty Forward that are being implemented, we have revised our estimates for cost approvals under the Program. Inclusive of approvals from inception through June 30, 2019, we now estimate that Leading Beauty Forward may result in related restructuring and other charges totaling between $950 million and $990 million, before taxes, consisting of employee-related costs, asset write-offs and other costs to implement these initiatives. As many of our previously approved Leading Beauty Forward initiatives are progressing through their implementation stages, we are revising our previous estimate of annual net benefits of between $350 million and $450 million, before taxes. After its full implementation, we now expect Leading Beauty Forward to yield annual net benefits, primarily in Selling, general and administrative expenses and, to a lesser extent, Cost of sales, of between $425 million and $475 million, before taxes. These savings can be used to improve margin, mitigate risk and invest in future growth initiatives. For additional information about restructuring and other charges, see *Item 8. Financial Statements and Supplementary Data – Note 7 – Charges Associated with Restructuring and Other Activities*.

Annual Impairment Testing

We assess goodwill and other indefinite-lived intangible assets at least annually for impairment or more frequently if certain events or circumstances exist. During fiscal 2019, our Smashbox reporting unit made revisions to its internal forecasts reflecting the continued slowdown of its makeup business driven by ongoing competitive activity and lower than expected growth in key retail channels for the brand. We concluded that these changes in circumstances triggered the need for an interim impairment review of the Smashbox trademark and the Smashbox reporting unit goodwill. Accordingly, we performed interim impairment tests as of December 31, 2018 and March 31, 2019. We concluded that the carrying values of the Smashbox trademark exceeded their estimated fair values, which were determined utilizing a royalty rate to determine discounted projected future cash flows. As a result, we recognized impairment charges totaling $22 million for the trademark in fiscal 2019. After adjusting the carrying values of the trademark, we completed interim quantitative impairment tests for goodwill and recorded goodwill impairment charges related to the Smashbox reporting unit totaling $68 million in fiscal 2019. The key assumptions used to determine the estimated fair value of the reporting unit are predicated on the success of future new product launches, the achievement of international distribution expansion plans, and the realization of cost reduction and other efficiency efforts. If such plans do not materialize, or if there are further challenges in the business environment in which this reporting unit operates, a resulting change in the key assumptions could have a negative impact on the estimated fair value of the reporting unit, and it is possible we could recognize an additional impairment charge. As of June 30, 2019, the remaining carrying values of the Smashbox reporting unit goodwill and Smashbox trademark were $72 million and $55 million, respectively. No further impairment charges were recognized during fiscal 2019. With the exception of the Smashbox reporting unit, fair values of all reporting units with material goodwill were substantially in excess of their respective carrying values.

With regard to trademarks, the fair value of the Smashbox trademark was equal to its carrying value, and the fair values of the Too Faced, Editions de Parfums Frédéric Malle and BECCA trademarks exceeded their carrying values by approximately 7%, 9% and 14%, respectively. As of June 30, 2019, the carrying values of the Too Faced, Editions de Parfums Frédéric Malle and BECCA trademarks were $525 million, $32 million and $98 million, respectively. If these reporting units are adversely affected by a softness in the retail environment for their products, or if other business disruptions arise that cause a change to their long-term financial projections, there could be a negative effect on the fair values of the related trademarks, and it is possible we could recognize impairment charges in the future.

For additional information, see *Item 8. Financial Statements and Supplementary Data – Note 6 – Goodwill and Other Intangible Assets.*

Fiscal 2018 as Compared with Fiscal 2017

See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations* of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2018 for the fiscal 2018 to fiscal 2017 comparative discussion.

Fiscal 2019 as Compared with Fiscal 2018

NET SALES

	Year Ended June 30	
($ in millions)	**2019**	**2018**
As Reported:		
Net sales	$ 14,863	$ 13,683
$ Change from prior year	1,180	1,859
% Change from prior year	9%	16%
Non-GAAP Financial Measure[1]:		
% Change from prior year in constant currency	11%	13%

[1] See *Reconciliations of Non-GAAP Financial Measures* beginning on page 37 for reconciliations between non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

The fiscal 2019 increase in reported net sales reflected strong growth in our Europe, the Middle East & Africa and Asia/Pacific regions, as well as continued growth in the skin care and makeup product categories. International net sales growth was driven primarily by increases in China and Hong Kong, which contributed to the continued growth in our online channel (primarily third-party online malls), while growth in our travel retail business continued to benefit from the increase in international passenger traffic, particularly by Chinese travelers. Skin care net sales reflected growth primarily from Estée Lauder and La Mer products. Net sales increases from Estée Lauder, M·A·C and Tom Ford, drove the net sales growth in our makeup category. Each of our product categories benefited from targeted expanded consumer reach, new product offerings, and the continued success of certain hero franchises.

The fiscal 2019 reported net sales increase was impacted by approximately $371 million of unfavorable foreign currency translation.

Returns associated with restructuring and other activities are not allocated to our product categories or geographic regions because they result from activities that are deemed a Company-wide initiative to redesign, resize and reorganize select corporate functions and go-to-market structures. Accordingly, the following discussions of Net sales by *Product Categories* and *Geographic Regions* exclude the fiscal 2019 and 2018 impact of returns associated with restructuring and other activities of approximately $3 million and $8 million, respectively.

During the first quarter of fiscal 2019, we adopted Financial Accounting Standards Board Accounting Standards Codification Topic 606 – Revenue from Contracts with Customers (“ASC 606”). The adoption of ASC 606 resulted in the deferral of a portion of product sales primarily related to future obligations (i) to provide gift with purchase and purchase with purchase promotional products and (ii) to satisfy customer loyalty program reward obligations, as well as the timing and classification of certain net demonstration payments to and from customers. The collective impact of the adoption of ASC 606 reduced reported net sales for fiscal 2019 by $49 million. For further information, see *Item 8. Financial Statements and Supplementary Data – Note 13 – Revenue Recognition*.

Product Categories

The change in net sales in each product category for fiscal 2019 included the impact of the adoption of ASC 606, which resulted in an increase (reduction) to net sales, as follows:

(In millions)	Year Ended June 30, 2019
Skin care	$ (48)
Makeup	10
Fragrance	(14)
Hair Care	—
Other	3
Total	$ (49)

Skin Care

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Net sales	$ 6,551	$ 5,595
$ Change from prior year	956	1,068
% Change from prior year	17%	24%
Non-GAAP Financial Measure[(1)]:		
% Change from prior year in constant currency	20%	21%

[(1)] See *Reconciliations of Non-GAAP Financial Measures* beginning on page 37 for reconciliations between non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

Reported skin care net sales increased in fiscal 2019, reflecting higher net sales from Estée Lauder and La Mer, combined, of approximately $923 million. The increase in Estée Lauder net sales was led by growth in China and Hong Kong, reflecting the continued strength of existing product franchises, such as Advanced Night Repair, Perfectionist, Nutritious, Micro Essence and Revitalizing Supreme, and new product launches, such as Advanced Night Repair Eye Supercharged Complex. The increase in net sales from La Mer reflected growth from most markets, led by China and Hong Kong, and benefited from the strength in hero products, such as Crème de la Mer and The Concentrate, other existing products, such as The Treatment Lotion, and targeted expanded consumer reach. The net sales growth from Estée Lauder and La Mer also reflected the increase in Chinese travelers, which led to the brands’ growth in travel retail and department stores, and higher net sales in our online channel in China (primarily third-party online malls).

The skin care net sales increase was impacted by approximately $152 million of unfavorable foreign currency translation.

Makeup

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Net sales	$ 5,860	$ 5,633
$ Change from prior year	227	579
% Change from prior year	4%	11%
Non-GAAP Financial Measure(1):		
% Change from prior year in constant currency	7%	9%

(1) See *Reconciliations of Non-GAAP Financial Measures* beginning on page 37 for reconciliations between non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

Reported makeup net sales increased in fiscal 2019, reflecting higher net sales from Estée Lauder, M·A·C, Tom Ford and La Mer of approximately $351 million, combined. The higher net sales from Estée Lauder were primarily due to the success of our Double Wear franchise, Futurist Aqua Brilliance and the Pure Color line of products, which drove higher net sales in China, Hong Kong and Korea, as well as in travel retail. The net sales increase from M·A·C was driven primarily by our Asia/Pacific region, led by China and Hong Kong, as well as the Middle East. The higher net sales in Asia/Pacific was primarily due to targeted expanded consumer reach and the continued strength of lip products in the region. The increase in the Middle East reflected a favorable comparison to the prior year due to the rebalancing of inventory. The increase for M·A·C also reflected higher net sales in our travel retail business, third-party online malls and the specialty-multi channel. Partially offsetting these increases for the brand were continued declines in the United States primarily due to slower traffic in certain department stores and freestanding stores, as well as lower net sales from the United Kingdom due to overall softness in the makeup category there, continued competitive pressures and adverse macroeconomic conditions. The net sales increase from Tom Ford was driven by higher net sales of lipstick and eyeshadow products in Asia/Pacific, particularly in China, and our travel retail business, as well as targeted expanded consumer reach. The higher net sales from La Mer benefited from new products, such as The Luminous Lifting Cushion Foundation, and targeted expanded consumer reach.

Partially offsetting these increases were lower net sales from Clinique and Smashbox of approximately $161 million, combined. The decline in net sales from Clinique reflected the continued declines in the United States, particularly in the department store channel, as well as softness in the makeup category and adverse macroeconomic conditions in the United Kingdom. The decrease in net sales from Smashbox was due primarily to a soft retail environment for our products in the United States, particularly in the specialty-multi and department store channels, reflecting slower retail traffic.

The makeup net sales increase was impacted by approximately $161 million of unfavorable foreign currency translation.

Fragrance

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Net sales	$ 1,802	$ 1,826
$ Change from prior year	(24)	189
% Change from prior year	(1)%	12%
Non-GAAP Financial Measure(1):		
% Change from prior year in constant currency	1%	8%

(1) See *Reconciliations of Non-GAAP Financial Measures* beginning on page 37 for reconciliations between non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

Reported fragrance net sales decreased in fiscal 2019, reflecting lower net sales from certain of our designer fragrances and Estée Lauder of approximately $110 million, combined, as well as the impact of ASC 606 noted above. The lower net sales from certain of our designer fragrances were primarily due to an unfavorable comparison to the prior-year launch of Michael Kors Sexy Ruby in North America, as well as the challenging retail environment in the United Kingdom. The decrease in net sales from Estée Lauder was primarily due to the change in the mix of products included in the brand's holiday blockbuster promotion.

Partially offsetting these decreases were higher net sales from Jo Malone London, Le Labo and Tom Ford, combined, of approximately $81 million. The increase in net sales from Jo Malone London was driven primarily by growth from our Asia/Pacific region, led by China, due to new product launches and targeted expanded consumer reach, including the brand's launch on Tmall. Net sales increased from Le Labo due to the success of existing products and targeted expanded consumer reach globally, which led to strong growth of the brand in our freestanding store and department store channels. The net sales increase from Tom Ford reflected higher net sales from the Private Blend franchise, particularly Soleil Blanc and Oud Wood, and targeted expanded consumer reach.

The fragrance net sales decrease was impacted by approximately $50 million of unfavorable foreign currency translation.

Hair Care

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Net sales	$ 584	$ 570
$ Change from prior year	14	31
% Change from prior year	2%	6%
Non-GAAP Financial Measure[1]:		
% Change from prior year in constant currency	4%	4%

[1] See *Reconciliations of Non-GAAP Financial Measures* beginning on page 37 for reconciliations between non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

Reported hair care net sales increased in fiscal 2019, primarily reflecting growth from Aveda, partially offset by lower net sales from Bumble and bumble due to the softness in the salon and specialty-multi channels in North America. The higher net sales from Aveda, particularly in our online channel, was primarily driven by the launch of Cherry Almond Softening Shampoo and Conditioner and continued success of certain hero franchises, such as the Rosemary Mint and Shampure lines of products.

Geographic Regions

The change in net sales in each geographic region for fiscal 2019 included the impact of the adoption of ASC 606, which resulted in an increase (reduction) to net sales, as follows:

(In millions)	Year Ended June 30, 2019
The Americas	$ (61)
Europe, the Middle East & Africa	16
Asia/Pacific	(4)
Total	$ (49)

The Americas

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Net sales	$ 4,741	$ 5,015
$ Change from prior year	(274)	196
% Change from prior year	(5)%	4%
Non-GAAP Financial Measure[1]:		
% Change from prior year in constant currency	(5)%	4%

[1] See *Reconciliations of Non-GAAP Financial Measures* beginning on page 37 for reconciliations between non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

Reported net sales in The Americas decreased in fiscal 2019, primarily due to lower net sales in the United States of approximately $218 million, driven primarily by M·A·C, Clinique, Smashbox and certain of our designer fragrances, as well as the negative impact of the adoption of ASC 606. The net sales decreases from M·A·C and Clinique were primarily due to the continued traffic declines in department stores, as well as in M·A·C freestanding stores. The lower net sales from Smashbox reflected the continued slowdown of its makeup business driven by ongoing competitive activity and lower growth in key retail channels for the brand. Partially offsetting these decreases were higher net sales from Le Labo and La Mer due to targeted expanded consumer reach. In addition, net sales in Latin America and Canada, combined, decreased approximately $56 million primarily due to lower net sales from M·A·C and Clinique, particularly in department stores and freestanding stores.

The net sales decrease in The Americas included approximately $25 million of unfavorable foreign currency translation.

Europe, the Middle East & Africa

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Net sales	$ 6,452	$ 5,634
$ Change from prior year	818	984
% Change from prior year	15%	21%
Non-GAAP Financial Measure[1]:		
% Change from prior year in constant currency	18%	16%

[1] See *Reconciliations of Non-GAAP Financial Measures* beginning on page 37 for reconciliations between non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

Reported net sales in Europe, the Middle East & Africa increased in fiscal 2019, primarily reflecting higher net sales from our travel retail business. Net sales increased in our travel retail business across most brands, led by Estée Lauder, La Mer, M·A·C, Tom Ford and Origins, driven, in part, by an increase in international passenger traffic, particularly by Chinese travelers, as well as strategic investment spend supporting both new and existing products. Also contributing to the increase were targeted expanded consumer reach and new product offerings, such as Estée Lauder's Advanced Night Repair Eye Supercharged Complex.

Partially offsetting the net sales increase were lower net sales in certain Western European markets, primarily reflecting challenging environments in Benelux, Germany, France and Iberia, as well as lower net sales in the United Kingdom, primarily driven by competitive pressures and adverse macroeconomic conditions. These decreases were approximately $116 million, combined.

The net sales increase in Europe, the Middle East & Africa included approximately $216 million of unfavorable foreign currency translation.

Asia/Pacific

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Net sales	$ 3,673	$ 3,042
$ Change from prior year	631	685
% Change from prior year	21%	29%
Non-GAAP Financial Measure[1]:		
% Change from prior year in constant currency	25%	25%

[1] See *Reconciliations of Non-GAAP Financial Measures* beginning on page 37 for reconciliations between non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

Reported net sales in Asia/Pacific increased in fiscal 2019, reflecting higher net sales in China and Hong Kong of approximately $574 million, combined. The higher net sales in China, led by Estée Lauder, M·A·C and La Mer, reflected continued growth from the strong demand for skin care and makeup products that benefited virtually every channel, particularly online (primarily third-party online malls), department stores, freestanding stores and specialty-multi. The net sales growth in Hong Kong, also led by Estée Lauder, La Mer and M·A·C, reflected a strong retail environment due to increased tourism, particularly from Chinese travelers, targeted expanded consumer reach and the continued success of certain hero franchises.

The net sales increase in Asia/Pacific included approximately $130 million of unfavorable foreign currency translation.

We strategically time our new product launches by geographic market, which may account for differences in regional sales growth.

GROSS MARGIN

Gross margin in fiscal 2019 decreased to 77.2% as compared with 79.2% in fiscal 2018.

	Fiscal 2019 vs. Fiscal 2018 Favorable (Unfavorable) Basis Points
Mix of business	80
Obsolescence charges	(40)
Foreign exchange transactions	(20)
Manufacturing costs and other	(25)
Adoption of new accounting standards (ASC 606 and hedge accounting)	(195)
Total	(200)

The decrease in gross margin for fiscal 2019 primarily reflected the net impact of the adoption of recently issued accounting standards. For more information see *Item 8. Financial Statements and Supplementary Data – Note 11 – Derivative Financial Instruments* and *Note 13 – Revenue Recognition.* The favorable impact from our mix of business primarily reflected favorable changes in the shipments of promotional items, strategic pricing and product category mix, partially offset by the unfavorable impact from new product introductions.

OPERATING EXPENSES

Operating expenses as a percentage of net sales in fiscal 2019 decreased to 61.6% as compared with 64.2% in fiscal 2018.

	Fiscal 2019 vs. Fiscal 2018 Favorable (Unfavorable) Basis Points
General and administrative expenses	20
Advertising, merchandising, sampling and product development	(110)
Selling	150
Adoption of new accounting standard (ASC 606)	240
Shipping	(10)
Store operating costs	20
Stock-based compensation	—
Foreign exchange transactions	(10)
Other	—
Subtotal	300
Charges associated with restructuring and other activities	30
Changes in fair value of contingent consideration	(10)
Goodwill and other intangible asset impairments	(60)
Total	260

As a percentage of net sales, operating expenses improved as compared to fiscal 2018, reflecting favorable impacts from the adoption of ASC 606 and selling expenses, primarily in North America due to lower demonstration costs, partially driven by changes in distribution channel mix, as well as efficiencies in our sales operations. These improvements were offset by increases in advertising and promotional activities primarily due to increased spend to support digital advertising and social media (including costs associated with influencers), locally relevant promotions, new product launches, and targeted expanded consumer reach.

OPERATING RESULTS

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Operating income	$ 2,313	$ 2,055
$ Change from prior year	258	351
% Change from prior year	13%	21%
Operating Margin	15.6%	15.0%
Non-GAAP Financial Measure[(1)]:		
% Change in operating income from prior year adjusting for the impact of charges associated with restructuring and other activities, goodwill and other intangible asset impairments and changes in fair value of contingent consideration	15%	21%

[(1)] See *Reconciliations of Non-GAAP Financial Measures* beginning on page 37 for reconciliations between non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

Reported operating margin in fiscal 2019 increased by approximately 60 basis points as compared to fiscal 2018, driven by improvements in net sales, operating expenses as a percentage of net sales and lower charges associated with restructuring and other activities, partially offset by the lower gross margin, as previously noted. Partially offsetting the increase in operating margin was the unfavorable impact of goodwill and other intangible asset impairments.

The changes in fair value of contingent consideration and the fiscal 2019 goodwill and intangible asset impairments impacted the operating results of our product categories and geographic regions as follows:

	Year ended June 30, 2019			Year ended June 30, 2018	
(In millions)	Changes in fair value of contingent consideration	Goodwill and other intangible asset impairments	Net Impact	Changes in fair value of contingent consideration	Year-over-year net impact favorable (unfavorable)
Product Category:					
Skin Care	$ 25	$ —	$ 25	$ 21	$ 4
Fragrance	12	—	12	22	(10)
Makeup	—	(90)	(90)	—	(90)
Total	$ 37	$ (90)	$ (53)	$ 43	$ (96)
Region:					
The Americas	$ 27	$ (90)	$ (63)	$ 28	$ (91)
Europe, the Middle East & Africa	10	—	10	15	(5)
Total	$ 37	$ (90)	$ (53)	$ 43	$ (96)

Charges associated with restructuring and other activities are not allocated to our product categories or geographic regions because they result from activities that are deemed a Company-wide initiative to redesign, resize and reorganize select corporate functions and go-to-market structures. Accordingly, the following discussions of Operating income by *Product Categories* and *Geographic Regions* exclude the fiscal 2019 and 2018 impact of charges associated with restructuring and other activities of $241 million, or 2% of net sales and $257 million, or 2% of net sales, respectively.

The adoption of ASC 606, as discussed above, increased operating income for fiscal 2019 by $21 million.

Product Categories

The change in operating income in each product category for fiscal 2019 included the impact of the adoption of ASC 606, which resulted in an increase (reduction) to operating income, as follows:

(In millions)	Year Ended June 30, 2019
Skin care	$ (2)
Makeup	18
Fragrance	2
Hair Care	—
Other	3
Total	$ 21

Skin Care

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Operating income	$ 1,925	$ 1,514
$ Change from prior year	411	495
% Change from prior year	27%	49%

Reported skin care operating income increased in fiscal 2019, primarily from Estée Lauder and La Mer, due to higher net sales. Partially offsetting these increases were higher advertising and promotional activities primarily due to increased spend to support digital advertising and social media (including costs associated with influencers), locally relevant promotions, new product launches and targeted expanded consumer reach.

Makeup

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Operating income	$ 438	$ 549
$ Change from prior year	(111)	(169)
% Change from prior year	(20)%	(24)%
Non-GAAP Financial Measure[1]:		
% Change in operating income from the prior-year period adjusting for the impact of goodwill and other intangible asset impairments	(4)%	(24)%

[1] See *"Reconciliations of Non-GAAP Financial Measures"* beginning on page 37 for reconciliations between non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

Reported makeup operating income decreased in fiscal 2019, driven by lower results from Smashbox, BECCA and Too Faced, combined, of approximately $207 million. The lower results from Smashbox reflected the decline in net sales, as well as $90 million of goodwill and other intangible asset impairments. The decrease in operating income from BECCA primarily reflected lower net sales, as well as an increase in advertising and promotional expenses to support new product launches. The lower results from Too Faced primarily reflected higher cost of sales due, in part, to new product introductions. Partially offsetting these decreases were higher results from Estée Lauder primarily due to higher net sales and greater selling efficiencies.

Fragrance

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Operating income	$ 140	$ 176
$ Change from prior year	(36)	59
% Change from prior year	(20)%	51%

Reported fragrance operating income decreased in fiscal 2019, driven by lower results from Jo Malone London and certain of our designer fragrances, combined, of approximately $29 million. The increase from Jo Malone London net sales was more than offset by higher expenses due, in part, to increases in cost of sales reflecting a change in product mix, as well as increases in advertising and promotional activities and store operating costs related to targeted expanded consumer reach. The lower results from certain of our designer fragrances reflected lower net sales, partially offset by disciplined expense management and selling efficiencies in North America.

Hair Care

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Operating income	$ 39	$ 64
$ Change from prior year	(25)	13
% Change from prior year	(39)%	25%

Reported hair care operating income decreased in fiscal 2019 due to lower results from Bumble and bumble and Aveda. The lower results from Bumble and bumble reflected lower net sales. The decrease in operating income from Aveda was primarily due to increases in cost of sales; advertising and promotion expenses due to spending to support the brand's social media and digital campaign activity, new product launches and digital advertising; and shipping expenses due to the net sales increases in our online channel.

Geographic Regions

The change in operating income in each geographic region for fiscal 2019 included the impact of the adoption of ASC 606, which resulted in an increase (reduction) to operating income, as follows:

(In millions)	Year Ended June 30, 2019
The Americas	$ 24
Europe, the Middle East & Africa	8
Asia/Pacific	(11)
Total	$ 21

The Americas

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Operating income	$ (194)	$ 211
$ Change from prior year	(405)	(75)
% Change from prior year	(100+)%	(26)%
Non-GAAP Financial Measure[(1)]:		
% Change in operating income from the prior-year period adjusting for the impact of goodwill and other intangible asset impairments	(100+)%	(30)%

[(1)] See *"Reconciliations of Non-GAAP Financial Measures"* beginning on page 37 for reconciliations between non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

Reported operating income in The Americas decreased in fiscal 2019, primarily due to lower net sales in the region, the goodwill and other intangible asset impairments related to Smashbox and investments in information systems and enhanced capabilities in select corporate functions to support our strategic initiatives. This was partially offset by lower selling expenses due to lower demonstration costs, partially driven by changes in distribution channel mix, as well as efficiencies in our sales operations.

Europe, the Middle East & Africa

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Operating income	$ 2,019	$ 1,526
$ Change from prior year	493	318
% Change from prior year	32%	26%

Reported operating income in Europe, the Middle East & Africa increased in fiscal 2019, primarily due to higher results from our travel retail business, reflecting the increase in net sales.

Asia/Pacific

($ in millions)	Year Ended June 30 2019	2018
As Reported:		
Operating income	$ 729	$ 575
$ Change from prior year	154	153
% Change from prior year	27%	36%

Reported operating income in Asia/Pacific increased in fiscal 2019, reflecting higher results in China and Hong Kong of approximately $135 million, combined, driven by net sales growth.

INTEREST AND INVESTMENT INCOME

(In millions)	Year Ended June 30 2019	2018
Interest expense	$ 133	$ 128
Interest income and investment income, net	$ 58	$ 56

Interest expense and Interest income and investment income, net increased in fiscal 2019, primarily due to higher interest rates. Also contributing to the increase in Interest income and investment income, net were higher average investment balances.

OTHER INCOME, NET

The Tax Cuts and Jobs Act (the "TCJA"), which was enacted on December 22, 2017, presented us with opportunities to manage cash and investments more efficiently on a global basis. Accordingly, during fiscal 2019, as part of the assessment of those opportunities, we sold our available-for-sale securities, which liquidated our investment in the foreign subsidiary that owned those securities. As a result, we recorded a realized foreign currency gain on liquidation of $77 million and a gross loss on the sale of available-for-sale securities of $6 million, both of which were reclassified from accumulated OCI and are reflected in Other income, net. See *Item 8. Financial Statements and Supplementary Data – Note 2 – Summary of Significant Accounting Policies – Currency Translation and Transactions* for further information.

PROVISION FOR INCOME TAXES

The provision for income taxes represents U.S. federal, foreign, state and local income taxes. The effective rate differs from the federal statutory rate primarily due to the effect of state and local income taxes, the tax impact of share-based compensation, the taxation of foreign income and income tax reserve adjustments, which represent changes in our net liability for unrecognized tax benefits including tax settlements and lapses of the applicable statutes of limitations. Our effective tax rate will change from quarter to quarter based on recurring and non-recurring factors including the geographical mix of earnings, enacted tax legislation, state and local income taxes, tax reserve adjustments, the tax impact of share-based compensation and the interaction of various global tax strategies. In addition, changes in judgment from the evaluation of new information resulting in the recognition, derecognition or remeasurement of a tax position taken in a prior annual period are recognized separately in the quarter of change.

The TCJA includes broad and complex changes to the U.S. tax code that impacted our accounting and reporting for income taxes. See *Item 8. Financial Statements and Supplementary Data – Note 8 – Income Taxes* for further discussion relating to the TCJA.

	Year Ended June 30 2019	2018
As Reported:		
Effective rate for income taxes	22.2%	43.6%
Basis-point change from prior year	(2,140)	2,130
Non-GAAP Financial Measure[(1)]:		
Effective rate for income taxes	21.5%	22.3%

[(1)] All periods exclude the net impact on the effective tax rate of charges associated with restructuring and other activities and changes in the fair value of contingent consideration. Fiscal 2019 was adjusted for the impact of the goodwill and other intangible asset impairments, the gain on liquidation of an investment in a foreign subsidiary, net, and the finalization of the TCJA provisional charges recorded in fiscal 2018. Fiscal 2018 was adjusted for the impact of the provisional charges resulting from the enactment of the TCJA.

The effective tax rate for fiscal 2019 decreased approximately 2,140 basis points. The decrease was primarily attributable to the impacts from the TCJA recognized in the prior year including the Transition Tax, the adjustment to U.S. net deferred tax assets resulting from the statutory tax rate reduction, including the enactment date remeasurement, and the establishment of a net deferred tax liability related to foreign withholding taxes on certain foreign earnings. The collective impact of these charges is approximately 2,260 basis points. An additional 40 basis point reduction is primarily related to the collective net impact of the provisions of the TCJA which became effective in fiscal 2019 including the reduced U.S. statutory tax rate, a foreign derived intangible income deduction ("FDII") and a new minimum tax on global intangible low-taxed income ("GILTI"). Partially offsetting these decreases were approximately 100 basis points due to an increase in income tax reserve adjustments and approximately 60 basis points relating to the nondeductible Smashbox goodwill impairment charge.

NET EARNINGS ATTRIBUTABLE TO THE ESTÉE LAUDER COMPANIES INC.

($ in millions, except per share data)	Year Ended June 30 2019	2018
As Reported:		
Net earnings attributable to The Estée Lauder Companies Inc.	$ 1,785	$ 1,108
$ Change from prior year	677	(141)
% Change from prior year	61%	(11)%
Diluted net earnings per common share	$ 4.82	$ 2.95
% Change from prior year	63%	(12)%
Non-GAAP Financial Measure(1):		
% Change in diluted net earnings per common share from prior year adjusting for the impact of charges associated with restructuring and other activities, goodwill and other intangible asset impairments, changes in fair value of contingent consideration, the gain on liquidation of an investment in a foreign subsidiary, net, the Transition Tax, the remeasurement of U.S. net deferred tax assets as of the TCJA enactment date and the establishment of a net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA	18%	30%

(1) See "*Reconciliations of Non-GAAP Financial Measures"* below for reconciliations between non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES

We use certain non-GAAP financial measures, among other financial measures, to evaluate our operating performance, which represent the manner in which we conduct and view our business. Management believes that excluding certain items that are not comparable from period to period, or do not reflect the Company's underlying ongoing business, provides transparency for such items and helps investors and others compare and analyze our operating performance from period to period. In the future, we expect to incur charges or adjustments similar in nature to those presented below; however, the impact to the Company's results in a given period may be highly variable and difficult to predict. Our non-GAAP financial measures may not be comparable to similarly titled measures used by, or determined in a manner consistent with, other companies. While we consider the non-GAAP measures useful in analyzing our 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 U.S. GAAP. The following tables present Net sales, Operating income and Diluted net earnings per common share adjusted to exclude the impact of charges associated with restructuring and other activities; goodwill and other intangible asset impairments; the changes in the fair value of contingent consideration; the gain on liquidation of an investment in a foreign subsidiary, net; the Transition Tax; the remeasurement of U.S. net deferred tax assets as of the TCJA enactment date; the establishment of a net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA; and the effects of foreign currency translation. The tables provide reconciliations between these non-GAAP financial measures and the most directly comparable U.S. GAAP measures.

($ in millions, except per share data)	Year Ended June 30 2019	2018	Variance	% Change	% Change in Constant Currency
Net sales, as reported	$ 14,863	$ 13,683	$ 1,180	9%	11%
Returns associated with restructuring and other activities	3	8	(5)		
Net sales, as adjusted	$ 14,866	$ 13,691	$ 1,175	9%	11%
Operating income, as reported	$ 2,313	$ 2,055	$ 258	13%	17%
Charges associated with restructuring and other activities	241	257	(16)		
Goodwill and other intangible asset impairments	90	—	90		
Changes in fair value of contingent consideration	(37)	(43)	6		
Operating income, as adjusted	$ 2,607	$ 2,269	$ 338	15%	19%
Diluted net earnings per common share, as reported	$ 4.82	$ 2.95	$ 1.87	63%	70%
Charges associated with restructuring and other activities	.51	.51	—		
Gain on liquidation of an investment in a foreign subsidiary, net	(.15)	—	(.15)		
Goodwill and other intangible asset impairments	.23	—	.23		
Changes in fair value of contingent consideration	(.08)	(.09)	.01		
Transition Tax resulting from the TCJA	(.03)	.94	(.97)		
Remeasurement of U.S. net deferred tax assets as of the TCJA enactment date	.02	.08	(.06)		
Net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA	.02	.12	(.10)		
Diluted net earnings per common share, as adjusted	$ 5.34	$ 4.51	$ .83	18%	22%

As diluted net earnings per common share, as adjusted, is used as a measure of the Company's performance, we consider the impact of current and deferred income taxes when calculating the per-share impact of each of the reconciling items.

The following table reconciles the change in net sales by product category and geographic region, as reported, to the change in net sales excluding the effects of foreign currency translation:

	As Reported						
($ in millions)	Year ended June 30, 2019	Year ended June 30, 2018	Variance	Impact of foreign currency translation	Variance, in constant currency	% Change, as reported	% Change, in constant currency
By Product Category:							
Skin Care	$ 6,551	$ 5,595	$ 956	$ 152	$ 1,108	17%	20%
Makeup	5,860	5,633	227	161	388	4	7
Fragrance	1,802	1,826	(24)	50	26	(1)	1
Hair Care	584	570	14	7	21	2	4
Other	69	67	2	1	3	3	4
	14,866	13,691	1,175	371	1,546	9	11
Returns associated with restructuring and other activities	(3)	(8)	5	—	5		
Total	$ 14,863	$ 13,683	$ 1,180	$ 371	$ 1,551	9%	11%
By Region:							
The Americas	$ 4,741	$ 5,015	$ (274)	$ 25	$ (249)	(5)%	(5)%
Europe, the Middle East & Africa	6,452	5,634	818	216	1,034	15	18
Asia/Pacific	3,673	3,042	631	130	761	21	25
	14,866	13,691	1,175	371	1,546	9	11
Returns associated with restructuring and other activities	(3)	(8)	5	—	5		
Total	$ 14,863	$ 13,683	$ 1,180	$ 371	$ 1,551	9%	11%

The following table reconciles the change in operating income by product category and geographic region, as reported, to the change in operating income excluding the impact of goodwill and other intangible asset impairments and changes in fair value of contingent consideration:

($ in millions)	As Reported: Year ended June 30, 2019	As Reported: Year ended June 30, 2018	As Reported: Variance	Add: Goodwill and other intangible asset impairments	Add: Changes in fair value of contingent consideration	Variance, as adjusted	% Change, as reported	% Change, as adjusted
By Product Category:								
Skin Care	$ 1,925	$ 1,514	$ 411	$ —	$ (4)	$ 407	27%	27%
Makeup	438	549	(111)	90	—	(21)	(20)	(4)
Fragrance	140	176	(36)	—	10	(26)	(20)	(17)
Hair Care	39	64	(25)	—	—	(25)	(39)	(39)
Other	12	9	3	—	—	3	33	33
	2,554	2,312	242	$ 90	$ 6	$ 338	10%	15%
Charges associated with restructuring and other activities	(241)	(257)	16					
Total	$ 2,313	$ 2,055	$ 258					
By Region:								
The Americas	$ (194)	$ 211	$ (405)	$ 90	$ 1	$ (314)	(100+)%	(100+)%
Europe, the Middle East & Africa	2,019	1,526	493	—	5	498	32	33
Asia/Pacific	729	575	154	—	—	154	27	27
	2,554	2,312	242	$ 90	$ 6	$ 338	10%	15%
Charges associated with restructuring and other activities	(241)	(257)	16					
Total	$ 2,313	$ 2,055	$ 258					

FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our principal sources of funds historically have been cash flows from operations, borrowings pursuant to our commercial paper program, borrowings from the issuance of long-term debt and committed and uncommitted credit lines provided by banks and other lenders in the United States and abroad. At June 30, 2019, we had cash and cash equivalents of $2,987 million compared with $2,181 million at June 30, 2018. Our cash and cash equivalents are maintained at a number of financial institutions. To mitigate the risk of uninsured balances, we select financial institutions based on their credit ratings and financial strength, and we perform ongoing evaluations of these institutions to limit our concentration risk exposure.

Our business is seasonal in nature and, accordingly, our working capital needs vary. From time to time, we may enter into investing and financing transactions that require additional funding. To the extent that these needs exceed cash from operations, we could, subject to market conditions, issue commercial paper, issue long-term debt securities or borrow under our revolving credit facilities.

Based on past performance and current expectations, we believe that cash on hand, cash generated from operations, available-for-sale securities, available credit lines and access to credit markets will be adequate to support currently planned business operations, information technology enhancements, capital expenditures, acquisitions, dividends, stock repurchases, restructuring initiatives, commitments and other contractual obligations on both a near-term and long-term basis.

The TCJA resulted in the Transition Tax on unrepatriated earnings of our foreign subsidiaries and changed the tax law in ways that present opportunities to repatriate cash without additional U.S. federal income tax. During fiscal 2018, we changed our indefinite reinvestment assertion related to certain foreign earnings, and we continue to analyze the indefinite reinvestment assertion on our remaining applicable foreign earnings. Our cash and cash equivalents balance at June 30, 2019 includes $1,765 million of cash in offshore jurisdictions associated with our permanent reinvestment strategy. We do not believe that continuing to reinvest our foreign earnings impairs our ability to meet our domestic debt or working capital obligations. If these reinvested earnings were repatriated into the United States as dividends, we would be subject to state income taxes and applicable foreign taxes in certain jurisdictions.

The effects of inflation have not been significant to our overall operating results in recent years. Generally, we have been able to introduce new products at higher prices, increase prices and implement other operating efficiencies to sufficiently offset cost increases, which have been moderate.

Credit Ratings

Changes in our credit ratings will likely result in changes in our borrowing costs. Our credit ratings also impact the cost of our revolving credit facility. Downgrades in our credit ratings may reduce our ability to issue commercial paper and/or long-term debt and would likely increase the relative costs of borrowing. A credit rating is not a recommendation to buy, sell, or hold securities, is subject to revision or withdrawal at any time by the assigning rating organization, and should be evaluated independently of any other rating. As of August 16, 2019, our long-term debt is rated A+ with a stable outlook by Standard & Poor's and A2 with a stable outlook by Moody's.

Debt and Access to Liquidity

Total debt as a percent of total capitalization (excluding noncontrolling interests) increased to 44% at June 30, 2019 from 43% at June 30, 2018, primarily due to the decrease in total equity reflecting higher treasury stock purchases and dividends, partially offset by higher net earnings.

For further information regarding our current and long-term debt and available financing, see *Item 8. Financial Statements and Supplementary Data – Note 10 – Debt*.

Cash Flows

	Year Ended June 30	
(In millions)	**2019**	**2018**
Net cash provided by operating activities	$ 2,517	$ 2,562
Net cash provided by (used for) investing activities	$ 473	$ (358)
Net cash provided by (used for) financing activities	$ (2,173)	$ (1,172)

The change in net cash flows from operating activities primarily reflected higher cash paid for taxes, higher international inventory levels to support our forecasted sales activity, an increase in accounts receivable, reflecting the timing of shipments and collections and an unfavorable change in accounts payable due to the timing and level of payments. These changes were partially offset by higher earnings before taxes.

The change in net cash flows from investing activities primarily reflected higher proceeds from the sale of investments and lower purchases of investments, primarily due to the liquidation of our foreign subsidiary that owned our available-for-sale securities.

The change in net cash flows from financing activities primarily reflected higher treasury stock purchases and dividend payments in the current year, as well as changes in short-term debt reflecting the repayment of remaining commercial paper borrowings.

See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition* of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2018 for the fiscal 2018 to fiscal 2017 comparative discussions.

Dividends

For a summary of quarterly cash dividends declared per share on our Class A and Class B Common Stock during the year ended June 30, 2019 and through August 16, 2019, see *Item 8. Financial Statements and Supplementary Data – Note 16 – Common Stock*.

Pension and Post-retirement Plan Funding

Several factors influence the annual funding requirements for our pension plans. For our domestic trust-based noncontributory qualified defined benefit pension plan ("U.S. Qualified Plan"), we seek to maintain appropriate funded percentages. For any future contributions to the U.S. Qualified Plan, we would seek to contribute an amount or amounts that would not be less than the minimum required by the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") and subsequent pension legislation, and would not be more than the maximum amount deductible for income tax purposes. For each international plan, our funding policies are determined by local laws and regulations. In addition, amounts necessary to fund future obligations under these plans could vary depending on estimated assumptions. The effect of our pension plan funding on future operating results will depend on economic conditions, employee demographics, mortality rates, the number of participants electing to take lump-sum distributions, investment performance and funding decisions.

For the U.S. Qualified Plan, we maintain an investment strategy of matching the duration of a substantial portion of the plan assets with the duration of the underlying plan liabilities. This strategy assists us in maintaining our overall funded ratio. For fiscal 2019 and 2018, we met or exceeded all contribution requirements under ERISA regulations for the U.S. Qualified Plan. As we continue to monitor the funded status, we may decide to make cash contributions to the U.S. Qualified Plan or our post-retirement medical plan in the United States during fiscal 2020.

The following table summarizes actual and expected benefit payments and contributions for our other pension and post-retirement plans:

	Year Ended June 30		
(In millions)	Expected 2020	2019	2018
Non-qualified domestic noncontributory pension plan benefit payments	$ 25	$ 19	$ 13
International defined benefit pension plan contributions	$ 24	$ 33	$ 31
Post-retirement plan benefit payments	$ 8	$ 7	$ 6

Commitments and Contingencies

Certain of our business acquisition agreements include contingent consideration or "earn-out" provisions. These provisions generally require that we pay to the seller or sellers of the business additional amounts based on the performance of the acquired business. Since the size of each payment depends upon performance of the acquired business, we do not expect that such payments will have a material adverse impact on our future results of operations or financial condition.

For additional contingencies refer to *Item 8. Financial Statements and Supplementary Data – Note 15 – Commitments and Contingencies (Contractual Obligations)*.

Contractual Obligations

For a discussion of our contractual obligations, see *Item 8. Financial Statements and Supplementary Data – Note 15 – Commitments and Contingencies (Contractual Obligations)*.

Derivative Financial Instruments and Hedging Activities

For a discussion of our derivative financial instruments and hedging activities, see *Item 8. Financial Statements and Supplementary Data – Note 11 – Derivative Financial Instruments*.

Foreign Exchange Risk Management

For a discussion of foreign exchange risk management, see *Item 8. Financial Statements and Supplementary Data – Note 11 – Derivative Financial Instruments (Cash Flow Hedges)*.

Credit Risk

For a discussion of credit risk, see *Item 8. Financial Statements and Supplementary Data – Note 11 – Derivative Financial Instruments (Credit Risk)*.

Market Risk

We address certain financial exposures through a controlled program of market risk management that includes the use of foreign currency forward contracts to reduce the effects of fluctuating foreign currency exchange rates and to mitigate the change in fair value of specific assets and liabilities on the balance sheet. To perform a sensitivity analysis of our foreign currency forward contracts, we assess the change in fair values from the impact of hypothetical changes in foreign currency exchange rates. A hypothetical 10% strengthening of the U.S. dollar against the foreign exchange rates for the currencies in our portfolio would have resulted in a net increase in the fair value of our portfolio of approximately $48 million and $(10) million as of June 30, 2019 and 2018, respectively. This potential change does not consider our underlying foreign currency exposures.

In addition, we enter into interest rate derivatives to manage the effects of interest rate movements on our aggregate liability portfolio, including future debt issuances. Based on a hypothetical 100 basis point increase in interest rates, the estimated fair value of our interest rate derivatives would decrease by approximately $16 million and $24 million as of June 30, 2019 and 2018, respectively. Our sensitivity analysis represents an estimate of reasonably possible net losses that would be recognized on our portfolio of derivative financial instruments assuming hypothetical movements in future market rates and is not necessarily indicative of actual results, which may or may not occur. It does not represent the maximum possible loss or any expected loss that may occur, since actual future gains and losses will differ from those estimated, based upon actual fluctuations in market rates, operating exposures, and the timing thereof, and changes in our portfolio of derivative financial instruments during the year. We believe, however, that any such loss incurred would be offset by the effects of market rate movements on the respective underlying transactions for which the derivative financial instrument was intended.

OFF-BALANCE SHEET ARRANGEMENTS

We do not maintain any off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities, other than operating leases, that would be expected to have a material current or future effect upon our financial condition or results of operations.

RECENTLY ISSUED ACCOUNTING STANDARDS

Refer to *Item 8. Financial Statements and Supplementary Data – Note 2 – Summary of Significant Accounting Policies* for discussion regarding the impact of accounting standards that were recently issued but not yet effective, on our consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of our financial condition at June 30, 2019 and our results of operations for the three fiscal years ended June 30, 2019 are based upon our consolidated financial statements, which have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). The preparation of these financial statements requires us to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in those financial statements. These estimates and assumptions can be subjective and complex and, consequently, actual results could differ from those estimates. We consider accounting estimates to be critical if both (i) the nature of the estimate or assumption is material due to the levels of subjectivity and judgment involved, and (ii) the impact within a reasonable range of outcomes of the estimate and assumption is material to the Company's financial condition. Our critical accounting policies relate to goodwill, other intangible assets and long-lived assets and income taxes.

Management of the Company has discussed the selection of critical accounting policies and the effect of estimates with the Audit Committee of the Company's Board of Directors.

Goodwill, Other Intangible Assets and Long-Lived Assets – Impairment Assessment

Goodwill is calculated as the excess of the cost of purchased businesses over the fair value of their underlying net assets. Other indefinite-lived intangible assets principally consist of trademarks. Goodwill and other indefinite-lived intangible assets are not amortized.

In January 2017, the Financial Accounting Standards Board issued authoritative guidance that simplifies the subsequent measurement of goodwill by eliminating the second step from the quantitative goodwill impairment test. The single quantitative step test requires companies to compare the fair value of a reporting unit with its carrying amount and record an impairment charge for the amount that the carrying amount exceeds the fair value, up to the total amount of goodwill allocated to that reporting unit. We early adopted this guidance as of the fiscal 2019 second quarter. When testing goodwill and other indefinite-lived intangible assets for impairment, we have the option of first performing a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative impairment test. For fiscal 2019 and 2018, we elected to perform the qualitative assessment for certain of our reporting units and indefinite-lived intangible assets. This qualitative assessment included the review of certain macroeconomic factors and entity-specific qualitative factors to determine if it was more-likely-than-not that the fair values of our reporting units were below carrying value. For our other reporting units and other indefinite-lived intangible assets, a quantitative assessment was performed. We engaged third-party valuation specialists and used industry accepted valuation models and criteria that were reviewed and approved by various levels of management.

For further discussion of the methods used and factors considered in our estimates as part of the impairment testing for Goodwill, Other Intangible Assets and Long-Lived Assets, see *Item 8. Financial Statements and Supplementary Data – Note 2 – Summary of Significant Accounting Policies* and *Note 6 – Goodwill and Other Intangible Assets*.

Income Taxes

We calculate and provide for income taxes in each tax jurisdiction in which we operate. As the application of various tax laws relevant to our global business is often uncertain, significant judgment is required in determining our annual tax expense and in evaluating our tax positions. The provision for income taxes includes the amounts payable or refundable for the current year, the effect of deferred taxes and impacts from uncertain tax positions.

We recognize deferred tax assets and liabilities for future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax basis, net operating losses, tax credit and other carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates when the assets and liabilities are expected to be realized or settled. We regularly review deferred tax assets for realizability and establish valuation allowances based on available evidence including historical operating losses, projected future taxable income, expected timing of the reversals of existing temporary differences, and appropriate tax planning strategies. If our assessment of the realizability of a deferred tax asset changes, an increase to a valuation allowance will result in a reduction of net earnings at that time, while the reduction of a valuation allowance will result in an increase of net earnings at that time.

We provide tax reserves for U.S. federal, state, local and foreign tax exposures relating to periods subject to audit. The development of reserves for these exposures requires judgments about tax issues, potential outcomes and timing, and is a subjective critical estimate. We assess our tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances, and information available at the reporting dates. For those tax positions where it is more-likely-than-not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon settlement with a tax authority that has full knowledge of all relevant information. For those tax positions where it is more-likely-than-not that a tax benefit will not be sustained, no tax benefit has been recognized in the consolidated financial statements. We classify applicable interest and penalties as a component of the provision for income taxes. Although the outcome relating to these exposures is uncertain, in our opinion adequate provisions for income taxes have been made for estimable potential liabilities emanating from these exposures. If actual outcomes differ materially from these estimates, they could have a material impact on our consolidated net earnings.

For further discussion of our Income Taxes accounting policy, see *Item 8. Financial Statements and Supplementary Data – Note 2 – Summary of Significant Accounting Policies*.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

We and our representatives from time to time make written or oral forward-looking statements, including in this and other filings with the SEC, in our press releases and in our reports to stockholders, which may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may address our expectations regarding sales, earnings or other future financial performance and liquidity, product introductions, entry into new geographic regions, information technology initiatives, new methods of sale, our long-term strategy, restructuring and other charges and resulting cost savings, and future operations or operating results. These statements may contain words like "expect," "will," "will likely result," "would," "believe," "estimate," "planned," "plans," "intends," "may," "should," "could," "anticipate," "estimate," "project," "projected," "forecast," and "forecasted" or similar expressions. Although we believe that our expectations are based on reasonable assumptions within the bounds of our knowledge of our business and operations, actual results may differ materially from our expectations. Factors that could cause actual results to differ from expectations include, without limitation:

(1) increased competitive activity from companies in the skin care, makeup, fragrance and hair care businesses;

(2) our ability to develop, produce and market new products on which future operating results may depend and to successfully address challenges in our business;

(3) consolidations, restructurings, bankruptcies and reorganizations in the retail industry causing a decrease in the number of stores that sell our products, an increase in the ownership concentration within the retail industry, ownership of retailers by our competitors or ownership of competitors by our customers that are retailers and our inability to collect receivables;

(4) destocking and tighter working capital management by retailers;

(5) the success, or changes in timing or scope, of new product launches and the success, or changes in timing or scope, of advertising, sampling and merchandising programs;

(6) shifts in the preferences of consumers as to where and how they shop;

(7) social, political and economic risks to our foreign or domestic manufacturing, distribution and retail operations, including changes in foreign investment and trade policies and regulations of the host countries and of the United States;

(8) changes in the laws, regulations and policies (including the interpretations and enforcement thereof) that affect, or will affect, our business, including those relating to our products or distribution networks, changes in accounting standards, tax laws and regulations, environmental or climate change laws, regulations or accords, trade rules and customs regulations, and the outcome and expense of legal or regulatory proceedings, and any action we may take as a result;

(9) foreign currency fluctuations affecting our results of operations and the value of our foreign assets, the relative prices at which we and our foreign competitors sell products in the same markets and our operating and manufacturing costs outside of the United States;

(10) changes in global or local conditions, including those due to the volatility in the global credit and equity markets, natural or man-made disasters, real or perceived epidemics, or energy costs, that could affect consumer purchasing, the willingness or ability of consumers to travel and/or purchase our products while traveling, the financial strength of our customers, suppliers or other contract counterparties, our operations, the cost and availability of capital which we may need for new equipment, facilities or acquisitions, the returns that we are able to generate on our pension assets and the resulting impact on funding obligations, the cost and availability of raw materials and the assumptions underlying our critical accounting estimates;

(11) shipment delays, commodity pricing, depletion of inventory and increased production costs resulting from disruptions of operations at any of the facilities that manufacture our products or at our distribution or inventory centers, including disruptions that may be caused by the implementation of information technology initiatives, or by restructurings;

(12) real estate rates and availability, which may affect our ability to increase or maintain the number of retail locations at which we sell our products and the costs associated with our other facilities;

(13) changes in product mix to products which are less profitable;

(14) our ability to acquire, develop or implement new information and distribution technologies and initiatives on a timely basis and within our cost estimates and our ability to maintain continuous operations of such systems and the security of data and other information that may be stored in such systems or other systems or media;

(15) our ability to capitalize on opportunities for improved efficiency, such as publicly-announced strategies and restructuring and cost-savings initiatives, and to integrate acquired businesses and realize value therefrom;

(16) consequences attributable to local or international conflicts around the world, as well as from any terrorist action, retaliation and the threat of further action or retaliation;

(17) the timing and impact of acquisitions, investments and divestitures; and

(18) additional factors as described in our filings with the Securities and Exchange Commission, including this Annual Report on Form 10-K for the fiscal year ended June 30, 2019.

We assume no responsibility to update forward-looking statements made herein or otherwise.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk.***

The information required by this item is set forth in Item 7 of this Annual Report on Form 10-K under the caption *Liquidity and Capital Resources – Market Risk* and is incorporated herein by reference.

Item 8. ***Financial Statements and Supplementary Data.***

The information required by this item appears beginning on page F-1 of this Annual Report on Form 10-K and is incorporated herein by reference.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

Item 9A. ***Controls and Procedures.***

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and to ensure that information required to be disclosed is accumulated and communicated to management, including our principal executive and financial officers, to allow timely decisions regarding disclosure. The Chief Executive Officer and the Chief Financial Officer, with assistance from other members of management, have reviewed the effectiveness of our disclosure controls and procedures as of June 30, 2019 and, based on their evaluation, have concluded that the disclosure controls and procedures were effective as of such date.

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the fourth quarter of fiscal 2019 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Management’s report on internal control over financial reporting and the report of independent registered public accounting firm on our internal control over financial reporting are incorporated herein from pages F-2 and F-3, respectively.

Item 9B. ***Other Information.***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance.***

The information required by this Item, not already provided herein under *Item 1. Business – Information about our Executive Officers,* will be included in our Proxy Statement for the 2019 Annual Meeting of Stockholders (the "2019 Proxy Statement"). The 2019 Proxy Statement will be filed within 120 days after the close of the fiscal year ended June 30, 2019 and such information is incorporated herein by reference.

Item 11. ***Executive Compensation.***

The information required by this Item will be included in the 2019 Proxy Statement. The 2019 Proxy Statement will be filed within 120 days after the close of the fiscal year ended June 30, 2019 and such information is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

The information required by this Item will be included in the 2019 Proxy Statement. The 2019 Proxy Statement will be filed within 120 days after the close of the fiscal year ended June 30, 2019 and such information is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

The information required by this Item will be included in the 2019 Proxy Statement. The 2019 Proxy Statement will be filed within 120 days after the close of the fiscal year ended June 30, 2019 and such information is incorporated herein by reference.

Item 14. ***Principal Accounting Fees and Services.***

The information required by this Item will be included in the 2019 Proxy Statement. The 2019 Proxy Statement will be filed within 120 days after the close of the fiscal year ended June 30, 2019 and such information is incorporated herein by reference.

PART IV

Item 15. *Exhibits, Financial Statement Schedules.*

(a) 1 and 2. Financial Statements and Schedules - See index on Page F-1.
3. Exhibits:

Exhibit Number	Description
3.1	Restated Certificate of Incorporation, dated November 16, 1995 (filed as Exhibit 3.1 to our Annual Report on Form 10-K filed on September 15, 2003) (SEC File No. 1-14064).*
3.1a	Certificate of Amendment of the Restated Certificate of Incorporation of The Estée Lauder Companies Inc. (filed as Exhibit 3.1 to our Current Report on Form 8-K filed on November 14, 2012) (SEC File No. 1-14064).*
3.2	Certificate of Retirement of $6.50 Cumulative Redeemable Preferred Stock (filed as Exhibit 3.2 to our Current Report on Form 8-K filed on July 19, 2012) (SEC File No.1-14064).*
3.3	Amended and Restated Bylaws (filed as Exhibit 3.1 to our Current Report on Form 8-K filed on May 23, 2012) (SEC File No. 1-14064).*
4.1	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
4.2	Indenture, dated November 5, 1999, between the Company and State Street Bank and Trust Company, N.A. (filed as Exhibit 4 to Amendment No. 1 to our Registration Statement on Form S-3 (No. 333-85947) filed on November 5, 1999) (SEC File No. 1-14064).*
4.3	Officers' Certificate, dated September 29, 2003, defining certain terms of the 5.75% Senior Notes due 2033 (filed as Exhibit 4.2 to our Current Report on Form 8-K filed on September 29, 2003) (SEC File No. 1-14064).*
4.4	Global Note for 5.75% Senior Notes due 2033 (filed as Exhibit 4.3 to our Current Report on Form 8-K filed on September 29, 2003) (SEC File No. 1-14064).*
4.5	Officers' Certificate, dated May 1, 2007, defining certain terms of the 6.000% Senior Notes due 2037 (filed as Exhibit 4.2 to our Current Report on Form 8-K filed on May 1, 2007) (SEC File No. 1-14064).*
4.6	Global Note for 6.000% Senior Notes due 2037 (filed as Exhibit 4.4 to our Current Report on Form 8-K filed on May 1, 2007) (SEC File No. 1-14064).*
4.7	Officers' Certificate, dated August 2, 2012, defining certain terms of the 2.350% Senior Notes due 2022 (filed as Exhibit 4.1 to our Current Report on Form 8-K filed on August 2, 2012) (SEC File No. 1-14064).*
4.8	Global Note for the 2.350% Senior Notes due 2022 (filed as Exhibit 4.3 to our Current Report on Form 8-K filed on August 2, 2012) (SEC File No. 1-14064).*
4.9	Officers' Certificate, dated August 2, 2012, defining certain terms of the 3.700% Senior Notes due 2042 (filed as Exhibit 4.2 to our Current Report on Form 8-K filed on August 2, 2012) (SEC File No. 1-14064).*
4.10	Global Note for the 3.700% Senior Notes due 2042 (filed as Exhibit 4.4 to our Current Report on Form 8-K filed on August 2, 2012) (SEC File No. 1-14064).*
4.11	Officers' Certificate, dated June 4, 2015, defining certain terms of the 4.375% Senior Notes due 2045 (filed as Exhibit 4.1 to our Current Report on Form 8-K filed on June 4, 2015) (SEC File No. 1-14064).*
4.12	Global Note for the 4.375% Senior Notes due 2045 (filed as Exhibit 4.2 to our Current Report on Form 8-K filed on June 4, 2015) (SEC File No. 1-14064).*
4.13	Officers' Certificate, dated May 10, 2016, defining certain terms of the 1.700% Senior Notes due 2021 (filed as Exhibit 4.1 to our Current Report on Form 8-K filed on May 10, 2016) (SEC File No. 1-14064).*
4.14	Global Note for the 1.700% Senior Notes due 2021 (filed as Exhibit A in Exhibit 4.1 to our Current Report on Form 8-K filed on May 10, 2016) (SEC File No. 1-14064).*
4.15	Officers' Certificate, dated May 10, 2016, defining certain terms of the 4.375% Senior Notes due 2045 (filed as Exhibit 4.3 to our Current Report on Form 8-K filed on May 10, 2016) (SEC File No. 1-14064).*
4.16	Global Note for the 4.375% Senior Notes due 2045 (filed as Exhibit B in Exhibit 4.3 to our Current Report on Form 8-K filed on May 10, 2016) (SEC File No. 1-14064).*

Exhibit Number	Description
4.17	Officers' Certificate, dated February 9, 2017, defining certain terms of the 1.800% Senior Notes due 2020 (filed as Exhibit 4.1 to our Current Report on Form 8-K filed on February 9, 2017) (SEC File No. 1-14064).*
4.18	Form of Global Note for the 1.800% Senior Notes due 2020 (included as Exhibit A in Exhibit 4.1 to our Current Report on Form 8-K filed on February 9, 2017) (SEC File No. 1-14064).*
4.19	Officers' Certificate, dated February 9, 2017, defining certain terms of the 3.150% Senior Notes due 2027 (filed as Exhibit 4.3 to our Current Report on Form 8-K filed on February 9, 2017) (SEC File No. 1-14064).*
4.20	Form of Global Note for the 3.150% Senior Notes due 2027 (included as Exhibit A in Exhibit 4.3 to our Current Report on Form 8-K filed on February 9, 2017) (SEC File No. 1-14064).*
4.21	Officers' Certificate, dated February 9, 2017, defining certain terms of the 4.150% Senior Notes due 2047 (filed as Exhibit 4.5 to our Current Report on Form 8-K filed on February 9, 2017) (SEC File No. 1-14064).*
4.22	Form of Global Note for the 4.150% Senior Notes due 2047 (included as Exhibit A in Exhibit 4.5 to our Current Report on Form 8-K filed on February 9, 2017) (SEC File No. 1-14064).*
10.1	Stockholders' Agreement, dated November 22, 1995 (filed as Exhibit 10.1 to our Annual Report on Form 10-K filed on September 15, 2003) (SEC File No. 1-14064).*
10.1a	Amendment No. 1 to Stockholders' Agreement (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on October 30, 1996) (SEC File No. 1-14064).*
10.1b	Amendment No. 2 to Stockholders' Agreement (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on January 28, 1997) (SEC File No. 1-14064).*
10.1c	Amendment No. 3 to Stockholders' Agreement (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on April 29, 1997) (SEC File No. 1-14064).*
10.1d	Amendment No. 4 to Stockholders' Agreement (filed as Exhibit 10.1d to our Annual Report on Form 10-K filed on September 18, 2000) (SEC File No. 1-14064).*
10.1e	Amendment No. 5 to Stockholders' Agreement (filed as Exhibit 10.1e to our Annual Report on Form 10-K filed on September 17, 2002) (SEC File No. 1-14064).*
10.1f	Amendment No. 6 to Stockholders' Agreement (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on January 27, 2005) (SEC File No. 1-14064).*
10.1g	Amendment No. 7 to Stockholders' Agreement (filed as Exhibit 10.7 to our Quarterly Report on Form 10-Q filed on October 30, 2009) (SEC File No. 1-14064).*
10.2	Registration Rights Agreement, dated November 22, 1995 (filed as Exhibit 10.2 to our Annual Report on Form 10-K filed on September 15, 2003) (SEC File No. 1-14064).*
10.2a	First Amendment to Registration Rights Agreement (originally filed as Exhibit 10.3 to our Annual Report on Form 10-K filed on September 10, 1996) (re-filed as Exhibit 10.2a to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).*
10.2b	Second Amendment to Registration Rights Agreement (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on April 29, 1997) (SEC File No. 1-14064).*
10.2c	Third Amendment to Registration Rights Agreement (filed as Exhibit 10.2c to our Annual Report on Form 10-K filed on September 17, 2001) (SEC File No. 1-14064).*
10.2d	Fourth Amendment to Registration Rights Agreement (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on January 29, 2004) (SEC File No. 1-14064).*
10.3	The Estee Lauder Companies Retirement Growth Account Plan, as amended and restated, effective as of January 1, 2017, further amended effective as of July 1, 2017 (filed as Exhibit 10.3 to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).* †
10.4	The Estee Lauder Inc. Retirement Benefits Restoration Plan (filed as Exhibit 10.5 to our Annual Report on Form 10-K filed on August 20, 2010) (SEC File No. 1-14064).* †
10.5	Executive Annual Incentive Plan (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on November 14, 2013) (SEC File No. 1-14064).* †

Exhibit Number	Description
10.6	Employment Agreement with Tracey T. Travis (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on July 20, 2012) (SEC File No. 1-14064).* †
10.7	Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.8 to our Annual Report on Form 10-K filed on September 17, 2001) (SEC File No. 1-14064).* †
10.7a	Amendment to Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.8a to our Annual Report on Form 10-K filed on September 17, 2002) (SEC File No. 1-14064).* †
10.7b	Amendment to Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.2 to our Current Report on Form 8-K filed on November 17, 2005) (SEC File No. 1-14064).* †
10.7c	Amendment to Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on February 5, 2009) (SEC File No. 1-14064).* †
10.7d	Amendment to Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.8 to our Quarterly Report on Form 10-Q filed on October 30, 2009) (SEC File No. 1-14064).* †
10.7e	Amendment to Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.6 to our Quarterly Report on Form 10-Q filed on November 1, 2010) (SEC File No. 1-14064).* †
10.7f	Amendment to Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.7f to our Annual Report on Form 10-K filed on August 20, 2015) (SEC File No. 1-14064).* †
10.8	Employment Agreement with William P. Lauder (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on September 17, 2010) (SEC File No. 1-14064).* †
10.8a	Amendment to Employment Agreement with William P. Lauder (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on February 26, 2013) (SEC File No. 1-14064).* †
10.9	Employment Agreement with Fabrizio Freda (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on February 11, 2011) (SEC File No. 1-14064).* †
10.9a	Amendment to Employment Agreement with Fabrizio Freda and Stock Option Agreements (filed as Exhibit 10.2 to our Current Report on Form 8-K filed on February 26, 2013) (SEC File No. 1-14064).* †
10.10	Employment Agreement with John Demsey (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on September 24, 2010) (SEC File No. 1-14064).* †
10.10a	Amendment to Employment Agreement with John Demsey (filed as Exhibit 10.3 to our Current Report on Form 8-K filed on February 26, 2013) (SEC File No. 1-14064).* †
10.11	Employment Agreement with Cedric Prouvé (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on September 20, 2011) (SEC File No. 1-14064).* †
10.11a	Amendment to Employment Agreement with Cedric Prouvé (filed as Exhibit 10.4 to our Current Report on Form 8-K filed on February 26, 2013) (SEC File No. 1-14064).* †
10.12	Form of Deferred Compensation Agreement (interest-based) with Outside Directors (filed as Exhibit 10.14 to our Annual Report on Form 10-K filed on September 17, 2001) (SEC File No. 1-14064).* †
10.12a	Form of Deferred Compensation Agreement (interest-based) with Outside Directors (including Election Form) (filed as Exhibit 10.12a to our Annual Report on Form 10-K filed on August 24, 2018) (SEC File No. 1-14064). * †
10.13	Form of Deferred Compensation Agreement (stock-based) with Outside Directors (filed as Exhibit 10.15 to our Annual Report on Form 10-K filed on September 17, 2001) (SEC File No. 1-14064).* †
10.13a	Form of Deferred Compensation Agreement (stock-based) with Outside Directors (including Election Form) (filed as Exhibit 10.13a to our Annual Report on Form 10-K filed on August 24, 2018) (SEC File No. 1-14064). * †
10.14	The Estee Lauder Companies Inc. Non-Employee Director Share Incentive Plan (as amended and restated on November 9, 2007) (filed as Exhibit 99.1 to our Registration Statement on Form S-8 filed on November 9, 2007) (SEC File No. 1-14064).* †
10.14a	The Estee Lauder Companies Inc. Non-Employee Director Share Incentive Plan (as amended on July 14, 2011) (filed as exhibit 10.15a to our Annual Report on Form 10-K filed on August 22, 2011) (SEC File No. 1-14064).* †
10.14b	The Estée Lauder Companies Inc. Amended and Restated Non-Employee Director Share Incentive Plan (filed as Exhibit 10.2 to our Current Report on Form 8-K filed on November 16, 2015) (SEC File No. 1-14064).* †

Exhibit Number	Description
10.14c	The Estée Lauder Companies Inc. Amended and Restated Non-Employee Director Share Incentive Plan (as of November 1, 2017) (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 1, 2017) (SEC File No. 1-14064).* †
10.15	Summary of Compensation For Non-Employee Directors of the Company (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on November 1, 2013) (SEC File No. 1-14064).* †
10.15a	Summary of Compensation For Non-Employee Directors of the Company (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on November 1, 2017) (SEC File No. 1-14064).* †
10.16	Form of Stock Option Agreement for Annual Stock Option Grants under Non-Employee Director Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 99.2 to our Registration Statement on Form S-8 filed on November 9, 2007) (SEC File No. 1-14064).* †
10.16a	Form of Stock Option Agreement for Elective Stock Option Grants under Non-Employee Director Share Incentive Plan (filed as Exhibit 99.3 to our Registration Statement on Form S-8 filed on November 9, 2007) (SEC File No. 1-14064).* †
10.17	The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (filed as Exhibit 10.17 to our Annual Report on Form 10-K filed on August 17, 2012) (SEC File No. 1-14064).* †
10.17a	The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on November 16, 2015) (SEC File No. 1-14064).* †
10.17b	The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (filed as Exhibit 10.16b to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).* †
10.17c	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on October 28, 2008) (SEC File No. 1-14064).* †
10.17d	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on October 30, 2009) (SEC File No. 1-14064).* †
10.17e	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 1, 2010) (SEC File No. 1-14064).* †
10.17f	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 4, 2011) (SEC File No. 1-14064).* †
10.17g	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 2, 2012) (SEC File No. 1-14064).* †
10.17h	Form of Stock Option Agreement with Fabrizio Freda under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.6 to our Quarterly Report on Form 10-Q filed on November 2, 2012) (SEC File No. 1-14064).* †
10.17i	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16y to our Annual Report on Form 10-K filed on August 20, 2014) (SEC File No. 1-14064).* †
10.17j	Form of Stock Option Agreement with Fabrizio Freda under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16z to our Annual Report on Form 10-K filed on August 20, 2014) (SEC File No. 1-14064).* †
10.17k	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16m to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064) .* †
10.17l	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (SEC File No. 1-14064).†

Exhibit Number	Description
10.17m	Form of Performance Share Unit Award Agreement for Employees including Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on August 28, 2015) (SEC File No. 1-14064).* †
10.17n	Performance Share Unit Award Agreement with Fabrizio Freda under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Notice of Grant) (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on September 11, 2015) (SEC File No. 1-14064).* †
10.17o	Performance Share Unit Award Agreement with John Demsey under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Notice of Grant) (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on February 1, 2016) (SEC File No. 1-14064).* †
10.17p	Form of Performance Share Unit Award Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.2 to our Current Report on Form 8-K filed on February 1, 2016) (SEC File No. 1-14064).* †
10.17q	Form of Performance Share Unit Award Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16v to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).* †
10.17r	Performance Share Unit Award Agreement with Fabrizio Freda (2018) under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Notice of Grant) (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on February 15, 2018) (SEC File No. 1-14064).* †
10.17s	Form of Performance Share Unit Award Agreement for Employees including Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.17u to our Annual Report on Form 10-K filed on August 24, 2018) (SEC File No. 1-14064).* †
10.17t	Form of Performance Share Unit Award Agreement for Employees including Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (SEC File No. 1-14064).†
10.17u	Form of Restricted Stock Unit Award Agreement for Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16bb to our Annual Report on Form 10-K filed on August 20, 2014) (SEC File No. 1-14064).* †
10.17v	Form of Restricted Stock Unit Award Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16aa to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).* †
10.17w	Form of Restricted Stock Unit Award Agreement for Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16bb to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).* †
10.17x	Form of Restricted Stock Unit Award Agreement for Employees other than Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16cc to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).* †
10.17y	Form of Restricted Stock Unit Award Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (SEC File No. 1-14064).†
10.17z	Form of Restricted Stock Unit Award Agreement for Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (SEC File No. 1-14064).†
10.17aa	Form of Restricted Stock Unit Award Agreement for Employees other than Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (SEC File No. 1-14064).†

Exhibit Number	Description
10.18	$1.5 Billion Credit Agreement, dated as of October 3, 2016, by and among The Estée Lauder Companies Inc., the Eligible Subsidiaries of the Company, as defined therein, the lenders listed therein, JPMorgan Chase Bank, N.A., as administrative agent, Citibank, N.A., BNP Paribas, Bank of America, N.A., and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as syndication agents (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on October 4, 2016) (SEC File No. 1-14064).*
10.18a	$1.5 Billion Credit Agreement, dated as of October 26, 2018, among The Estée Lauder Companies Inc., the Eligible Subsidiaries of the Company, as defined therein, the lenders listed therein, and JPMorgan Chase Bank, N.A., as administrative agent (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on October 29, 2018) (SEC File No. 1-14064).*
10.19	Services Agreement, dated January 1, 2003, among Estee Lauder Inc., Melville Management Corp., Leonard A. Lauder, and William P. Lauder (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on January 28, 2010) (SEC File No. 1-14064).*
10.20	Services Agreement, dated November 22, 1995, between Estee Lauder Inc. and RSL Investment Corp. (filed as Exhibit 10.3 to our Quarterly Report on Form 10-Q filed on January 28, 2010) (SEC File No. 1-14064).*
10.21	Agreement of Sublease and Guarantee of Sublease, dated April 1, 2005, among Aramis Inc., RSL Management Corp., and Ronald S. Lauder (filed as Exhibit 10.4 to our Quarterly Report on Form 10-Q filed on January 28, 2010) (SEC File No. 1-14064).*
10.21a	First Amendment to Sublease, dated February 28, 2007, between Aramis Inc. and RSL Management Corp. (filed as Exhibit 10.5 to our Quarterly Report on Form 10-Q filed on January 28, 2010) (SEC File No. 1-14064).*
10.21b	Second Amendment to Sublease, dated January 27, 2010, between Aramis Inc. and RSL Management Corp. (filed as Exhibit 10.6 to our Quarterly Report on Form 10-Q filed on January 28, 2010) (SEC File No. 1-14064).*
10.21c	Third Amendment to Sublease, dated November 3, 2010, between Aramis Inc., and RSL Management Corp. (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on February 4, 2011) (SEC File No. 1-14064).*
10.22	Form of Art Loan Agreement between Lender and Estee Lauder Inc. (filed as Exhibit 10.7 to our Quarterly Report on Form 10-Q filed on January 28, 2010) (SEC file No. 1-14064).*
10.23	Creative Consultant Agreement, dated April 6, 2011, between Estee Lauder Inc. and Aerin Lauder Zinterhofer (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on April 8, 2011) (SEC File No. 1-14064).* †
10.23a	First Amendment to Creative Consultant Agreement between Estee Lauder Inc. and Aerin Lauder Zinterhofer dated October 28, 2014 (filed as Exhibit 10.23a to our Annual Report on Form 10-K filed on August 20, 2015) (SEC File No. 1-14064).* †
10.23b	Second Amendment to Creative Consultant Agreement between Estee Lauder Inc. and Aerin Lauder Zinterhofer effective July 1, 2016 (filed as Exhibit 10.23b to our Annual Report on Form 10-K filed on August 24, 2016) (SEC File No. 1-14064).* †
10.24	License Agreement, dated April 6, 2011, by and among Aerin LLC, Aerin Lauder Zinterhofer and Estee Lauder Inc. (filed as Exhibit 10.2 to our Current Report on Form 8-K filed on April 8, 2011) (SEC File No. 1-14064).*
10.24a	First Amendment to the April 6, 2011 License Agreement, dated January 22, 2019, by and among Aerin LLC, Aerin Lauder Zinterhofer and Estee Lauder Inc. (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on May 1, 2019) (SEC File No. 1-14064).*
10.24b	Second Amendment to the April 6, 2011 License Agreement, dated February 22, 2019, by and among Aerin LLC, Aerin Lauder Zinterhofer and Estee Lauder Inc. (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on May 1, 2019) (SEC File No. 1-14064).*
21.1	List of significant subsidiaries.
23.1	Consent of KPMG LLP.
24.1	Power of Attorney.
31.1	Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (CEO).
31.2	Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (CFO).

Exhibit Number	Description
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (CEO). (furnished)
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (CFO). (furnished)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Incorporated herein by reference.

† Exhibit is a management contract or compensatory plan or arrangement.

Item 16. ***Form 10-K Summary.***
None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE ESTÉE LAUDER COMPANIES INC.

By /s/ TRACEY T. TRAVIS

Tracey T. Travis
Executive Vice President
and Chief Financial Officer

Date: August 23, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title (s)	Date
FABRIZIO FREDA* Fabrizio Freda	President, Chief Executive Officer and a Director (Principal Executive Officer)	August 23, 2019
WILLIAM P. LAUDER* William P. Lauder	Executive Chairman and a Director	August 23, 2019
LEONARD A. LAUDER* Leonard A. Lauder	Director	August 23, 2019
CHARLENE BARSHEFSKY* Charlene Barshefsky	Director	August 23, 2019
ROSE MARIE BRAVO* Rose Marie Bravo	Director	August 23, 2019
WEI SUN CHRISTIANSON* Wei Sun Christianson	Director	August 23, 2019
PAUL J. FRIBOURG* Paul J. Fribourg	Director	August 23, 2019
IRVINE O. HOCKADAY, JR.* Irvine O. Hockaday, Jr.	Director	August 23, 2019
JENNIFER HYMAN* Jennifer Hyman	Director	August 23, 2019
JANE LAUDER* Jane Lauder	Director	August 23, 2019
RONALD S. LAUDER* Ronald S. Lauder	Director	August 23, 2019
RICHARD D. PARSONS* Richard D. Parsons	Director	August 23, 2019
LYNN FORESTER DE ROTHSCHILD* Lynn Forester de Rothschild	Director	August 23, 2019
BARRY S. STERNLICHT* Barry S. Sternlicht	Director	August 23, 2019
JENNIFER TEJADA* Jennifer Tejada	Director	August 23, 2019
RICHARD F. ZANNINO* Richard F. Zannino	Director	August 23, 2019
/s/ TRACEY T. TRAVIS Tracey T. Travis	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	August 23, 2019

* By signing her name hereto, Tracey T. Travis signs this document in the capacities indicated above and on behalf of the persons indicated above pursuant to powers of attorney duly executed by such persons and filed herewith.

By /s/ TRACEY T. TRAVIS

Tracey T. Travis
(Attorney-in-Fact)

THE ESTÉE LAUDER COMPANIES INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

All other schedules are omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

Management's Report on Internal Control over Financial Reporting

Management of The Estée Lauder Companies Inc. (including its subsidiaries) (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) of the Securities Exchange Act of 1934, as amended).

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of and with the participation of the Chief Executive Officer and the Chief Financial Officer, the Company's management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework and criteria established in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, the Company's management has concluded that, as of June 30, 2019, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of June 30, 2019 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which appears under the heading "Report of Independent Registered Public Accounting Firm."

/s/ Fabrizio Freda
Fabrizio Freda
President and Chief Executive Officer

/s/ Tracey T. Travis
Tracey T. Travis
Executive Vice President and Chief Financial Officer

August 23, 2019

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
The Estée Lauder Companies Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited The Estée Lauder Companies Inc. and subsidiaries' ("the Company") internal control over financial reporting as of June 30, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of June 30, 2019 and 2018, the related consolidated statements of earnings, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended June 30, 2019, and the related notes and financial statement schedule (collectively, the consolidated financial statements), and our report dated August 23, 2019 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

New York, New York
August 23, 2019

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
The Estée Lauder Companies Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of The Estée Lauder Companies Inc. and subsidiaries (“the Company”) as of June 30, 2019 and 2018, the related consolidated statements of earnings, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended June 30, 2019, and the related notes and financial statement schedule (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of June 30, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated August 23, 2019 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 13 to the consolidated financial statements, the Company has changed its method of accounting for revenue and related costs effective July 1, 2018 due to the adoption of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of the recoverability of the carrying value of goodwill and indefinite-lived intangible assets

As discussed in Note 6 to the consolidated financial statements, goodwill and indefinite-lived intangible assets as of June 30, 2019 were $1,868 million and $888 million, respectively. Annually, or whenever events or changes in circumstances indicate a potential impairment has occurred, the Company evaluates the recoverability of the carrying value of goodwill and indefinite-lived intangible assets.

We identified the evaluation of the recoverability of the carrying value of (1) goodwill for the Smashbox reporting unit and (2) the trademark indefinite-lived intangible assets related to the Smashbox and Too Faced brands to be a critical audit matter. Subjective and challenging auditor judgment was required to evaluate certain assumptions used in the Company's estimate of the fair value of the Smashbox reporting unit. Specifically, the Company's determination of the comparable publicly traded companies used to derive the market multiples and the projected discounted cash flows, including the revenue growth rate, terminal value, and discount rate, required subjective and challenging auditor judgment. In addition, subjective and challenging auditor judgment was required in evaluating the projected revenues, terminal value, discount rate, and royalty rate applied to projected revenues, in estimating the fair value of the Smashbox and Too Faced trademarks.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's goodwill and indefinite-lived intangible asset impairment process, including controls over the development of certain assumptions used to estimate the fair value of the reporting units and indefinite-lived intangible assets. To assess the Company's ability to estimate cash flows, including projected revenues, we compared the Company's historical cash flow forecasts for Smashbox and Too Faced to actual results. We evaluated the Company's projected revenues and cash flows by comparing the projections to the underlying business strategies and growth plans. We performed a sensitivity analysis related to the key inputs to projected cash flows, including revenue growth rates. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in testing:

- the Company's discounted cash flow models, including certain assumptions such as the terminal value and discount rate,
- the Company's market valuation of the Smashbox reporting unit, including the evaluation of the comparable publicly traded companies and the multiples derived from the analysis, and
- the royalty rate applied against projected revenues in valuing the Smashbox and Too Faced trademarks.

Evaluation of the accounting for income taxes

As discussed in Note 2 to the consolidated financial statements, the Company is subject to income tax in each tax jurisdiction in which it operates. The Company maintains offices in over 50 countries and has key operational facilities located inside and outside the United States that manufacture, warehouse, or distribute goods for sale in approximately 150 countries and territories.

We identified the evaluation of the accounting for income taxes as a critical audit matter. The Company's global structure required complex auditor judgment to evaluate the Company's interpretation and application of tax laws in relevant jurisdictions and the income tax impact of the legal entity ownership structure.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's income tax process, including controls over the identification of changes to tax laws in the various jurisdictions in which it operates. We obtained an understanding of the Company's overall legal entity structure by reading and evaluating the Company's organizational charts and associated documentation, including legal documents. We, with the assistance of tax professionals with specialized skills and knowledge, evaluated the effect on the Company's tax provision of changes in its legal entity structure and tax laws by reviewing and evaluating management's tax calculations and assessing the Company's compliance with tax laws.

/s/ KPMG LLP

We have served as the Company's auditor since 2002.

New York, New York
August 23, 2019

THE ESTÉE LAUDER COMPANIES INC.

CONSOLIDATED STATEMENTS OF EARNINGS

	Year Ended June 30		
(In millions, except per share data)	2019	2018	2017
Net sales	$ 14,863	$ 13,683	$ 11,824
Cost of sales	3,387	2,844	2,434
Gross profit	11,476	10,839	9,390
Operating expenses			
Selling, general and administrative	8,857	8,553	7,460
Restructuring and other charges	216	231	195
Goodwill impairment	68	—	28
Impairment of other intangible assets	22	—	3
Total operating expenses	9,163	8,784	7,686
Operating income	2,313	2,055	1,704
Interest expense	133	128	103
Interest income and investment income, net	58	56	28
Other components of net periodic benefit cost	2	3	12
Other income, net	71	—	—
Earnings before income taxes	2,307	1,980	1,617
Provision for income taxes	513	863	361
Net earnings	1,794	1,117	1,256
Net earnings attributable to noncontrolling interests	(9)	(9)	(7)
Net earnings attributable to The Estée Lauder Companies Inc.	$ 1,785	$ 1,108	$ 1,249
Net earnings attributable to The Estée Lauder Companies Inc. per common share			
Basic	$ 4.91	$ 3.01	$ 3.40
Diluted	$ 4.82	$ 2.95	$ 3.35
Weighted-average common shares outstanding			
Basic	363.5	368.0	367.1
Diluted	370.4	375.7	373.0

See notes to consolidated financial statements.

THE ESTÉE LAUDER COMPANIES INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions)	Year Ended June 30 2019	2018	2017
Net earnings	$ 1,794	$ 1,117	$ 1,256
Other comprehensive income (loss):			
Net unrealized investment gain (loss)	14	(13)	(8)
Net derivative instrument gain (loss)	(24)	57	(54)
Amounts included in net periodic benefit cost	(102)	92	102
Translation adjustments	(57)	(20)	32
Benefit (provision) for deferred income taxes on components of other comprehensive income	40	(34)	(11)
Total other comprehensive income (loss)	(129)	82	61
Comprehensive income	1,665	1,199	1,317
Comprehensive income attributable to noncontrolling interests:			
Net earnings	(9)	(9)	(7)
Comprehensive income attributable to The Estée Lauder Companies Inc.	$ 1,656	$ 1,190	$ 1,310

See notes to consolidated financial statements.

THE ESTÉE LAUDER COMPANIES INC.

CONSOLIDATED BALANCE SHEETS

(In millions, except share data)	June 30 2019	June 30 2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,987	$ 2,181
Short-term investments	—	534
Accounts receivable, net	1,831	1,487
Inventory and promotional merchandise, net	2,006	1,618
Prepaid expenses and other current assets	388	348
Total current assets	7,212	6,168
Property, plant and equipment, net	2,068	1,823
Other assets		
Long-term investments	177	843
Goodwill	1,868	1,926
Other intangible assets, net	1,203	1,276
Other assets	628	531
Total other assets	3,876	4,576
Total assets	$ 13,156	$ 12,567
LIABILITIES AND EQUITY		
Current liabilities		
Current debt	$ 516	$ 183
Accounts payable	1,490	1,182
Other accrued liabilities	2,599	1,945
Total current liabilities	4,605	3,310
Noncurrent liabilities		
Long-term debt	2,896	3,361
Other noncurrent liabilities	1,244	1,186
Total noncurrent liabilities	4,140	4,547
Commitments and contingencies		
Equity		
Common stock, $.01 par value; Class A shares authorized: 1,300,000,000 at June 30, 2019 and June 30, 2018; shares issued: 443,685,124 at June 30, 2019 and 435,413,976 at June 30, 2018; Class B shares authorized: 304,000,000 at June 30, 2019 and June 30, 2018; shares issued and outstanding: 139,537,814 at June 30, 2019 and 143,051,679 at June 30, 2018	6	6
Paid-in capital	4,403	3,972
Retained earnings	9,984	9,040
Accumulated other comprehensive loss	(563)	(434)
	13,830	12,584
Less: Treasury stock, at cost; 222,120,630 Class A shares at June 30, 2019 and 211,320,208 Class A shares at June 30, 2018	(9,444)	(7,896)
Total stockholders' equity – The Estée Lauder Companies Inc.	4,386	4,688
Noncontrolling interests	25	22
Total equity	4,411	4,710
Total liabilities and equity	$ 13,156	$ 12,567

See notes to consolidated financial statements.

THE ESTÉE LAUDER COMPANIES INC.

CONSOLIDATED STATEMENTS OF EQUITY

(In millions)	Year Ended June 30 2019	2018	2017
Common stock, beginning of year	$ 6	$ 6	$ 6
Stock-based compensation	—	—	—
Common stock, end of year	6	6	6
Paid-in capital, beginning of year	3,972	3,559	3,161
Stock-based compensation	431	413	398
Paid-in capital, end of year	4,403	3,972	3,559
Retained earnings, beginning of year	9,040	8,452	7,693
Common stock dividends	(612)	(552)	(490)
Net earnings attributable to The Estée Lauder Companies Inc.	1,785	1,108	1,249
Reclassification from accumulated other comprehensive loss as a result of the adoption of a new accounting standard	—	32	—
Cumulative effect of adoption of ASC 606	(229)	—	—
Retained earnings, end of year	9,984	9,040	8,452
Accumulated other comprehensive loss, beginning of year	(434)	(484)	(545)
Reclassification to retained earnings as a result of the adoption of a new accounting standard	—	(32)	—
Other comprehensive income (loss)	(129)	82	61
Accumulated other comprehensive loss, end of year	(563)	(434)	(484)
Treasury stock, beginning of year	(7,896)	(7,149)	(6,743)
Acquisition of treasury stock	(1,458)	(688)	(355)
Stock-based compensation	(90)	(59)	(51)
Treasury stock, end of year	(9,444)	(7,896)	(7,149)
Total stockholders' equity – The Estée Lauder Companies Inc.	4,386	4,688	4,384
Noncontrolling interests, beginning of year	22	18	15
Net earnings attributable to noncontrolling interests	9	9	7
Distributions to noncontrolling interest holders	(6)	(5)	(4)
Noncontrolling interests, end of year	25	22	18
Total equity	$ 4,411	$ 4,710	$ 4,402
Cash dividends declared per common share	$ 1.67	$ 1.48	$ 1.32

See notes to consolidated financial statements.

THE ESTÉE LAUDER COMPANIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Year Ended June 30 2019	2018	2017
Cash flows from operating activities			
Net earnings	$ 1,794	$ 1,117	$ 1,256
Adjustments to reconcile net earnings to net cash flows from operating activities:			
Depreciation and amortization	557	531	464
Deferred income taxes	(66)	175	(118)
Non-cash stock-based compensation	243	236	219
Excess tax benefits from stock-based compensation arrangements	—	—	(45)
Net loss on disposal of property, plant and equipment	17	15	5
Non-cash restructuring and other charges	—	1	3
Pension and post-retirement benefit expense	72	73	80
Pension and post-retirement benefit contributions	(53)	(85)	(38)
Goodwill and other intangible asset impairments	90	—	31
Changes in fair value of contingent consideration	(37)	(43)	(57)
Gain on liquidation of an investment in a foreign subsidiary, net	(71)	—	—
Other non-cash items	(27)	(22)	(21)
Changes in operating assets and liabilities:			
Increase in accounts receivable, net	(169)	(105)	(92)
Increase in inventory and promotional merchandise, net	(375)	(147)	(85)
Decrease (increase) in other assets, net	(62)	1	(90)
Increase in accounts payable	319	349	54
Increase in other accrued and noncurrent liabilities	285	466	224
Net cash flows provided by operating activities	2,517	2,562	1,790
Cash flows from investing activities			
Capital expenditures	(744)	(629)	(504)
Payments for acquired businesses, net of cash acquired	—	—	(1,671)
Proceeds from the disposition of investments	1,229	749	1,226
Purchases of investments	(14)	(478)	(1,267)
Proceeds from sale of property, plant and equipment	2	—	12
Net cash flows provided by (used for) investing activities	473	(358)	(2,204)
Cash flows from financing activities			
Proceeds (repayments) of current debt, net	(171)	(8)	165
Proceeds from issuance of long-term debt, net	—	—	1,498
Debt issuance costs	—	—	(11)
Repayments and redemptions of long-term debt	(1)	(2)	(306)
Net proceeds from stock-based compensation transactions	192	182	141
Excess tax benefits from stock-based compensation arrangements	—	—	45
Payments to acquire treasury stock	(1,555)	(759)	(413)
Dividends paid to stockholders	(609)	(546)	(486)
Payments to noncontrolling interest holders for dividends	(6)	(4)	(3)
Payments of contingent consideration	(23)	(35)	—
Net cash flows provided by (used for) financing activities	(2,173)	(1,172)	630
Effect of exchange rate changes on Cash and cash equivalents	(11)	13	6
Net increase in Cash and cash equivalents	806	1,045	222
Cash and cash equivalents at beginning of year	2,181	1,136	914
Cash and cash equivalents at end of year	$ 2,987	$ 2,181	$ 1,136

See notes to consolidated financial statements.

THE ESTÉE LAUDER COMPANIES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS

The Estée Lauder Companies Inc. manufactures, markets and sells skin care, makeup, fragrance and hair care products around the world. Products are marketed under brand names, including: Estée Lauder, Aramis, Clinique, Prescriptives, Lab Series, Origins, M·A·C, Bobbi Brown, La Mer, Aveda, Jo Malone London, Bumble and bumble, Darphin, Smashbox, RODIN olio lusso, Le Labo, Editions de Parfums Frédéric Malle, GLAMGLOW, By Kilian, BECCA and Too Faced. Certain subsidiaries of The Estée Lauder Companies Inc. are also the global licensee of the Tommy Hilfiger, Kiton, Donna Karan New York, DKNY, Michael Kors, Tom Ford, Ermenegildo Zegna, Tory Burch and AERIN brand names for fragrances and/or cosmetics.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Estée Lauder Companies Inc. and its subsidiaries (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated.

Certain amounts in the consolidated financial statements of prior years have been reclassified to conform to current year presentation.

Management Estimates

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses reported in those financial statements. Certain significant accounting policies that contain subjective management estimates and assumptions include those related to revenue recognition, inventory, pension and other post-retirement benefit costs, goodwill, other intangible assets and long-lived assets, and income taxes. Management evaluates the related estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from those estimates and assumptions. Significant changes, if any, in those estimates and assumptions resulting from continuing changes in the economic environment will be reflected in the consolidated financial statements in future periods.

Currency Translation and Transactions

All assets and liabilities of foreign subsidiaries and affiliates are translated at year-end rates of exchange, while revenue and expenses are translated at weighted-average rates of exchange for the period. Unrealized translation gains (losses), net of tax, reported as cumulative translation adjustments through other comprehensive income (loss) ("OCI") attributable to The Estée Lauder Companies Inc. were $30 million, $(17) million and $32 million, net of tax, in fiscal 2019, 2018 and 2017, respectively. The Company had an investment in a foreign subsidiary that owned the Company's available-for-sale securities. During fiscal 2019, the Company sold its available-for-sale securities, which liquidated this investment in the foreign subsidiary. As a result, the Company recorded a realized foreign currency gain on liquidation of $77 million and a gross loss on the sale of available-for-sale securities of $6 million, both of which were reclassified from accumulated OCI ("AOCI") to Other income, net in the accompanying consolidated statement of earnings. See *Note 3 – Investments* for additional information. For the Company's subsidiaries operating in highly inflationary economies, the U.S. dollar is the functional currency. Remeasurement adjustments in financial statements in a highly inflationary economy and other transactional gains and losses are reflected in earnings. These subsidiaries are not material to the Company's consolidated financial statements or liquidity in fiscal 2019, 2018 and 2017.

The Company enters into foreign currency forward contracts and may enter into option contracts to hedge foreign currency transactions for periods consistent with its identified exposures. Accordingly, the Company categorizes these instruments as entered into for purposes other than trading.

The accompanying consolidated statements of earnings include net exchange gains (losses) on foreign currency transactions of $46 million, $(95) million and $15 million in fiscal 2019, 2018 and 2017, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include $1,566 million and $859 million of short-term time deposits at June 30, 2019 and 2018, respectively. The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments

The Company's investment objectives include capital preservation, maintaining adequate liquidity, asset diversification, and achieving appropriate returns within the guidelines set forth in the Company's investment policy. These investments are classified as available-for-sale, with any temporary difference between the cost and fair value of an investment presented as a separate component of accumulated other comprehensive income (loss) ("AOCI"). During fiscal 2019, the Company sold its available-for-sale securities. See *Note 3 – Investments* for additional information. See *Note 12 – Fair Value Measurements* for further information about how the fair values of investments are determined.

Investments in the common stock of privately-held companies in which the Company has significant influence, but less than a controlling financial interest, are accounted for under the equity method of accounting. Beginning in the first quarter of fiscal 2019, the Company accounts for its cost method investments at cost, less impairment, plus/minus subsequent observable price changes, and will be required to perform an assessment each quarter to determine whether or not a triggering event has occurred that results in changes in fair value. These investments were not material to the Company's consolidated financial statements as of June 30, 2019 and 2018 and are included in Long-term investments in the accompanying consolidated balance sheets.

The Company evaluates investments held in unrealized loss positions for other-than-temporary impairment on a quarterly basis. Such evaluation involves a variety of considerations, including assessments of the risks and uncertainties associated with general economic conditions and distinct conditions affecting specific issuers. Factors considered by the Company include (i) the length of time and extent the security has been in a material loss position; (ii) the financial condition and creditworthiness of the issuer; (iii) future economic conditions and market forecasts related to the issuer's industry, sector, or geography; (iv) the Company's intent and ability to retain its investment until maturity or for a period of time sufficient to allow for recovery of market value; and (v) an assessment of whether it is more likely than not that the Company will be required to sell its investment before recovery of market value.

Accounts Receivable

Accounts receivable, net is stated net of the allowance for doubtful accounts and customer deductions. The allowance for doubtful accounts is based upon the evaluation of accounts receivable aging, specific exposures and historical trends. See *Note 13 – Revenue Recognition* for additional information.

Inventory and Promotional Merchandise

Inventory and promotional merchandise only includes inventory considered saleable or usable in future periods, and is stated at the lower of cost or net realizable value, with cost being based on standard cost and production variances, which approximate actual cost on the first-in, first-out method. Cost components include raw materials, componentry, direct labor and overhead (e.g., indirect labor, utilities, depreciation, purchasing, receiving, inspection and warehousing) as well as inbound freight. Manufacturing overhead is allocated to the cost of inventory based on the normal production capacity. Unallocated overhead during periods of abnormally low production levels are recognized as cost of sales in the period in which they are incurred. Promotional merchandise is charged to expense at the time the merchandise is shipped to the Company's customers. Included in inventory and promotional merchandise is an inventory obsolescence reserve, which represents the difference between the cost of the inventory and its estimated realizable value, based on various product sales projections. This reserve is calculated using an estimated obsolescence percentage applied to the inventory based on age, historical trends and requirements to support forecasted sales. In addition, and as necessary, specific reserves for future known or anticipated events may be established.

Derivative Financial Instruments

The Company's derivative financial instruments are recorded as either assets or liabilities on the balance sheet and measured at fair value. All derivatives are (i) designated as a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value" hedge), (ii) designated as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge), or (iii) not designated as a hedging instrument. Changes in the fair value of a derivative that is designated and qualifies as a fair value hedge are recorded in current-period earnings, along with the loss or gain on the hedged asset or liability that is attributable to the hedged risk (including losses or gains on unrecognized firm commitments). Changes in the fair value of a derivative that is designated and qualifies as a cash flow hedge of a forecasted transaction are recorded in OCI. Gains and losses deferred in OCI are then recognized in current-period earnings when earnings are affected by the variability of cash flows of the hedged forecasted transaction (e.g., when periodic settlements on a variable-rate asset or liability are recorded in earnings). Changes in the fair value of derivative instruments not designated as hedging instruments are reported in current-period earnings. Beginning in the first quarter of fiscal 2019, all derivative gains and losses are recognized in the same income statement line as the hedged items which, for all foreign currency cash flow hedges, is in Net sales. There is no change to the interest expense classification of gains and losses from interest rate swap fair value hedges.

Property, Plant and Equipment

Property, plant and equipment, including leasehold and other improvements that extend an asset's useful life or productive capabilities, are carried at cost less accumulated depreciation and amortization. Costs incurred for computer software developed or obtained for internal use are capitalized during the application development stage and expensed as incurred during the preliminary project and post-implementation stages. For financial statement purposes, depreciation is provided principally on the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the lives of the respective leases or the expected useful lives of those improvements.

Goodwill and Other Indefinite-lived Intangible Assets

Goodwill is calculated as the excess of the cost of purchased businesses over the fair value of their underlying net assets. Other indefinite-lived intangible assets principally consist of trademarks. Goodwill and other indefinite-lived intangible assets are not amortized.

The Company assesses goodwill and other indefinite-lived intangible assets at least annually for impairment as of the beginning of the fiscal fourth quarter or more frequently if certain events or circumstances exist. The Company tests goodwill for impairment at the reporting unit level, which is one level below the Company's operating segments. The Company identifies its reporting units by assessing whether the components of its operating segments constitute businesses for which discrete financial information is available and management of each operating segment regularly reviews the operating results of those components. The Company makes certain judgments and assumptions in allocating assets and liabilities to determine carrying values for its reporting units. When testing goodwill for impairment, the Company has the option of first performing a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative goodwill impairment test. As of its fiscal 2019 second quarter, the Company uses a single quantitative step when determining the subsequent measurement of goodwill by comparing the fair value of a reporting unit with its carrying amount and recording an impairment charge for the amount that the carrying amount exceeds the fair value, up to the total amount of goodwill allocated to that reporting unit. When testing other indefinite-lived intangible assets for impairment, the Company also has the option of first performing a qualitative assessment to determine whether it is more-likely-than-not that the indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform a quantitative test. The quantitative impairment test for indefinite-lived intangible assets encompasses calculating the fair value of an indefinite-lived intangible asset and comparing the fair value to its carrying value. If the carrying value exceeds the fair value, an impairment charge is recorded.

For fiscal 2019, the Company performed interim impairment tests as of December 31, 2018 and March 31, 2019 relating to the Smashbox reporting unit's trademark and goodwill due to revisions to its internal forecasts reflecting the continued slowdown of its makeup business driven by ongoing competitive activity and lower than expected growth in key retail channels for the brand. The Company concluded that these changes in circumstances in the Smashbox reporting unit triggered the need for interim impairment reviews of its trademark and goodwill. See *Note 6 – Goodwill and Other Intangible Assets* for further information.

For fiscal 2019 and 2018, the Company elected to perform the qualitative assessment for certain of its reporting units and indefinite-lived intangible assets. This qualitative assessment included the review of certain macroeconomic factors and entity-specific qualitative factors to determine if it was more-likely-than-not that the fair values of its reporting units were below carrying value. The Company considered macroeconomic factors including the global economic growth, general macroeconomic trends for the markets in which the reporting units operate and the intangible assets are employed, and the growth of the global prestige beauty industry. In addition to these macroeconomic factors, among other things, the Company considered the reporting units' current results and forecasts, any changes in the nature of the business, any significant legal, regulatory, contractual, political or other business climate factors, changes in the industry/competitive environment, changes in the composition or carrying amount of net assets and its intention to sell or dispose of a reporting unit or cease the use of a trademark.

For the Company's other reporting units and other indefinite-lived intangible assets, a quantitative assessment was performed. The Company engaged third-party valuation specialists and used industry accepted valuation models and criteria that were reviewed and approved by various levels of management. To determine the fair value of the reporting units, the Company used an equal weighting of the income and market approaches. Under the income approach, we determined fair value using a discounted cash flow method, projecting future cash flows of each reporting unit, as well as a terminal value, and discounting such cash flows at a rate of return that reflected the relative risk of the cash flows. Under the market approach, we utilized market multiples from publicly traded companies with similar operating and investment characteristics as the reporting unit. The key estimates and factors used in these two approaches include revenue growth rates and profit margins based on internal forecasts, terminal value, the weighted-average cost of capital used to discount future cash flows and comparable market multiples. To determine the fair value of other indefinite-lived intangible assets, we use an income approach, the relief-from-royalty method. This method assumes that, in lieu of ownership, a third-party would be willing to pay a royalty in order to obtain the rights to use the comparable asset.

Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When such events or changes in circumstances occur, a recoverability test is performed comparing projected undiscounted cash flows from the use and eventual disposition of an asset or asset group to its carrying value. If the projected undiscounted cash flows are less than the carrying value, then an impairment charge would be recorded for the excess of the carrying value over the fair value, which is determined by discounting estimated future cash flows.

Concentration of Credit Risk

The Company is a worldwide manufacturer, marketer and distributor of skin care, makeup, fragrance and hair care products. The Company's sales subject to credit risk are made primarily to department stores, perfumeries, specialty-multi retailers and retailers in its travel retail business. The Company grants credit to all qualified customers and does not believe it is exposed significantly to any undue concentration of credit risk.

Revenue Recognition

During the first quarter of fiscal 2019, the Company adopted the new revenue accounting standard, Accounting Standards Codification Topic 606 – Revenue from Contracts with Customers ("ASC 606"). See *Note 13 – Revenue Recognition* for discussion of the Company's prior accounting for revenue and a reconciliation of the impact of the change in accounting standard on the Company's consolidated financial statements.

Advertising and Promotion

Global net advertising, merchandising, sampling, promotion and product development expenses of $3,440 million, $3,287 million and $2,689 million in fiscal 2019, 2018 and 2017, respectively, are recorded in Selling, general and administrative expenses in the accompanying consolidated statements of earnings and are expensed as incurred. In fiscal 2019, as a result of the adoption of ASC 606, the cost of certain promotional products, including samples and testers, are classified within Cost of sales. Such costs in fiscal 2018 and 2017 were classified within Selling, general and administrative expenses.

Research and Development

Research and development costs of $202 million, $181 million and $179 million in fiscal 2019, 2018 and 2017, respectively, are recorded in Selling, general and administrative expenses in the accompanying consolidated statements of earnings and are expensed as incurred.

Shipping and Handling

Shipping and handling expenses of $533 million, $476 million and $400 million in fiscal 2019, 2018 and 2017, respectively, are recorded in Selling, general and administrative expenses in the accompanying consolidated statements of earnings and include distribution center costs, third-party logistics costs and outbound freight.

Operating Leases

The Company recognizes rent expense from operating leases with periods of free and scheduled rent increases on a straight-line basis over the applicable lease term. The Company considers lease renewals when such renewals are reasonably assured. From time to time, the Company may receive capital improvement funding from its lessors. These amounts are recorded as deferred liabilities and amortized over the remaining lease term as a reduction of rent expense.

License Arrangements

The Company's license agreements provide the Company with worldwide rights to manufacture, market and sell beauty and beauty-related products (or particular categories thereof) using the licensors' trademarks. Our current licenses have an initial term of approximately 5 years to 10 years, and are renewable subject to the Company's compliance with the license agreement provisions. Most of our license agreements have renewal terms in 5 year increments. As of June 30, 2019, the remaining terms considering available renewal periods range from less than 1 year to approximately 17 years. Under each license, the Company is required to pay royalties to the licensor, at least annually, based on net sales to third parties.

Most of the Company's licenses were entered into to create new business. In some cases, the Company acquired, or entered into, a license where the licensor or another licensee was operating a pre-existing beauty products business. In those cases, other intangible assets are capitalized and amortized over their useful lives.

Certain license agreements may require minimum royalty payments, incremental royalties based on net sales levels and minimum spending on advertising and promotional activities. Royalty expenses are accrued in the period in which net sales are recognized while advertising and promotional expenses are accrued at the time these costs are incurred.

Stock-Based Compensation

The Company records stock-based compensation, measured at the fair value of the awards that are ultimately expected to vest, as an expense in the consolidated financial statements and accrues for estimated forfeitures each quarter. All excess tax benefits and tax deficiencies related to share-based compensation awards are recorded as income tax expense or benefit in the accompanying consolidated statements of earnings.

Income Taxes

The Company calculates and provides for income taxes in each tax jurisdiction in which it operates. As the application of various tax laws relevant to the Company's global business is often uncertain, significant judgment is required in determining the Company's annual tax expense and in evaluating the Company's tax positions. The provision for income taxes includes the amounts payable or refundable for the current year, the effect of deferred taxes and impacts from uncertain tax positions.

The Company accounts for income taxes using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax basis, net operating losses, tax credit and other carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates when the assets and liabilities are expected to be realized or settled. The Company regularly reviews deferred tax assets for realizability and establishes valuation allowances based on available evidence including historical operating losses, projected future taxable income, expected timing of the reversals of existing temporary differences, and appropriate tax planning strategies. If the Company's assessment of the realizability of a deferred tax asset changes, an increase to a valuation allowance will result in a reduction of net earnings at that time, while the reduction of a valuation allowance will result in an increase of net earnings at that time. With respect to the new global intangible low-taxed income ("GILTI") provision, companies are permitted to make an accounting policy election to record taxes as period costs as incurred or to factor such amounts into the measurement of deferred taxes. The Company has elected to record these taxes as period costs as they are incurred.

The Company provides tax reserves for U.S. federal, state, local and foreign tax exposures relating to periods subject to audit. The development of reserves for these exposures requires judgments about tax issues, potential outcomes and timing, and is a subjective critical estimate. The Company assesses its tax positions and records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances, and information available at the reporting dates. For those tax positions where it is more-likely-than-not that a tax benefit will be sustained, the Company has recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon settlement with a tax authority that has full knowledge of all relevant information. For those tax positions where it is more-likely-than-not that a tax benefit will not be sustained, no tax benefit has been recognized in the consolidated financial statements. The Company classifies applicable interest and penalties as a component of the provision for income taxes. Although the outcome relating to these exposures is uncertain, in management's opinion adequate provisions for income taxes have been made for estimable potential liabilities emanating from these exposures. If actual outcomes differ materially from these estimates, they could have a material impact on the Company's consolidated net earnings.

Recently Adopted Accounting Standards

Hedge Accounting (Account Standards Update ("ASU") 2017-12 – Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities)

In August 2017, the FASB issued authoritative guidance to simplify hedge accounting. The guidance includes provisions that:

- enable entities to better portray their risk management activities within the financial statements;
- expand an entity's ability to hedge nonfinancial and financial risk components;
- reduce complexity in fair value hedges of interest rate risk;
- eliminate the requirement to separately measure and disclose hedge ineffectiveness;
- require the entire change in fair value of a hedging instrument to be presented in the same income statement line as the hedged item;
- ease certain documentation and assessment requirements;
- modify the accounting for components excluded from the assessment of hedge effectiveness; and
- require revised tabular footnote disclosure.

The guidance also provides transition relief to make it easier for entities to apply certain amendments to existing hedges (including fair value hedges) where the hedge documentation is required to be modified.

Effective for the Company – Fiscal 2020 first quarter, with early adoption permitted in any interim period. The guidance must be applied:

- using the modified retrospective approach for cash flow and net investment hedge relationships that exist on the date of adoption; and
- prospectively for the presentation and disclosure requirements.

Impact on consolidated financial statements – The Company has early adopted this guidance effective as of its fiscal 2019 first quarter, and no cumulative adjustment to retained earnings was required. Upon adoption, all derivative gains and losses have been recognized in the same income statement line as the hedged items which, for all foreign currency cash flow hedges, is in Net sales. There is no change to the interest expense classification of gains and losses from interest rate swap fair value hedges. The amended presentation and disclosure requirements are being applied prospectively. See *Note 11 – Derivative Financial Instruments* for further information.

Pension-related Costs (ASU 2017-07 – Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost)

In March 2017, the FASB issued authoritative guidance that amends how companies present net periodic benefit cost in the income statement and balance sheet relating to defined benefit pension and/or other postretirement benefit plans. Within the income statement, the new guidance requires companies to report the service cost component within operating expenses and report the other components of net periodic benefit cost below operating income. In addition, within the balance sheet, the guidance changes the components of the pension cost eligible for capitalization to the service cost component only (e.g., as a cost of internally manufactured inventory or a self-constructed asset).

Effective for the Company – Fiscal 2019 first quarter. The guidance must be applied:

- retrospectively as it pertains to the income statement classification of the components of net periodic benefit cost; and
- prospectively as it pertains to future capitalization of service costs.

Impact on consolidated financial statements – The Company adopted this guidance when it became effective, and although certain components of pension expense are being reclassified out of operating income, this did not have a material impact on reported operating income. The Company elected the practical expedient which permits the use of amounts previously disclosed in its pension and post-retirement plan footnote as the basis for estimating the amounts necessary to retrospectively restate the prior-year period consolidated statements of earnings.

Revenue from Contracts with Customers (ASC 606)

In May 2014, the FASB issued authoritative guidance that defines how companies should report revenues from contracts with customers. The standard requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It provides companies with a single comprehensive five-step principles-based model to use in accounting for revenue and supersedes prior revenue recognition requirements, including most industry-specific and transaction-specific revenue guidance.

In March 2016, the FASB issued authoritative guidance that amended the principal versus agent guidance in its new revenue recognition standard. These amendments do not change the key aspects of the principal versus agent guidance, including the definition that an entity is a principal if it controls the good or service prior to it being transferred to a customer, but the amendments clarify the implementation guidance related to the considerations that must be made during the contract evaluation process.

In April 2016, the FASB issued authoritative guidance that amended the new standard to clarify the guidance on identifying performance obligations and accounting for licenses of intellectual property.

In May 2016, the FASB issued authoritative guidance that clarified certain terms, guidance and disclosure requirements during the transition period related to completed contracts and contract modifications. In addition, the FASB provided clarification on the concept of collectability, the calculation of the fair value of noncash consideration and the presentation of sales and other similar taxes.

In May 2016, the FASB issued authoritative guidance to reflect the Securities and Exchange Commission Staff's rescission of its prior comments that covered, among other things, accounting for shipping and handling costs and accounting for consideration given by a vendor to a customer.

In December 2016, the FASB issued authoritative guidance that amends various aspects of the new standard to clarify certain terms, guidance and disclosure requirements. In particular, the guidance addresses disclosure requirements for remaining performance obligations, impairment testing for contract costs and accrual of advertising costs, as well as clarifies several examples.

Effective for the Company – Fiscal 2019 first quarter. An entity is permitted to apply the foregoing guidance retrospectively to all prior periods presented, with certain practical expedients, or apply the requirements in the year of adoption, through a cumulative adjustment.

Impact on consolidated financial statements – On July 1, 2018, the Company adopted ASC 606, see *Note 13 – Revenue Recognition* for further discussion.

Goodwill (ASU 2017-04 – Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment)

In January 2017, the FASB issued authoritative guidance that simplifies the subsequent measurement of goodwill by eliminating the second step from the quantitative goodwill impairment test. The single quantitative step test requires companies to compare the fair value of a reporting unit with its carrying amount and record an impairment charge for the amount that the carrying amount exceeds the fair value, up to the total amount of goodwill allocated to that reporting unit. The Company will continue to have the option of first performing a qualitative assessment to determine whether it is necessary to perform the quantitative goodwill impairment test.

Effective for the Company – Fiscal 2021 first quarter, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017.

Impact on consolidated financial statements – The Company early adopted this guidance effective as of its fiscal 2019 second quarter and applied the new guidance in its quantitative goodwill impairment test related to the Smashbox reporting unit. See *Note 3 – Goodwill and Other Intangible Assets* for further information.

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Recently Issued Accounting Standards

Measurement of Credit Losses on Financial Instruments (ASC Topic 326 – Financial Instruments – Credit Losses)
In June 2016, the FASB issued authoritative guidance that requires companies to utilize an impairment model for most financial assets measured at amortized cost and certain other financial instruments, which include trade and other receivables, loans and held-to-maturity debt securities, to record an allowance for credit risk based on expected losses rather than incurred losses. In addition, this guidance changes the recognition method for credit losses on available-for-sale debt securities, which can occur as a result of market and credit risk, and requires additional disclosures. In general, modified retrospective adoption will be required for all outstanding instruments that fall under this guidance.

Effective for the Company – Fiscal 2021 first quarter.

Impact on consolidated financial statements – The Company is currently evaluating the impact of applying this guidance on its financial instruments, such as accounts receivable.

Leases (ASC Topic 842 – Leases)
In February 2016, the FASB issued authoritative guidance that requires lessees to account for most leases on their balance sheets with the liability being equal to the present value of the lease payments. The right-of-use ("ROU") asset will be based on the lease liability adjusted for certain costs such as initial direct costs, prepaid lease payments and lease incentives received. Lease expense will be recognized similar to current accounting guidance with operating leases resulting in a straight-line expense, and finance leases resulting in a front-loaded expense similar to the current accounting for capital leases.

In July 2018, the FASB amended this guidance to clarify certain narrow aspects of the new lease accounting standard that may have been incorrectly or inconsistently applied, and does not add new guidance. Also in July 2018, the FASB issued authoritative guidance that allows companies to elect to adopt the new standard using a modified retrospective transition approach with a cumulative effect adjustment to retained earnings in the period of adoption. Companies that elect the new adoption method will not be required to restate the prior comparative periods in the financial statements.

Effective for the Company – Fiscal 2020 first quarter. An entity is permitted to apply the foregoing guidance using either of the modified retrospective transition approaches described in the standard, with certain practical expedients.

Impact on consolidated financial statements – The Company adopted this guidance when it became effective in the fiscal 2020 first quarter using the modified retrospective transition approach for leases that existed in the period of adoption and will not restate the prior comparative periods. Under this method, the Company was required to assess the remaining future payments and lease terms of existing leases as of the beginning of the fiscal 2020 first quarter, but was not required to assess leases that expired prior to fiscal 2020. Additionally, as of the date of adoption, the Company elected the package of practical expedients that did not require the Company to 1) assess whether expired or existing contracts contain leases, 2) reassess the lease classification (i.e., operating lease vs. finance lease) for expired or existing leases and 3) change the accounting for initial direct costs. The Company also elected not to separate the lease components from non-lease components for all asset classes and not to apply the measurement and recognition requirements of ASC 842 to short-term leases (i.e., leases with a term of 12 months or less).

The Company currently has an implementation team in place that has substantially completed the comprehensive evaluation of its lease portfolio to assess the impact of the adoption of this guidance. This included assessing the impact to business processes and internal controls over financial reporting, the related disclosure requirements, and the implementation of a new lease administration and accounting system to meet reporting requirements which is expected to be operational during the fiscal 2020 first quarter. While the Company's evaluation is ongoing, it believes the adoption of this standard will have a significant impact on its consolidated balance sheets, but will not have a material impact to its consolidated statements of earnings and consolidated statements of cash flows. As disclosed in *Note 15 – Commitments and Contingencies*, the Company has approximately $3,382 million in future minimum lease commitments as of June 30, 2019. Upon adoption, July 1, 2019, the Company expects to recognize lease liabilities on its consolidated balance sheet generally based on the present value of the future minimum lease commitments as of June 30, 2019, payments relating to renewal options that are reasonably certain to be exercised and commitments for fixed non-lease components, using a discount rate as of the date of adoption. The Company also expects to record a corresponding ROU asset, adjusted for prepaid lease payments, lease incentives received or expected to be received, deferred rent and initial direct costs. The ROU asset will also be adjusted for a cumulative adjustment, recorded as a reduction to the opening balance of the Company's fiscal 2020 retained earnings, to reflect the fair value of operating lease ROU assets that were impaired prior to adoption and remain impaired at adoption, which is not expected to be material.

Goodwill and Other – Internal-Use Software (ASU 2018-15 – Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract)

In August 2018, the FASB issued authoritative guidance that permits companies to capitalize the costs incurred for setting up business systems that operate on cloud technology. The new guidance aligns the requirement for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance does not affect the accounting for the service element of a hosting arrangement that is a service contract. Capitalized costs associated with a hosting arrangement that is a service contract must be amortized over the term of the hosting arrangement to the same line item in the income statement as the expense for fees for the hosting arrangement.

Effective for the Company – Fiscal 2021 first quarter, with early adoption permitted in any interim period. This guidance can be adopted either:

- retrospectively; or
- prospectively to all implementation costs incurred after the date of adoption.

Impact on consolidated financial statements – The Company is currently evaluating the impact of applying this guidance to its business systems that operate on cloud technology.

No other recently issued accounting pronouncements are expected to have a material impact on the Company's consolidated financial statements.

NOTE 3 – INVESTMENTS

During fiscal 2019, the outstanding time deposits matured and the Company sold its remaining available-for-sale securities, which liquidated its investment in the foreign subsidiary that owned those securities, and realized a gross loss of $6 million and a foreign currency gain of $77 million, both of which are reflected in Other income, net in the accompanying consolidated statement of earnings.

Gains and losses recorded in AOCI related to the Company's available-for-sale investments as of June 30, 2018 were as follows:

(In millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government and agency securities	$ 427	$ —	$ (5)	$ 422
Foreign government and agency securities	114	—	(2)	112
Corporate notes and bonds	479	—	(7)	472
Time deposits	200	—	—	200
Other securities	16	—	—	16
Total	$ 1,236	$ —	$ (14)	$ 1,222

The Company utilizes the first-in, first-out method to determine the cost of the security sold. Sales proceeds from investments classified as available-for-sale were $933 million and $329 million in fiscal 2019 and 2018, respectively.

NOTE 4 – INVENTORY AND PROMOTIONAL MERCHANDISE

(In millions)	June 30 2019	June 30 2018
Inventory and promotional merchandise, net consists of:		
Raw materials	$ 541	$ 432
Work in process	268	222
Finished goods	981	798
Promotional merchandise	216	166
	$ 2,006	$ 1,618

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

(In millions)	June 30 2019	June 30 2018
Assets (Useful Life)		
Land	$ 29	$ 30
Buildings and improvements (10 to 40 years)	337	237
Machinery and equipment (3 to 10 years)	811	719
Computer hardware and software (4 to 10 years)	1,264	1,193
Furniture and fixtures (5 to 10 years)	116	104
Leasehold improvements	2,274	2,152
	4,831	4,435
Less accumulated depreciation and amortization	(2,763)	(2,612)
	$ 2,068	$ 1,823

The cost of assets related to projects in progress of $474 million and $300 million as of June 30, 2019 and 2018, respectively, is included in their respective asset categories above. Depreciation and amortization of property, plant and equipment was $495 million, $469 million and $428 million in fiscal 2019, 2018 and 2017, respectively. Depreciation and amortization related to the Company's manufacturing process is included in Cost of sales and all other depreciation and amortization is included in Selling, general and administrative expenses in the accompanying consolidated statements of earnings.

NOTE 6 – GOODWILL AND OTHER INTANGIBLE ASSETS

During the year ended June 30, 2019 and 2018, the Company recognized $13 million and $12 million, respectively, of goodwill associated with the continuing earn-out obligations related to the acquisition of the Bobbi Brown brand.

Goodwill

The Company assigns goodwill of a reporting unit to the product categories in which that reporting unit operates at the time of acquisition. The following table presents goodwill by product category and the related change in the carrying amount:

(In millions)	Skin Care	Makeup	Fragrance	Hair Care	Total
Balance as of June 30, 2017					
Goodwill	$ 184	$ 1,176	$ 255	$ 393	$ 2,008
Accumulated impairments	(35)	—	(22)	(35)	(92)
	149	1,176	233	358	1,916
Goodwill acquired during the year [(1)]	—	10	—	—	10
Translation adjustments, goodwill	1	—	1	(2)	—
Translation adjustments, accumulated impairments	(1)	—	—	1	—
	—	10	1	(1)	10
Balance as of June 30, 2018					
Goodwill	185	1,186	256	391	2,018
Accumulated impairments	(36)	—	(22)	(34)	(92)
	149	1,186	234	357	1,926
Goodwill acquired during the year	—	13	—	—	13
Impairment charges	—	(68)	—	—	(68)
Translation adjustments, goodwill	—	—	(2)	(1)	(3)
	—	(55)	(2)	(1)	(58)
Balance as of June 30, 2019					
Goodwill	185	1,199	254	390	2,028
Accumulated impairments	(36)	(68)	(22)	(34)	(160)
	$ 149	$ 1,131	$ 232	$ 356	$ 1,868

[(1)] Includes remeasurement adjustment relating to the acquisition of Too Faced.

Other Intangible Assets

Other intangible assets include trademarks and patents, as well as license agreements and other intangible assets resulting from or related to businesses and assets purchased by the Company. Indefinite-lived intangible assets (e.g., trademarks) are not subject to amortization and are assessed at least annually for impairment during the fiscal fourth quarter or more frequently if certain events or circumstances exist. Other intangible assets (e.g., non-compete agreements, customer lists) are amortized on a straight-line basis over their expected period of benefit, approximately 5 years to 20 years. Intangible assets related to license agreements were amortized on a straight-line basis over their useful lives based on the terms of the respective agreements. The costs incurred and expensed by the Company to extend or renew the term of acquired intangible assets during fiscal 2019 and 2018 were not significant to the Company's results of operations.

Other intangible assets consist of the following:

	June 30, 2019			June 30, 2018		
(In millions)	Gross Carrying Value	Accumulated Amortization	Total Net Book Value	Gross Carrying Value	Accumulated Amortization	Total Net Book Value
Amortizable intangible assets:						
Customer lists and other	$ 684	$ 369	$ 315	$ 697	$ 332	$ 365
License agreements	43	43	—	43	43	—
	$ 727	$ 412	315	$ 740	$ 375	365
Non-amortizable intangible assets:						
Trademarks and other			888			911
Total intangible assets			$ 1,203			$ 1,276

The aggregate amortization expense related to amortizable intangible assets for fiscal 2019, 2018 and 2017 was $51 million, $51 million and $35 million, respectively. The estimated aggregate amortization expense for each of the next five fiscal years is as follows:

	Fiscal				
(In millions)	2020	2021	2022	2023	2024
Estimated aggregate amortization expense	$ 44	$ 43	$ 42	$ 42	$ 40

Fiscal 2019 Impairment Testing

The Company assesses goodwill and other indefinite-lived intangible assets at least annually for impairment or more frequently if certain events or circumstances exist. During fiscal 2019, the Company's Smashbox reporting unit made revisions to its internal forecasts reflecting the continued slowdown of its makeup business driven by ongoing competitive activity and lower than expected growth in key retail channels for the brand. The Company concluded that these changes in circumstances triggered the need for an interim impairment review of the Smashbox trademark and the Smashbox reporting unit goodwill. Accordingly, the Company performed interim impairment tests as of December 31, 2018 and March 31, 2019. The Company concluded that the carrying values of the Smashbox trademark exceeded their estimated fair values, which were determined utilizing a royalty rate to determine discounted projected future cash flows. As a result, the Company recognized impairment charges totaling $22 million for the trademark in fiscal 2019. After adjusting the carrying values of the trademark, the Company completed interim quantitative impairment tests for goodwill and recorded goodwill impairment charges related to the Smashbox reporting unit totaling $68 million in fiscal 2019.

In the second quarter of fiscal 2019, the Company early adopted the FASB's authoritative guidance that eliminated the second step from the quantitative goodwill impairment test. In accordance with this guidance, the Company compared the fair value of the Smashbox reporting unit with its carrying amount to calculate the impairment charge. The fair values of the reporting unit as of December 31, 2018 and March 31, 2019 were based upon an equal weighting of the income and market approaches, utilizing estimated cash flows and a terminal value, discounted at a rate of return that reflects the relative risk of the cash flows, as well as valuation multiples derived from comparable publicly traded companies that are applied to operating performance of the reporting unit. These impairment charges were reflected in the makeup product category and in the Americas region. As of June 30, 2019, the remaining carrying values of the Smashbox reporting unit goodwill and Smashbox trademark were $72 million and $55 million, respectively.

Fiscal 2017 Annual Impairment Testing

Based on the Company's annual goodwill and other intangible asset impairment testing as of April 1, 2017, the Company determined that the carrying values of the RODIN olio lusso and Editions de Parfums Frédéric Malle reporting units exceeded their fair values. This determination was made based on updated long-term plans, finalized and approved in June 2017, that reflected lower sales growth projections due to a softer than expected retail environment for those brands. As a result, a Step 2 impairment assessment was performed and the Company recorded an impairment charge of the goodwill related to these reporting units of $28 million. The fair values of the reporting units were based upon the average of the income approach, which utilizes estimated cash flows and a terminal value, discounted at a rate of return that reflects the relative risk of cash flows, and the market approach, which utilizes performance multiples based on market peers.

The Company also determined that the carrying values of the RODIN olio lusso and Editions de Parfums Frédéric Malle trademarks, as well as the RODIN olio lusso persona and customer relationship intangible assets exceeded their estimated fair values. The fair values of the trademarks were determined utilizing a royalty rate to determine discounted projected future cash flows. As a result, the Company recognized impairment charges of $3 million for the remaining carrying values of the RODIN olio lusso trademark, customer relationship and persona intangible assets. The Company also recognized an impairment charge for the Editions de Parfums Frédéric Malle trademark, which was de minimis.

The combined goodwill and other intangible asset impairment charges of $9 million and $22 million are reflected in the skin care and fragrance product categories, respectively, and $17 million and $14 million are reflected in the Americas and Europe, the Middle East & Africa regions, respectively.

NOTE 7 – CHARGES ASSOCIATED WITH RESTRUCTURING AND OTHER ACTIVITIES

During fiscal 2019, 2018 and 2017, the Company incurred charges associated with restructuring and other activities in connection with its Leading Beauty Forward initiative as follows:

			Operating Expenses		
(In millions)	Sales Returns (included in Net Sales)	Cost of Sales	Restructuring Charges	Other Charges	Total
Fiscal 2019	$ 3	$ 22	$ 133	$ 83	$ 241
Fiscal 2018	$ 8	$ 18	$ 127	$ 104	$ 257
Fiscal 2017	$ 2	$ 15	$ 122	$ 73	$ 212

The types of activities included in restructuring and other charges, and the related accounting criteria, are described below.

Background

In May 2016, the Company announced a multi-year initiative ("Leading Beauty Forward," "LBF" or the "Program") to build on its strengths and better leverage its cost structure to free resources for investment to continue its growth momentum. LBF is designed to enhance the Company's go-to-market capabilities, reinforce its leadership in global prestige beauty and continue creating sustainable value. Restructuring actions to be taken over the duration of LBF involve the redesigning, resizing and reorganization of select corporate functions and go-to-market structures to improve effectiveness and create cost efficiencies in support of increased investment in growth drivers. As the Company continues to grow, it is important to more efficiently support its diverse portfolio of brands, channels and geographies in the rapidly evolving prestige beauty environment. The Company also believes that decision-making in key areas of innovation, marketing and digital communications should be moved closer to the consumer to increase speed and local relevance.

As of June 30, 2019, the Company concluded the approvals of all major initiatives under LBF related to the optimization of select corporate functions, supply chain activities, and corporate and regional market support structures, as well as the exit of underperforming businesses, and expects to substantially complete those initiatives through fiscal 2021. The Company previously estimated that LBF would result in related restructuring and other charges totaling between $900 million and $950 million, before taxes. After concluding the final approvals and reviewing the progress of previously approved initiatives under LBF that are being implemented, the Company has revised its estimates for cost approvals under the Program. Inclusive of approvals from inception through June 30, 2019, the Company now estimates that LBF may result in related restructuring and other charges totaling between $950 million and $990 million, before taxes.

The Company previously estimated a net reduction over the duration of LBF in the range of approximately 1,800 to 2,000 positions globally. The Company revised these estimates based on the review of the Program noted above. At this time, the Company estimates a net reduction over the duration of LBF in the range of 1,300 to 1,600 positions globally. This reduction takes into account the elimination of certain positions, inclusive of positions that are unfilled, as well as retraining and redeployment of certain employees and investment in new positions in key areas.

Program Approvals

Of the total restructuring and other charges expected to be incurred, total cumulative charges, net of adjustments, approved by the Company through June 30, 2019, some of which were recorded during fiscal 2019, 2018, 2017 and 2016, were:

			Operating Expenses		
(In millions)	Sales Returns (included in Net Sales)	Cost of Sales	Restructuring Charges	Other Charges	Total
Approval Period					
Fiscal 2016	$ 4	$ 28	$ 88	$ 71	$ 191
Fiscal 2017	11	10	134	118	273
Fiscal 2018	—	22	126	67	215
Fiscal 2019	(1)	28	159	102	288
Cumulative through June 30, 2019	$ 14	$ 88	$ 507	$ 358	$ 967

Included in the above table, cumulative restructuring initiatives approved by the Company through June 30, 2019 by major cost type were:

(In millions)	Employee-Related Costs	Asset-Related Costs	Contract Terminations	Other Exit Costs	Total
Approval Period					
Fiscal 2016	$ 76	$ 3	$ 5	$ 4	$ 88
Fiscal 2017	128	1	—	5	134
Fiscal 2018	123	—	—	3	126
Fiscal 2019	134	3	20	2	159
Cumulative through June 30, 2019	$ 461	$ 7	$ 25	$ 14	$ 507

Specific actions approved under the Program include:

- Optimize Select Corporate Functions – The Company approved initiatives to realign and optimize its organization to better leverage scale, improve productivity, reduce complexity and achieve cost savings across various functions, including finance, information technology, research and development, and human resources. Such approvals included consulting and other professional services for the design, project management, implementation and integration of new processes and technologies and, to a lesser extent, costs for temporary labor backfill, training and recruiting related to new capabilities, as well as similar expenses for certain other corporate functions. These actions are resulting in a net reduction of the workforce, which includes position eliminations, the re-leveling of certain positions and an investment in new capabilities. The Company also approved other charges to support the LBF Project Management Office ("PMO"), primarily consisting of internal and external resources that are intended to further drive project integration, organizational design capabilities and change management throughout the organization.

  The design of certain corporate functions included the creation of a shared-services structure, either using Company resources or through external service providers. As part of the service delivery model, the Company approved the organizational design of the management and governance platform of a shared-services structure using Company resources, as well as the transition of select transactional activities to an external service provider, which is resulting in other charges for implementation, project and consulting costs.

- Optimize Supply Chain –The Company approved certain activities related to initiatives to centralize the Company's supply chain management, redesign certain supply chain planning and transportation management activities, improve the organizational design of manufacturing and engineering processes related to certain product lines, and enable distribution capabilities and generate efficiencies through an external service provider. Collectively, these actions are resulting in a net reduction of the workforce, which includes position eliminations, the re-leveling of certain positions and an investment in new capabilities, as well as consulting fees, implementation costs and temporary labor backfill.

- Optimize Corporate and Region Market Support Structures – The Company approved initiatives to enhance its go-to-market support structures and achieve synergies across certain geographic regions, brands and channels. These initiatives are primarily intended to shift certain areas of focus from traditional to social and digital marketing strategies to provide enhanced consumer experience, as well as to support expanded omnichannel opportunities. These actions are resulting in a net reduction of the workforce, which includes position eliminations, the re-leveling of certain positions and an investment in new capabilities. The Company also approved consulting and other professional services related to the design of future structures, processes and technologies and, to a lesser extent, other costs for recruitment and training related to new capabilities. In addition, the Company approved initiatives to enhance consumer engagement strategies across certain channels in Europe, which resulted in product returns.

- Exit Underperforming Businesses – To further improve profitability in certain areas of the Company's brands and regions, the Company approved initiatives to exit certain businesses in select markets and channels of distribution. The Company has also decided to close a number of underperforming freestanding retail stores and exit mid-tier department stores for certain brands in the United States to redirect resources to other retail locations and channels with potential for greater profitability. These activities resulted in product returns, inventory write-offs, reduction of workforce, accelerated depreciation and termination of contracts.

As initiatives under LBF progress through implementation, the Company has identified certain costs that were initially approved but will not be incurred, as well as other changes to the prior estimates. These adjustments are included in their respective period presented above, and were primarily related to estimated employee-related costs for certain employees who either resigned or transferred to other existing positions within the Company.

Program-to-Date Restructuring and Other Charges

Restructuring charges are comprised of the following:

Employee-Related Costs – Employee-related costs are primarily comprised of severance and other post-employment benefit costs, calculated based on salary levels, prior service and other statutory minimum benefits, if applicable. Employee-related costs are expensed when specific employees have been identified and when payment is probable and estimable, which generally occurs upon approval of the related initiative by management with authority delegated from the Company's Board of Directors.

Asset-Related Costs – Asset-related costs primarily consist of asset write-offs or accelerated depreciation related to long-lived assets that will be taken out of service prior to their existing useful life as a direct result of a restructuring initiative. The accelerated portion of depreciation expense will be expensed on a straight-line basis and be classified as restructuring charges, while the portion relating to the previous existing useful life will continue to be reported in Selling, general and administrative expenses.

Contract Terminations – Costs related to contract terminations include continuing payments to a third party after the Company has ceased benefiting from the rights conveyed in the contract, or a payment made to terminate a contract prior to its expiration. These may include continuing operating lease payments (less estimated sublease payments) to a landlord after exiting a location prior to the lease-end date as a direct result of an approved restructuring initiative. Contract terminations also include minimum payments or fees related to the early termination of license or other personal service contracts. Costs related to contract terminations are expensed upon the cease-use date of a leased property or upon the notification date to the third party in the event of a license or personal service contract termination.

Other Exit Costs – Other exit costs related to restructuring activities generally include costs to relocate facilities or employees, recruiting to fill positions as a result of relocation of operations, and employee outplacement for separated employees. Other exit costs are charged to expense as incurred.

Other charges associated with restructuring activities are comprised of the following:

Sales Returns and Cost of Sales – Product returns (offset by the related cost of sales) and inventory write-offs or write-downs as a direct result of an approved restructuring initiative to exit certain businesses or locations will be recorded as a component of Net sales and/or Cost of sales when estimable and reasonably assured. Consulting, other professional services and temporary labor backfill, primarily related to the design and implementation of supply chain activities, are expensed in Cost of sales as incurred.

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Other Charges – The Company approved other charges related to the design and implementation of approved initiatives, which are charged to Operating Expenses as incurred and primarily include the following:

- Consulting and other professional services for organizational design of the future structures, processes and technologies, and implementation thereof,
- Temporary labor backfill,
- Costs to establish and maintain a PMO for the duration of Leading Beauty Forward, including internal costs for employees dedicated solely to project management activities, and other PMO-related expenses incremental to the Company’s ongoing operations (e.g., rent and utilities), and
- Recruitment and training costs for new and reskilled employees to acquire and apply the capabilities needed to perform responsibilities as a direct result of an approved restructuring initiative.

The Company records approved charges associated with restructuring and other activities once the relevant accounting criteria have been met. Total cumulative charges recorded associated with restructuring and other activities for LBF were:

(In millions)	Sales Returns (included in Net Sales)	Cost of Sales	Operating Expenses: Restructuring Charges	Operating Expenses: Other Charges	Total
Fiscal 2016	$ 1	$ —	$ 75	$ 5	$ 81
Fiscal 2017	2	15	122	73	212
Fiscal 2018	8	18	127	104	257
Fiscal 2019	3	22	133	83	241
Cumulative through June 30, 2019	$ 14	$ 55	$ 457	$ 265	$ 791

The major cost types related to the cumulative restructuring charges set forth above were:

(In millions)	Employee-Related Costs	Asset-Related Costs	Contract Terminations	Other Exit Costs	Total
Fiscal 2016	$ 74	$ 1	$ —	$ —	$ 75
Fiscal 2017	116	2	2	2	122
Fiscal 2018	124	1	1	1	127
Fiscal 2019	131	—	—	2	133
Cumulative through June 30, 2019	$ 445	$ 4	$ 3	$ 5	$ 457

Accrued restructuring charges from Program inception through June 30, 2019 were:

(In millions)	Employee-Related Costs	Asset-Related Costs	Contract Terminations	Other Exit Costs	Total
Charges	$ 74	$ 1	$ —	$ —	$ 75
Noncash asset write-offs	—	(1)	—	—	(1)
Translation adjustments	(1)	—	—	—	(1)
Balance at June 30, 2016	73	—	—	—	73
Charges	116	2	2	2	122
Cash payments	(39)	—	(2)	(2)	(43)
Noncash asset write-offs	—	(2)	—	—	(2)
Balance at June 30, 2017	150	—	—	—	150
Charges	124	1	1	1	127
Cash payments	(92)	—	—	(1)	(93)
Noncash asset write-offs	—	(1)	—	—	(1)
Translation adjustments	(2)	—	—	—	(2)
Balance at June 30, 2018	180	—	1	—	181
Charges	131	—	—	2	133
Cash payments	(107)	—	(1)	(1)	(109)
Translation and other adjustments	(2)	—	—	—	(2)
Balance at June 30, 2019	$ 202	$ —	$ —	$ 1	$ 203

Restructuring charges for employee-related costs are net of adjustments to the accrual estimate for certain employees who either resigned or transferred to other existing positions within the Company. These adjustments were not material for all periods presented. Accrued restructuring charges at June 30, 2019 are expected to result in cash expenditures funded from cash provided by operations of approximately $124 million, $59 million, $17 million and $3 million for each of fiscal 2020, 2021, 2022 and 2023, respectively.

NOTE 8 – INCOME TAXES

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "TCJA"). The TCJA includes broad and complex changes to the U.S. tax code that impacted the Company's accounting and reporting for income taxes. The impacts under the TCJA in the prior fiscal year primarily consisted of the following:

- A reduction in the U.S. federal corporate income tax rate from 35% to 21%, effective January 1, 2018, which resulted in a fiscal 2018 U.S. blended statutory income tax rate for the Company of 28.1%.
- A one-time mandatory deemed repatriation tax on unremitted foreign earnings (the "Transition Tax"), which the Company elected to pay over an eight-year period.
- A remeasurement of U.S. net deferred tax assets.
- The recognition of foreign withholding taxes in connection with the reversal of the Company's indefinite reinvestment assertion related to certain foreign earnings.

Staff Accounting Bulletin No. 118 ("SAB 118") established a one-year measurement period (effective December 22, 2017) whereby provisional amounts recorded for the effects of the changes from the TCJA could be subject to adjustment. The one-year measurement period expired on December 22, 2018 and, therefore, the accounting to record the effects of the changes from the TCJA was completed as of December 31, 2018.

The following is a summary of credits (charges) relating to the TCJA:

(In millions)	Year Ended June 30 2019	2018
Transition Tax resulting from the TCJA	$ 12	$ (351)
Remeasurement of U.S. net deferred tax assets resulting from the statutory tax rate reduction, including the enactment date remeasurement	(8)	(53)
Net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA	(9)	(46)
Total	$ (5)	$ (450)

During fiscal 2019, the Company recorded a credit of $12 million to adjust its fiscal 2018 provisional charge associated with the Transition Tax that reflected certain technical interpretations related to the Transition Tax computation. The final cumulative charge related to this matter is $339 million. The charges related to the Transition Tax are primarily included in Other noncurrent liabilities in the accompanying consolidated balance sheet as of June 30, 2019.

During fiscal 2019, the Company recorded an increase of $8 million to its provisional charge recorded in fiscal 2018 associated with the remeasurement of its net deferred tax assets resulting from the reduction in the U.S. corporate income tax rate. This adjustment was due to the revision of certain temporary differences. The final cumulative charge related to this matter is $61 million.

In addition, during fiscal 2019 the Company recorded a charge of $9 million related to foreign withholding taxes recorded in fiscal 2018 in connection with the reversal of its indefinite reinvestment assertion related to certain foreign earnings. The charge reflected the Company's interpretation of recently issued guidance from the U.S. government. The final cumulative charge related to this matter is $55 million.

Although the accounting related to the income tax effects of the TCJA is complete pursuant to SAB 118, certain technical aspects of the TCJA remain subject to varying degrees of uncertainty as additional technical guidance and clarification from the U.S. government is expected to be issued over an extended period. Receipt of additional guidance and clarification from the U.S. government may result in material changes to the provision for income taxes. To the extent applicable, the Company would recognize such adjustments in the provision for income taxes in the period that additional guidance and clarification is received.

Provisions under the TCJA that became effective for the Company in the current fiscal year include a further reduction in the U.S. statutory rate to 21%, GILTI, a base erosion anti-abuse tax, a foreign derived intangible income deduction ("FDII") and changes to IRC Section 162(m) related to the deductibility of executive compensation.

The provision for income taxes is comprised of the following:

(In millions)	Year Ended June 30 2019	2018	2017
Current:			
Federal	$ 180	$ 334	$ 218
Foreign	383	357	253
State and local	16	(3)	8
	579	688	479
Deferred:			
Federal	(95)	135	(58)
Foreign	27	35	(61)
State and local	2	5	1
	(66)	175	(118)
	$ 513	$ 863	$ 361

Earnings before income taxes include amounts contributed by the Company's foreign operations of approximately $2,021 million, $2,004 million and $1,676 million for fiscal 2019, 2018 and 2017, respectively. A portion of these earnings is taxed in the United States.

A reconciliation of the U.S. federal statutory income tax rate to the Company's actual effective tax rate on earnings before income taxes is as follows:

	Year Ended June 30		
	2019	2018	2017
Provision for income taxes at statutory rate	21.0%	28.1%	35.0%
Increase (decrease) due to:			
State and local income taxes, net of federal tax benefit	0.6	0.5	0.7
TCJA net income tax impact[(1)]	0.2	22.8	—
Stock-based compensation arrangements – excess tax benefits	(2.7)	(2.5)	—
Taxation of foreign operations	1.9	(4.7)	(7.5)
China deferred tax asset valuation allowance reversal	—	—	(4.6)
Income tax reserve adjustments	0.5	(0.5)	(1.2)
Other, net[(2)]	0.7	(0.1)	(0.1)
Effective tax rate	22.2%	43.6%	22.3%

[(1)]Includes the Transition Tax, the remeasurement of U.S. net deferred tax assets resulting from the statutory tax rate reduction, including the enactment date remeasurement, and the net deferred tax liability related to foreign withholding taxes on certain foreign earnings resulting from the TCJA.

[(2)]Includes the nondeductible Smashbox goodwill impairment charge.

Income tax reserve adjustments represent changes in the Company's net liability for unrecognized tax benefits related to prior-year tax positions including the impact of tax settlements and lapses of the applicable statutes of limitations.

In fiscal 2018, the Company adopted a new accounting standard that changes the way companies account for certain aspects of share-based payments to employees. This standard requires that all excess tax benefits and tax deficiencies related to share-based compensation awards be recorded as income tax expense or benefit in the income statement. As a result of the adoption of this new standard, the Company recognized $63 million and $50 million of excess tax benefits as a reduction to the provision for income taxes in fiscal 2019 and fiscal 2018, respectively.

In fiscal 2017, a favorable change to the tax law in China was enacted that expanded the corporate income tax deduction allowance for advertising and promotional expenses to include all companies that distribute and sell cosmetics in the country. As a result of the new law, in the fourth quarter of fiscal 2017, the Company released into income its previously established China deferred tax asset valuation allowance of approximately $75 million related to its accumulated carryforward of excess advertising and promotional expenses.

The Company has approximately $3,993 million of undistributed earnings of foreign subsidiaries at June 30, 2019. Included in this amount is approximately $2,210 million of earnings considered permanently reinvested. There may be foreign tax ramifications associated with the distribution of such permanently reinvested earnings, which the Company is currently evaluating. Since the application of the relevant foreign tax laws to such distribution is largely uncertain at this time, it is not practicable to determine the amount of associated tax. Any state income taxes associated with the distribution of such earnings is not expected to be material.

Significant components of the Company's deferred income tax assets and liabilities were as follows:

	June 30	
(In millions)	2019	2018
Deferred tax assets:		
Compensation related expenses	$ 179	$ 161
Inventory obsolescence and other inventory related reserves	64	57
Retirement benefit obligations	71	45
Various accruals not currently deductible	206	175
Net operating loss, credit and other carryforwards	41	48
Unrecognized state tax benefits and accrued interest	12	12
Other differences between tax and financial statement values	125	55
	698	553
Valuation allowance for deferred tax assets	(48)	(45)
Total deferred tax assets	650	508
Deferred tax liabilities:		
Depreciation and amortization	(286)	(338)
Other differences between tax and financial statement values	(69)	(50)
Total deferred tax liabilities	(355)	(388)
Total net deferred tax assets	$ 295	$ 120

As of June 30, 2019 and 2018, the Company had net deferred tax assets of $295 million and $120 million, respectively, substantially all of which are included in Other assets in the accompanying consolidated balance sheets.

As of June 30, 2019 and 2018, certain subsidiaries had net operating loss and other carryforwards for tax purposes of approximately $162 million and $173 million, respectively. With the exception of approximately $132 million of net operating loss and other carryforwards with an indefinite carryforward period as of June 30, 2019, these carryforwards expire at various dates through fiscal 2031. Deferred tax assets, net of valuation allowances, in the amount of $3 million and $13 million as of June 30, 2019 and 2018, respectively, have been recorded to reflect the tax benefits of the carryforwards not utilized to date.

A full valuation allowance has been provided for those deferred tax assets for which, in the opinion of management, it is more-likely-than-not that the deferred tax assets will not be realized.

As of June 30, 2019 and 2018, the Company had gross unrecognized tax benefits of $67 million and $60 million, respectively. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was $51 million.

The Company classifies applicable interest and penalties related to unrecognized tax benefits as a component of the provision for income taxes. The total gross accrued interest and penalty expense recorded during fiscal 2019 in the accompanying consolidated statement of earnings was $4 million. During 2018, the Company recognized a gross interest and penalty benefit of $3 million in the accompanying consolidated statement of earnings. The total gross accrued interest and penalties in the accompanying consolidated balance sheets at June 30, 2019 and 2018 were $12 million and $9 million, respectively. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows:

	June 30	
(In millions)	2019	2018
Beginning of the year balance of gross unrecognized tax benefits	$ 60	$ 68
Gross amounts of increases as a result of tax positions taken during a prior period	12	8
Gross amounts of decreases as a result of tax positions taken during a prior period	(6)	(18)
Gross amounts of increases as a result of tax positions taken during the current period	9	7
Amounts of decreases in unrecognized tax benefits relating to settlements with taxing authorities	(7)	(3)
Reductions to unrecognized tax benefits as a result of a lapse of the applicable statutes of limitations	(1)	(2)
End of year balance of gross unrecognized tax benefits	$ 67	$ 60

Earnings from the Company's global operations are subject to tax in various jurisdictions both within and outside the United States. The Company participates in the U.S. Internal Revenue Service (the "IRS") Compliance Assurance Program ("CAP"). The objective of CAP is to reduce taxpayer burden and uncertainty while assuring the IRS of the accuracy of income tax returns prior to filing, thereby reducing or eliminating the need for post-filing examinations.

Subsequent to June 30, 2019, the Company formally concluded the compliance process with respect to fiscal 2018 under the IRS CAP, which did not impact the Company's consolidated financial statements. As of June 30, 2019, the compliance process was ongoing with respect to fiscal 2019.

The Company is currently undergoing income tax examinations and controversies in several state, local and foreign jurisdictions. These matters are in various stages of completion and involve complex multi-jurisdictional issues common among multinational enterprises, including transfer pricing, which may require an extended period of time for resolution.

During fiscal 2019, the Company concluded various state, local and foreign income tax audits and examinations while several other matters, including those noted above, were initiated or remained pending. On the basis of the information available in this regard as of June 30, 2019, the Company does not expect any significant changes to the total amount of unrecognized tax benefits within the next 12 months.

The tax years subject to examination vary depending on the tax jurisdiction. As of June 30, 2019, the following tax years remain subject to examination by the major tax jurisdictions indicated:

Major Jurisdiction	**Open Fiscal Years**
Belgium	2015 – 2019
Canada	2015 – 2019
China	2015 – 2019
France	2016 – 2019
Germany	2013 – 2019
Hong Kong	2013 – 2019
Italy	2014 – 2019
Japan	2016 – 2019
Korea	2019
Russia	2016 – 2019
Spain	2015 – 2019
Switzerland	2018 – 2019
United Kingdom	2018 – 2019
United States	2018 – 2019
State of California	2013 – 2019
State and City of New York	2015 – 2019

The Company is also subject to income tax examinations in numerous other state, local and foreign jurisdictions. The Company believes that its tax reserves are adequate for all years subject to examination.

NOTE 9 – OTHER ACCRUED LIABILITIES

Other accrued liabilities consist of the following:

	June 30	
(In millions)	**2019**	**2018**
Advertising, merchandising and sampling	$ 352	$ 348
Employee compensation	574	579
Deferred revenue	314	33
Other	1,359	985
	$ 2,599	$ 1,945

NOTE 10 – DEBT

The Company's current and long-term debt and available financing consist of the following:

	Debt at June 30		Available financing at June 30, 2019	
(In millions)	2019	2018	Committed	Uncommitted
4.15% Senior Notes, due March 15, 2047 ("2047 Senior Notes")	$ 494	$ 494	$ —	$ —
4.375% Senior Notes, due June 15, 2045 ("2045 Senior Notes")	455	455	—	—
3.70% Senior Notes, due August 15, 2042 ("2042 Senior Notes")	247	247	—	—
6.00% Senior Notes, due May 15, 2037 ("2037 Senior Notes")	294	294	—	—
5.75% Senior Notes, due October 15, 2033 ("2033 Senior Notes")	197	197	—	—
3.15% Senior Notes, due March 15, 2027 ("2027 Senior Notes")	498	497	—	—
2.35% Senior Notes, due August 15, 2022 ("2022 Senior Notes")	252	242	—	—
1.70% Senior Notes, due May 10, 2021 ("2021 Senior Notes")	447	433	—	—
1.80% Senior Notes, due February 7, 2020 ("2020 Senior Notes")	499	495	—	—
Commercial paper that matured through July 2018 (2.00% average interest rate)	—	170	—	1,500
Other long-term borrowings	12	7	—	—
Other current borrowings	17	13	—	163
Revolving credit facility	—	—	1,500	—
	3,412	3,544	$ 1,500	$ 1,663
Less current debt including current maturities	(516)	(183)		
	$ 2,896	$ 3,361		

As of June 30, 2019, the Company's long-term debt consisted of the following:

Notes	Issue Date	Price	Yield	Principal	Unamortized Debt (Discount) Premium	Interest rate swap adjustments	Debt Issuance Costs	Semi-annual interest payments
($ in millions)								
2047 Senior Notes[1],[8]	February 2017	99.739%	4.165%	$ 500	$ (1)	$ —	$ (5)	March 15/September 15
2045 Senior Notes[2],[8]	June 2015	97.999	4.497	300	(6)	—	(3)	June 15/December 15
2045 Senior Notes[2],[8]	May 2016	110.847	3.753	150	16	—	(2)	June 15/December 15
2042 Senior Notes[8]	August 2012	99.567	3.724	250	(1)	—	(2)	February 15/August 15
2037 Senior Notes[3],[8]	May 2007	98.722	6.093	300	(3)	—	(3)	May 15/November 15
2033 Senior Notes[4]	September 2003	98.645	5.846	200	(2)	—	(1)	April 15/October 15
2027 Senior Notes[5],[8]	February 2017	99.963	3.154	500	—	—	(2)	March 15/September 15
2022 Senior Notes[6],[8]	August 2012	99.911	2.360	250	—	3	(1)	February 15/August 15
2021 Senior Notes[6],[7],[8]	May 2016	99.976	1.705	450	—	(2)	(1)	May 10/November 10
2020 Senior Notes[6],[8]	February 2017	99.986	1.805	500	—	—	(1)	February 7/August 7

[1] In November 2016, in anticipation of the issuance of the 2047 Senior Notes, the Company entered into a series of treasury lock agreements on a notional amount totaling $350 million at a weighted-average all-in rate of 3.01%. The treasury lock agreements were settled upon the issuance of the new debt, and the Company recognized a gain in OCI of $3 million that is being amortized against interest expense over the life of the 2047 Senior Notes. As a result of the treasury lock agreements, the debt discount and debt issuance costs, the effective interest rate on the 2047 Senior Notes will be 4.17% over the life of the debt.

[2] In April and May 2015, in anticipation of the issuance of the 2045 Senior Notes in June 2015, the Company entered into a series of forward-starting interest rate swap agreements on a notional amount totaling $300 million at a weighted-average all-in rate of 2.38%. The forward-starting interest rate swap agreements were settled upon the issuance of the new debt and the Company recognized a gain in OCI of $18 million that will be amortized against interest expense over the life of the 2045 Senior Notes. As a result of the forward-starting interest rate swap agreements, the debt discount and debt issuance costs, the effective interest rate on the 2045 Senior Notes will be 4.216% over the life of the debt. In May 2016, the Company reopened this offering with the same terms and issued an additional $150 million for an aggregate amount outstanding of $450 million of 2045 Senior Notes.

[3] In April 2007, in anticipation of the issuance of the 2037 Senior Notes, the Company entered into a series of forward-starting interest rate swap agreements on a notional amount totaling $210 million at a weighted-average all-in rate of 5.45%. The forward-starting interest rate swap agreements were settled upon the issuance of the new debt and the Company recognized a loss in OCI of $1 million that is being amortized to interest expense over the life of the 2037 Senior Notes. As a result of the forward-starting interest rate swap agreements, the debt discount and debt issuance costs, the effective interest rate on the 2037 Senior Notes will be 6.181% over the life of the debt.

[4] In May 2003, in anticipation of the issuance of the 2033 Senior Notes, the Company entered into a series of treasury lock agreements on a notional amount totaling $195 million at a weighted-average all-in rate of 4.53%. The treasury lock agreements were settled upon the issuance of the new debt and the Company received a payment of $15 million that is being amortized against interest expense over the life of the 2033 Senior Notes. As a result of the treasury lock agreements, the debt discount and debt issuance costs, the effective interest rate on the 2033 Senior Notes will be 5.395% over the life of the debt.

[5] In November 2016, in anticipation of the issuance of the 2027 Senior Notes, the Company entered into a series of treasury lock agreements on a notional amount totaling $450 million at a weighted-average all-in rate of 2.37%. The treasury lock agreements were settled upon the issuance of the new debt, and the Company recognized a gain in OCI of $2 million that is being amortized against interest expense over the life of the 2027 Senior Notes. As a result of the treasury lock agreements, the debt discount and debt issuance costs, the effective interest rate on the 2027 Senior Notes will be 3.18% over the life of the debt.

[6] The Company entered into interest rate swap agreements with a notional amount totaling $250 million, $450 million and $250 million to effectively convert the fixed rate interest on its outstanding 2020 Senior Notes, 2021 Senior Notes and 2022 Senior Notes, respectively, to variable interest rates based on three-month LIBOR plus a margin.

[7] In April 2016, in anticipation of the issuance of the 2021 Senior Notes, the Company entered into a series of treasury lock agreements on a notional amount totaling $400 million at a weighted-average all-in rate of 1.27%. The treasury lock agreements were settled upon the issuance of the new debt and the Company made a payment of $1 million that is being amortized to interest expense over the life of the 2021 Senior Notes. As a result of the treasury lock agreements, the debt discount and debt issuance costs, the effective interest rate on the 2021 Senior Notes will be 1.844% over the life of the debt.

[8] The Senior Notes contain certain customary incurrence-based covenants, including limitations on indebtedness secured by liens.

In October 2018, the Company replaced its undrawn $1.5 billion senior unsecured revolving credit facility that was set to expire in October 2021 with a new $1.5 billion senior unsecured revolving credit facility (the "New Facility"). The New Facility expires on October 26, 2023 unless extended for up to two additional years in accordance with the terms set forth in the agreement. Up to the equivalent of $500 million of the New Facility is available for multi-currency loans. Interest rates on borrowings under the New Facility will be based on prevailing market interest rates in accordance with the agreement. The costs incurred to establish the New Facility were not material. The New Facility has an annual fee of approximately $1 million, payable quarterly, based on the Company's current credit ratings. The New Facility contains a cross-default provision whereby a failure to pay other material financial obligations in excess of $175 million (after grace periods and absent a waiver from the lenders) would result in an event of default and the acceleration of the maturity of any outstanding debt under this facility. At June 30, 2019, no borrowings were outstanding under the New Facility.

The Company has a $1.5 billion commercial paper program under which it may issue commercial paper in the United States. As of June 30, 2019, no amounts were outstanding.

The Company maintains uncommitted credit facilities in various regions throughout the world. Interest rate terms for these facilities vary by region and reflect prevailing market rates for companies with strong credit ratings. During fiscal 2019 and 2018, the monthly average amount outstanding was approximately $7 million and $14 million, respectively, and the annualized monthly weighted-average interest rate incurred was approximately 13.9% and 11.9%, respectively.

Refer to *Note 15 – Commitments and Contingencies* for the Company's projected debt service payments, as of June 30, 2019, over the next five fiscal years.

NOTE 11 – DERIVATIVE FINANCIAL INSTRUMENTS

The Company addresses certain financial exposures through a controlled program of risk management that includes the use of derivative financial instruments. The Company enters into foreign currency forward contracts, and may enter into option contracts, to reduce the effects of fluctuating foreign currency exchange rates. In addition, the Company enters into interest rate derivatives to manage the effects of interest rate movements on the Company's aggregate liability portfolio, including potential future debt issuances. The Company also enters into foreign currency forward contracts, and may use option contracts, not designated as hedging instruments, to mitigate the change in fair value of specific assets and liabilities on the balance sheet. The Company does not utilize derivative financial instruments for trading or speculative purposes. Costs associated with entering into derivative financial instruments have not been material to the Company's consolidated financial results.

For each derivative contract entered into, where the Company looks to obtain hedge accounting treatment, the Company formally and contemporaneously documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking the hedge transaction, the nature of the risk being hedged, and how the hedging instruments' effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively. This process includes linking all derivatives to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. At inception, the Company evaluates the effectiveness of hedge relationships quantitatively, and has elected to perform, after initial evaluation, qualitative effectiveness assessments of certain hedge relationships to support an ongoing expectation of high effectiveness, if effectiveness testing is required. If based on the qualitative assessment, it is determined that a derivative has ceased to be a highly effective hedge, the Company will perform a quantitative assessment to determine whether to discontinue hedge accounting with respect to that derivative prospectively.

The fair values of the Company’s derivative financial instruments included in the consolidated balance sheets are presented as follows:

	Asset Derivatives			Liability Derivatives		
		Fair Value [1]			Fair Value [1]	
		June 30			June 30	
(In millions)	Balance Sheet Location	2019	2018	Balance Sheet Location	2019	2018
Derivatives Designated as Hedging Instruments:						
Foreign currency forward contracts	Prepaid expenses and other current assets	$ 23	$ 30	Other accrued liabilities	$ 4	$ 5
Interest rate-related derivatives	Prepaid expenses and other current assets	3	—	Other accrued liabilities	26	26
Total Derivatives Designated as Hedging Instruments		26	30		30	31
Derivatives Not Designated as Hedging Instruments:						
Foreign currency forward contracts	Prepaid expenses and other current assets	4	3	Other accrued liabilities	2	8
Total derivatives		$ 30	$ 33		$ 32	$ 39

[1] See *Note 12 – Fair Value Measurements* for further information about how the fair value of derivative assets and liabilities are determined.

The amounts of the gains and losses related to the Company’s derivative financial instruments designated as hedging instruments that are included in the assessment of effectiveness are presented as follows:

	Amount of Gain or (Loss) Recognized in OCI on Derivatives		Location of Gain or (Loss) Reclassified from AOCI into Earnings	Amount of Gain or (Loss) Reclassified from AOCI into Earnings[1]	
	June 30			June 30	
(In millions)	2019	2018		2019	2018[2]
Derivatives in Cash Flow Hedging Relationships:					
Foreign currency forward contracts	$ 29	$ 12	Net sales	$ 28	$ —
			Cost of sales	—	(22)
			Selling, general and administrative	—	(24)
Interest rate-related derivatives	(24)	—	Interest expense	1	1
Total derivatives	$ 5	$ 12		$ 29	$ (45)

[1] The amount reclassified into earnings as a result of the discontinuance of cash flow hedges because probable forecasted transactions will no longer occur by the end of the original time period was not material.

[2] The gain (loss) recognized in earnings related to the amount excluded from effectiveness testing was not material.

(In millions)	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of Gain or (Loss) Recognized in Earnings on Derivatives [1] June 30 2019	2018
Derivatives in Fair Value Hedging Relationships:			
Interest rate swap contracts	Interest expense	$ 27	$ (26)

[1] Changes in the fair value of the interest rate swap agreements are exactly offset by the change in the fair value of the underlying long-term debt.

Additional information regarding the cumulative amount of fair value hedging adjustments for items designated and qualifying as hedged items in fair value hedges is as follows:

(In millions)	Amount of Gain or (Loss) Recognized in Earnings on Derivatives	
Line Item in the Consolidated Balance Sheets in Which the Hedged Item is Included	**Carrying Amount of the Hedged Assets (Liabilities)**	**Cumulative Amount of Fair Value Hedging Adjustments Included in the Carrying Amount of the Hedged Assets (Liabilities)**
	June 30, 2019	**June 30, 2019**
Current debt	$ (249)	$ (1)
Long-term debt	(700)	2
Total debt	$ (949)	$ 1

Additional information regarding the effects of fair value and cash flow hedging relationships for derivatives designated and qualifying as hedging instruments is as follows:

(In millions)	June 30, 2019 Net Sales	Interest expense
Total amounts of income and expense line items presented in the consolidated statements of earnings in which the effects of fair value and cash flow hedges are recorded	$ 14,863	$ 133
The effects of fair value and cash flow hedging relationships:		
Gain (loss) on fair value hedge relationships – interest rate contracts:		
Hedged item	Not applicable	27
Derivatives designated as hedging instruments	Not applicable	(27)
Gain (loss) on cash flow hedge relationships – interest rate contracts:		
Amount of gain reclassified from AOCI into earnings	Not applicable	1
Gain (loss) on cash flow hedge relationships – foreign currency forward contracts:		
Amount of gain reclassified from AOCI into earnings	28	Not applicable

The amounts of the gains and losses related to the Company's derivative financial instruments not designated as hedging instruments are presented as follows:

(In millions)	Location of Gain or (Loss) Recognized in Earnings on Derivatives	Amount of Gain or (Loss) Recognized in Earnings on Derivatives June 30 2019	2018
Derivatives Not Designated as Hedging Instruments:			
Foreign currency forward contracts	Selling, general and administrative	$ 6	$ (37)

Cash Flow Hedges

The Company enters into foreign currency forward contracts, and may enter into foreign currency option contracts, to hedge anticipated transactions and receivables and payables denominated in foreign currencies, for periods consistent with the Company's identified exposures. The purpose of the hedging activities is to minimize the effect of foreign exchange rate movements on the cash flows that the Company receives from foreign subsidiaries. The foreign currency forward contracts entered into to hedge anticipated transactions have been designated as cash flow hedges and have varying maturities through the end of June 2021. Hedge effectiveness of the foreign currency forward contracts is based on the forward method, which includes time value in the effectiveness assessment. At June 30, 2019, the Company had foreign currency forward contracts with a notional amount totaling $4,673 million.

The Company may enter into interest rate forward contracts to hedge anticipated issuance of debt for periods consistent with the Company's identified exposures. The purpose of the hedging activities is to minimize the effect of interest rate movements on the cost of debt issuance.

For hedge contracts that are no longer deemed highly effective, hedge accounting is discontinued and gains and losses in AOCI are reclassified to sales when the underlying forecasted transaction occurs. If it is probable that the forecasted transaction will no longer occur, then any gains or losses in AOCI are reclassified to current-period sales. As of June 30, 2019, the Company's foreign currency cash flow hedges were highly effective.

The estimated net gain on the Company's derivative instruments designated as cash flow hedges as of June 30, 2019 that is expected to be reclassified from AOCI into earnings, net of tax, within the next twelve months is $16 million. The accumulated net gain on derivative instruments in AOCI was $29 million and $53 million as of June 30, 2019 and 2018, respectively.

Fair Value Hedges

The Company enters into interest rate derivative contracts to manage the exposure to interest rate fluctuations on its funded indebtedness. The Company has interest rate swap agreements, with notional amounts totaling $250 million, $450 million and $250 million to effectively convert the fixed rate interest on its 2020 Senior Notes, 2021 Senior Notes and 2022 Senior Notes, respectively, to variable interest rates based on three-month LIBOR plus a margin. These interest rate swap agreements are designated as fair value hedges of the related long-term debt, and the changes in the fair value of the interest rate swap agreements are exactly offset by the change in the fair value of the underlying long-term debt.

Credit Risk

As a matter of policy, the Company enters into derivative contracts only with counterparties that have a long-term credit rating of at least A- or higher by at least two nationally recognized rating agencies. The counterparties to these contracts are major financial institutions. Exposure to credit risk in the event of nonperformance by any of the counterparties is limited to the gross fair value of contracts in asset positions, which totaled $30 million at June 30, 2019. To manage this risk, the Company has strict counterparty credit guidelines that are continually monitored. Accordingly, management believes risk of loss under these hedging contracts is remote.

NOTE 12 – FAIR VALUE MEASUREMENTS

The Company records certain of its financial assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. The accounting for fair value measurements must be applied to nonfinancial assets and nonfinancial liabilities that require initial measurement or remeasurement at fair value, which principally consist of assets and liabilities acquired through business combinations and goodwill, indefinite-lived intangible assets and long-lived assets for the purposes of calculating potential impairment. The Company is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

The following table presents the Company's hierarchy for its financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2019:

(In millions)	Level 1	Level 2	Level 3	Total
Assets:				
Foreign currency forward contracts	$ —	$ 27	$ —	$ 27
Interest rate-related derivatives	—	3	—	3
Total	$ —	$ 30	$ —	$ 30
Liabilities:				
Foreign currency forward contracts	$ —	$ 6	$ —	$ 6
Interest rate-related derivatives	—	26	—	26
Contingent consideration	—	—	36	36
Total	$ —	$ 32	$ 36	$ 68

The following table presents the Company's hierarchy for its financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2018:

(In millions)	Level 1	Level 2	Level 3	Total
Assets:				
Foreign currency forward contracts	$ —	$ 33	$ —	$ 33
Available-for-sale securities:				
U.S. government and agency securities	—	422	—	422
Foreign government and agency securities	—	112	—	112
Corporate notes and bonds	—	472	—	472
Time deposits	—	200	—	200
Other securities	—	16	—	16
Total	$ —	$ 1,255	$ —	$ 1,255
Liabilities:				
Foreign currency forward contracts	$ —	$ 13	$ —	$ 13
Interest rate swap contracts	—	26	—	26
Contingent consideration	—	—	96	96
Total	$ —	$ 39	$ 96	$ 135

The estimated fair values of the Company's financial instruments are as follows:

	June 30			
	2019		2018	
(In millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Nonderivatives				
Cash and cash equivalents	$ 2,987	$ 2,987	$ 2,181	$ 2,181
Available-for-sale securities	—	—	1,222	1,222
Current and long-term debt	3,412	3,706	3,544	3,667
Additional purchase price payable	3	3	3	3
Contingent consideration	36	36	96	96
Derivatives				
Foreign currency forward contracts – asset (liability), net	21	21	20	20
Interest rate-related derivatives – asset (liability), net	(23)	(23)	(26)	(26)

The following table presents the Company's impairment charges for certain of its nonfinancial assets measured at fair value on a nonrecurring basis, classified as Level 3, during fiscal 2019 and 2017:

Fiscal 2019

(In millions)	Impairment charges	Date of Fair Value Measurement	Fair Value[(1)]
Goodwill	$ 68	March 31, 2019	$ 72
Other intangible assets, net (trademark)	22	March 31, 2019	55
Total	$ 90		$ 127

[(1)] See *Note 6 – Goodwill and Other Intangible Assets* for discussion of the valuation techniques used to measure fair value, the description of the inputs and information used to develop those inputs.

Fiscal 2017

(In millions)	Impairment charges	Date of Fair Value Measurement	Fair Value[(1)]
Goodwill	$ 28	April 1, 2017	$ 6
Other intangible assets, net (trademarks)	2	April 1, 2017	32
Other intangible assets, net (customer lists and other)	1	April 1, 2017	—
Total	$ 31		$ 38

[(1)] See *Note 6 – Goodwill and Other Intangible Assets* for discussion of the valuation techniques used to measure fair value, the description of the inputs and information used to develop those inputs.

The following methods and assumptions were used to estimate the fair value of the Company's financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents – Cash and all highly-liquid securities with original maturities of three months or less are classified as cash and cash equivalents, primarily consisting of cash deposits in interest bearing accounts, time deposits and money market funds (classified within Level 1 of the valuation hierarchy). The carrying amount approximates fair value, primarily due to the short maturity of cash equivalent instruments.

Available-for-sale securities – Available-for-sale securities are classified within Level 2 of the valuation hierarchy and are valued using third-party pricing services, and for time deposits, the carrying amount approximates fair value. To determine fair value, the pricing services use market prices or prices derived from other observable market inputs such as benchmark curves, credit spreads, broker/dealer quotes, and other industry and economic factors.

Foreign currency forward contracts – The fair values of the Company's foreign currency forward contracts were determined using an industry-standard valuation model, which is based on an income approach. The significant observable inputs to the model, such as swap yield curves and currency spot and forward rates, were obtained from an independent pricing service. To determine the fair value of contracts under the model, the difference between the contract price and the current forward rate was discounted using LIBOR for contracts with maturities up to 12 months, and swap yield curves for contracts with maturities greater than 12 months.

Interest rate contracts – The fair values of the Company's interest rate contracts were determined using an industry-standard valuation model, which is based on the income approach. The significant observable inputs to the model, such as treasury yield curves, swap yield curves and LIBOR forward rates, were obtained from independent pricing services.

Current and long-term debt – The fair value of the Company's debt was estimated based on the current rates offered to the Company for debt with the same remaining maturities. To a lesser extent, debt also includes capital lease obligations for which the carrying amount approximates the fair value. The Company's debt is classified within Level 2 of the valuation hierarchy.

Additional purchase price payable – The Company's additional purchase price payable represents fixed minimum additional purchase price that was discounted using the Company's incremental borrowing rate, which was approximately 1%. The additional purchase price payable is classified within Level 2 of the valuation hierarchy.

Contingent consideration – Contingent consideration obligations consist of potential obligations related to the Company's acquisitions in previous years. The amounts to be paid under these obligations are contingent upon the achievement of stipulated financial targets by the business subsequent to acquisition. The fair values of the contingent consideration related to certain acquisition earn-outs were estimated using a probability-weighted discount model that considers the achievement of the conditions upon which the respective contingent obligation is dependent ("Monte Carlo Method").

The Monte Carlo Method has various inputs into the valuation model, in addition to the risk-adjusted projected future operating results of the acquired entities, which include the following ranges at June 30, 2019:

Risk-adjusted discount rate	2.2% to 2.3%
Revenue volatility	6.4% to 6.8%
Asset volatility	27.9%
Revenue and earnings before income tax, depreciation and amortization correlation coefficient factor	70.0%
Revenue discount rates	4.3% to 4.4%
Earnings before income tax, depreciation and amortization discount rate	12.9%

Significant changes in the projected future operating results would result in a significantly higher or lower fair value measurement. Changes to the discount rates, volatilities or correlation factors would have a lesser effect. The implied rates are deemed to be unobservable inputs and, as such, the Company's contingent consideration is classified within Level 3 of the valuation hierarchy.

Changes in the fair value of the contingent consideration obligations for the year ended June 30, 2019 are included in Selling, general and administrative expenses in the accompanying consolidated statements of earnings and were as follows:

(In millions)	Fair Value
Contingent consideration at June 30, 2018	$ 96
Payments	(23)
Changes in fair value	(37)
Contingent consideration at June 30, 2019	$ 36

NOTE 13 – REVENUE RECOGNITION

During the first quarter of fiscal 2019, the Company adopted the new revenue accounting standard, ASC 606, under the modified retrospective method to all contracts as of the date of adoption. Under this method, the consolidated financial statements for the period beginning July 1, 2018 are presented under the new revenue accounting standard, while the prior-year periods reflect the revenue accounting standards in effect during those periods. The following discussion is based on the Company's accounting policies under the new standard; for a discussion of the Company's prior accounting for revenue and a reconciliation of the impact of the change in accounting standard on the Company's consolidated financial statements, see below *Changes in Accounting Policies*. The Company also adopted the policy election to exclude from the transaction price all amounts collected from customers for sales and other taxes. For revenue disaggregated by product category and geographic region, see *Note 21 – Segment Data and Related Information*.

Performance Obligations
The Company recognizes revenue at a point in time when it satisfies a performance obligation by transferring control over a product and other promised goods and services to a customer.

The Company sells wholesale to customers in distribution channels that include department stores, travel retail, specialty-multi retailers, perfumeries, salons/spas and through various online sites operated by authorized retailers. The primary performance obligation related to these channels of distribution is product sales where revenue is recognized as control of the product transfers to the customer. In the Americas region, revenue is generally recognized at the time the product is made available and provided to the customer's carrier at the Company's location, and in the Europe, the Middle East & Africa and Asia/Pacific regions, revenue is generally recognized based upon the customer's receipt.

The Company also sells direct to consumers at Company-operated freestanding stores and online through Company-owned and operated e-commerce and m-commerce sites and through third-party online malls. At Company-operated freestanding stores, revenue is recognized when control of the product is transferred at the point of sale. Revenue from online sales is recognized when control of the product is transferred, generally based upon the consumer's receipt.

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In connection with the sale of product, the Company may provide other promised goods and services that are deemed to be performance obligations. These are comprised of customer loyalty program obligations, gift with purchase and purchase with purchase promotions, gift cards and other promotional goods including samples and testers.

The Company offers a number of different loyalty programs to its customers across regions, brands and distribution channels including points-based programs, tier-based programs and other programs. Revenue is allocated between the saleable product revenue and the material right loyalty obligations based on relative standalone selling prices when the consumer purchases the products that are earning them the right to the future benefits. Deferred revenue related to the Company's loyalty programs is estimated based on the standalone selling price and is adjusted for an estimated breakage factor. Standalone selling price is determined primarily using the observable market price of the good or service benefit if it is sold by the Company or a cost plus margin approach for goods/services not directly sold by the Company. Breakage rates consider historical patterns of redemption and/or expiration. Revenue is recognized when the benefits are redeemed or expire.

The Company provides gift with purchase promotional products to certain customers generally without additional charge and also provides purchase with purchase promotional products to certain customers at a discount in relation to prices charged for saleable product. Revenue is allocated between saleable product, gift with purchase product and purchase with purchase product based on the estimated relative standalone selling prices. Revenue is deferred and ultimately recognized based on the timing differences, if any, between when control of promotional goods and control of the related saleable products transfer to the Company's customer (e.g., a third-party retailer), which is calculated based on the weighted-average number of days between promotional periods. The estimated standalone selling price allocated to promotional goods is based on a cost plus margin approach.

In situations where promotional products are provided by the Company to its customers at the same time as the related saleable product, such as shipments of samples and testers, the cost of these promotional products are recognized as a cost of sales at the same time as the related revenue is recognized and no deferral of revenue is required.

The Company also offers gift cards through Company-operated freestanding stores and Company-owned websites. The related deferred revenue is estimated based on expected breakage that considers historical patterns of redemption taking into consideration escheatment laws as applicable.

Product Returns, Sales Incentives and Other Forms of Variable Consideration

In measuring revenue and determining the consideration the Company is entitled to as part of a contract with a customer, the Company takes into account the related elements of variable consideration. Such elements of variable consideration include product returns and sales incentives, such as volume rebates and discounts, markdowns, margin adjustments and early-payment discounts. We also enter into arrangements containing other forms of variable consideration, including certain demonstration arrangements, for which the Company does not receive a distinct good or service or for which the Company cannot reasonably estimate the fair value of the good or service. For these types of arrangements, the adjustments to revenue are recorded at the later of when (i) the Company recognizes revenue for the transfer of the related goods or services to the customer, or (ii) the Company pays, or promises to pay, the consideration.

For the sale of goods with a right of return, the Company only recognizes revenue for the consideration it expects to be entitled to (considering the products to be returned) and records a sales return accrual within Other accrued liabilities for the amount it expects to credit back its customers. In addition, the Company recognizes an asset included in Inventory and promotional merchandise, net and a corresponding adjustment to Cost of sales for the right to recover goods from customers associated with the estimated returns.

The sales return accrual and corresponding asset include estimates that directly impact reported net sales. These estimates are calculated based on a history of actual returns, estimated future returns and information provided by retailers regarding their inventory levels. Consideration of these factors results in an estimate for anticipated sales returns that reflects increases or decreases related to seasonal fluctuations. In addition, as necessary, sales return accruals and the related assets may be established for significant future known or anticipated events. The types of known or anticipated events that are considered, and will continue to be considered, include the financial condition of the Company's customers, store closings by retailers, changes in the retail environment and the Company's decision to continue to support new and existing products.

The Company estimates sales incentives and other variable consideration using the most likely amount method and records accruals within Other accrued liabilities when control of the related product is transferred to the customer. Under this method, certain forms of variable consideration are based on expected sell-through results, which requires subjective estimates. These estimates are supported by historical results as well as specific facts and circumstances related to the current period.

The Company also enters into transactions and makes payments to certain of its customers related to demonstration, advertising and counter construction, some of which involve cooperative relationships with customers. These activities may be arranged either with unrelated third parties or in conjunction with the customer. To the extent the Company receives a distinct good or service in exchange for consideration and the fair value of the benefit can be reasonably estimated, the Company's share of the counter depreciation and the other costs of these transactions (regardless of to whom they were paid) are reflected in Selling, general and administrative expenses in the accompanying consolidated statements of earnings.

Accounts Receivable

Accounts receivable, net is stated net of the allowance for doubtful accounts and customer deductions totaling $32 million and $29 million as of June 30, 2019 and June 30, 2018, respectively. The allowance for doubtful accounts is based upon the evaluation of accounts receivable aging, specific exposures and historical trends. Payment terms are short-term in nature and are generally less than one year. As a result of the adoption of ASC 606, amounts relating to the Company's sales return accrual are recorded within Other accrued liabilities and the corresponding return asset is recorded in Inventory and promotional merchandise, net, and are no longer included as a reduction to Accounts receivable, net. The Company applied the practical expedient available under ASC 606 to disregard determining significant financing components if the good/service is transferred and payment is received within one year.

Deferred Revenue

Significant changes in deferred revenue during the twelve months ended June 30, 2019 are as follows:

(In millions)		
Balance at July 1, 2018	$	380
Revenue recognized that was included in the deferred revenue balance at the beginning of the period		(278)
Revenue deferred during the period		260
Other		(1)
Balance at June 30, 2019	$	361

Transaction Price Allocated to the Remaining Performance Obligations

At June 30, 2019, the combined estimated revenue expected to be recognized in the next twelve months related to performance obligations for customer loyalty programs, gift with purchase promotions, purchase with purchase promotions and gift card liabilities that are unsatisfied (or partially unsatisfied) is $314 million.

Changes in Accounting Policies

As a result of the adoption of ASC 606, the Company has changed its accounting policies for revenue recognition as follows:

- For products sold that qualify for customer loyalty program awards, the Company defers a portion of revenue related to the product sales. Previously, the Company recognized revenue in full for product sales and accrued for the expected amounts of loyalty awards to be provided under the incremental cost approach.
- A portion of revenue is deferred for shipments of saleable products with separate performance obligations to provide gift with purchase and purchase with purchase promotional products, and is recognized as control is transferred to a customer. Previously, the Company recognized revenue for saleable products and purchase with purchase products based upon invoice prices charged to customers and included the cost of gift with purchase products and/or purchase with purchase products in Cost of sales when risks and rewards of ownership transferred to the Company's customer (i.e. a third-party retailer).
- The cost of certain promotional products, including samples and testers, are classified within Cost of sales. Such costs were previously accounted for as a component of Selling, general and administrative expenses.
- In conjunction with the adoption of ASC 606, the Company reassessed its contracts under the variable consideration guidance, including the payments to customer guidance, and as a result certain reclassifications were made related to timing and classification of certain net demonstration payments to and from customers.
- For product returns, the Company established a sales return accrual and a corresponding asset for the right to recover goods in Other accrued liabilities and Inventory and promotional merchandise, net, respectively, while previously the net liability for product returns was recorded as a reduction of Accounts receivable, net.

As a result of the change in accounting policies noted above, the Company recorded a cumulative adjustment of $229 million, net of tax, as a reduction to its fiscal 2019 opening balance of retained earnings.

The following tables summarize the impacts of the adoption of ASC 606 on the Company's consolidated financial statements:

Consolidated Statement of Earnings

	Year Ended June 30, 2019		
(In millions, except per share data)	As Reported	Impact	Prior to the adoption of ASC 606
Net sales	$ 14,863	$ 49	$ 14,912
Cost of sales	3,387	(300)	3,087
Gross profit	11,476	349	11,825
Selling, general and administrative	8,857	370	9,227
Operating income	2,313	(21)	2,292
Provision for income taxes	513	(5)	508
Net earnings attributable to The Estée Lauder Companies Inc.	1,785	(16)	1,769
Net earnings attributable to The Estée Lauder Companies Inc. per common share:			
Basic	$ 4.91	$ (.04)	$ 4.87
Diluted	$ 4.82	$ (.04)	$ 4.78

Consolidated Balance Sheet

	June 30, 2019		
(In millions)	As Reported	Impact	Prior to the adoption of ASC 606
Accounts receivable, net	$ 1,831	$ (202)	$ 1,629
Inventory and promotional merchandise, net	2,006	(21)	1,985
Other assets	628	(65)	563
Total assets	13,156	(288)	12,868
Other accrued liabilities	2,599	(452)	2,147
Other noncurrent liabilities	1,244	(47)	1,197
Total liabilities	8,745	(499)	8,246
Retained earnings	9,984	213	10,197
Accumulated other comprehensive loss	(563)	(2)	(565)
Total stockholders' equity – The Estée Lauder Companies Inc.	4,386	211	4,597

Consolidated Statement of Cash Flows

	Year Ended June 30, 2019		
(In millions)	As Reported	Impact	Prior to the adoption of ASC 606
Net earnings	$ 1,794	$ (16)	$ 1,778
Changes in operating assets and liabilities			
Increase in accounts receivable, net	(169)	5	(164)
Increase in inventory and promotional merchandise, net	(375)	(6)	(381)
Increase in other assets, net	(62)	(5)	(67)
Increase in other accrued and noncurrent liabilities	285	22	307
Net cash flows provided by operating activities	2,517	—	2,517

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NOTE 14 – PENSION, DEFERRED COMPENSATION AND POST-RETIREMENT BENEFIT PLANS

The Company maintains pension plans covering substantially all of its full-time employees for its U.S. operations and a majority of its international operations. Several plans provide pension benefits based primarily on years of service and employees' earnings. In certain instances, the Company adjusts benefits in connection with international employee transfers.

Retirement Growth Account Plan (U.S.)

The Retirement Growth Account Plan is a trust-based, noncontributory qualified defined benefit pension plan. The Company seeks to maintain appropriate funded percentages. For contributions, the Company would seek to contribute an amount or amounts that would not be less than the minimum required by the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, and subsequent pension legislation, and would not be more than the maximum amount deductible for income tax purposes.

Restoration Plan (U.S.)

The Company also has an unfunded, non-qualified domestic noncontributory pension Restoration Plan to provide benefits in excess of Internal Revenue Code limitations.

International Pension Plans

The Company maintains international pension plans, the most significant of which are defined benefit pension plans. The Company's funding policies for these plans are determined by local laws and regulations. The Company's most significant defined benefit pension obligations are included in the plan summaries below.

Post-retirement Benefit Plans

The Company maintains a domestic post-retirement benefit plan which provides certain medical and dental benefits to eligible employees. Employees hired after January 1, 2002 are not eligible for retiree medical benefits when they retire. Certain retired employees who are receiving monthly pension benefits are eligible for participation in the plan. Contributions required and benefits received by retirees and eligible family members are dependent on the age of the retiree. It is the Company's practice to fund a portion of these benefits as incurred and may provide discretionary funding for future liabilities up to the maximum amount deductible for income tax purposes.

Certain of the Company's international subsidiaries and affiliates have post-retirement plans, although most participants are covered by government-sponsored or administered programs.

Plan Summaries

The significant components of the above mentioned plans as of and for the years ended June 30 are summarized as follows:

	Pension Plans				Other than Pension Plans	
	U.S.		International		Post-retirement	
(In millions)	2019	2018	2019	2018	2019	2018
Change in benefit obligation:						
Benefit obligation at beginning of year	$ 896	$ 903	$ 588	$ 605	$ 170	$ 183
Service cost	38	37	30	30	3	3
Interest cost	37	33	13	13	7	7
Plan participant contributions	—	—	5	5	1	—
Actuarial loss (gain)	68	(26)	51	(22)	10	(16)
Foreign currency exchange rate impact	—	—	(18)	(2)	(1)	(1)
Benefits, expenses, taxes and premiums paid	(73)	(51)	(31)	(34)	(7)	(6)
Plan amendments	—	—	—	(5)	—	—
Settlements	—	—	(7)	(3)	—	—
Special termination benefits	—	—	—	1	—	—
Benefit obligation at end of year	$ 966	$ 896	$ 631	$ 588	$ 183	$ 170
Change in plan assets:						
Fair value of plan assets at beginning of year	$ 838	$ 781	$ 561	$ 548	$ 34	$ 37
Actual return on plan assets	48	55	32	16	2	2
Foreign currency exchange rate impact	—	—	(16)	(2)	—	—
Employer contributions	19	53	33	31	1	1
Plan participant contributions	—	—	5	5	1	—
Settlements	—	—	(7)	(3)	—	—
Benefits, expenses, taxes and premiums paid from plan assets	(73)	(51)	(31)	(34)	(7)	(6)
Fair value of plan assets at end of year	$ 832	$ 838	$ 577	$ 561	$ 31	$ 34
Funded status	$ (134)	$ (58)	$ (54)	$ (27)	$ (152)	$ (136)
Amounts recognized in the Balance Sheet consist of:						
Other assets	$ 2	$ 71	$ 103	$ 110	$ —	$ —
Other accrued liabilities	(24)	(23)	(3)	(4)	—	—
Other noncurrent liabilities	(112)	(106)	(154)	(133)	(152)	(136)
Funded status	(134)	(58)	(54)	(27)	(152)	(136)
Accumulated other comprehensive loss	253	190	68	40	13	4
Net amount recognized	$ 119	$ 132	$ 14	$ 13	$ (139)	$ (132)

	Pension Plans						Other than Pension Plans		
	U.S.			International			Post-retirement		
($ in millions)	2019	2018	2017	2019	2018	2017	2019	2018	2017
Components of net periodic benefit cost:									
Service cost	$ 38	$ 37	$ 37	$ 30	$ 30	$ 28	$ 3	$ 3	$ 3
Interest cost	37	33	30	13	13	11	7	7	7
Expected return on assets	(55)	(53)	(52)	(14)	(15)	(16)	(2)	(3)	(1)
Amortization of:									
Actuarial loss	11	14	16	3	5	11	—	—	1
Prior service cost	1	—	1	(1)	—	2	—	1	—
Settlements	—	—	—	1	—	—	—	—	—
Special termination benefits	—	—	—	—	1	2	—	—	—
Net periodic benefit cost	$ 32	$ 31	$ 32	$ 32	$ 34	$ 38	$ 8	$ 8	$ 10
Weighted-average assumptions used to determine benefit obligations at June 30:									
Discount rate	3.40 – 3.80%	4.10 – 4.30%	3.40 – 3.90%	.25 – 8.50%	.50 – 7.50%	.50 – 6.75%	3.25 – 9.75%	3.75 – 9.75%	3.70 – 9.75%
Rate of compensation increase	2.50 – 8.00%	2.50 – 8.00%	3.00 – 7.00%	1.00 – 5.50%	1.00 – 5.50%	1.00 – 5.50%	N/A	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit cost for the year ended June 30:									
Discount rate	4.10 – 4.30%	3.40 – 3.90%	3.00 – 3.70%	.50 – 7.50%	.50 – 6.75%	.25 – 6.00%	3.75 – 9.75%	3.70 – 9.75%	3.50 – 9.50%
Expected return on assets	6.75%	7.00%	7.00%	1.50 – 7.50%	1.75 – 6.75%	1.50 – 6.00%	6.75%	7.00%	7.00%
Rate of compensation increase	2.50 – 8.00%	3.00 – 7.00%	3.00 – 7.00%	1.00 – 5.50%	1.00 – 5.50%	0 – 5.50%	N/A	N/A	N/A

The discount rate for each plan used for determining future net periodic benefit cost is based on a review of highly rated long-term bonds. The discount rate for the Company's Domestic Plans is based on a bond portfolio that includes only long-term bonds with an Aa rating, or equivalent, from a major rating agency. The Company used an above-mean yield curve which represents an estimate of the effective settlement rate of the obligation, and the timing and amount of cash flows related to the bonds included in this portfolio are expected to match the estimated defined benefit payment streams of the Company's Domestic Plans. For the Company's international plans, the discount rate in a particular country was principally determined based on a yield curve constructed from high quality corporate bonds in each country, with the resulting portfolio having a duration matching that particular plan. In determining the long-term rate of return for a plan, the Company considers the historical rates of return, the nature of the plan's investments and an expectation for the plan's investment strategies.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. The assumed weighted-average health care cost trend rate for the coming year is 6.26% while the weighted-average ultimate trend rate of 4.39% is expected to be reached in approximately 19 years. A 100 basis-point change in assumed health care cost trend rates for fiscal 2019 would have had the following effects:

(In millions)	100 Basis-Point Increase	100 Basis-Point Decrease
Effect on total service and interest costs	$ 1	$ (1)
Effect on post-retirement benefit obligations	$ 15	$ (12)

Amounts recognized in AOCI (before tax) as of June 30, 2019 are as follows:

	Pension Plans		Other than Pension Plans	
(In millions)	U.S.	International	Post-retirement	Total
Net actuarial losses, beginning of year	$ 188	$ 47	$ 4	$ 239
Actuarial losses recognized	75	33	9	117
Amortization and settlements included in net periodic benefit cost	(11)	(4)	—	(15)
Translation adjustments	—	(2)	—	(2)
Net actuarial losses, end of year	252	74	13	339
Net prior service cost, beginning of year	2	(7)	—	(5)
Amortization included in net periodic benefit cost	(1)	1	—	—
Net prior service cost, end of year	1	(6)	—	(5)
Total amounts recognized in AOCI	$ 253	$ 68	$ 13	$ 334

Amounts in AOCI expected to be amortized as components of net periodic benefit cost during fiscal 2020 are as follows:

	Pension Plans		Other than Pension Plans
(In millions)	U.S.	International	Post-retirement
Net prior service cost (credit)	$ —	$ —	$ —
Net actuarial losses	$ 15	$ 6	$ —

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the Company's pension plans at June 30 are as follows:

	Pension Plans					
	Retirement Growth Account		Restoration		International	
(In millions)	2019	2018	2019	2018	2019	2018
Projected benefit obligation	$ 830	$ 767	$ 136	$ 129	$ 631	$ 588
Accumulated benefit obligation	$ 784	$ 721	$ 120	$ 113	$ 569	$ 533
Fair value of plan assets	$ 832	$ 838	$ —	$ —	$ 577	$ 561

International pension plans with projected benefit obligations in excess of the plans' assets had aggregate projected benefit obligations of $319 million and $283 million and aggregate fair value of plan assets of $162 million and $146 million at June 30, 2019 and 2018, respectively. International pension plans with accumulated benefit obligations in excess of the plans' assets had aggregate accumulated benefit obligations of $241 million and $221 million and aggregate fair value of plan assets of $116 million and $108 million at June 30, 2019 and 2018, respectively.

The expected cash flows for the Company's pension and post-retirement plans are as follows:

(In millions)	Pension Plans U.S.	Pension Plans International	Other than Pension Plans Post-retirement
Expected employer contributions for year ending June 30, 2020	$ —	$ 30	$ —
Expected benefit payments for year ending June 30,			
2020	67	24	8
2021	51	25	8
2022	51	26	8
2023	50	30	9
2024	51	29	9
Years 2025 – 2029	282	149	55

Plan Assets

The Company's investment strategy for its pension and post-retirement plan assets is to maintain a diversified portfolio of asset classes with the primary goal of meeting long-term cash requirements as they become due. Assets are primarily invested in diversified funds that hold equity or debt securities to maintain the security of the funds while maximizing the returns within each plan's investment policy. The investment policy for each plan specifies the type of investment vehicles appropriate for the plan, asset allocation guidelines, criteria for selection of investment managers and procedures to monitor overall investment performance, as well as investment manager performance.

The Company's target asset allocation at June 30, 2019 is as follows:

	Pension Plans U.S.	Pension Plans International	Other than Pension Plans Post-retirement
Equity	42%	12%	42%
Debt securities	47%	66%	47%
Other	11%	22%	11%
	100%	100%	100%

The following is a description of the valuation methodologies used for plan assets measured at fair value:

Cash and Cash Equivalents – Cash and all highly-liquid securities with original maturities of three months or less are classified as cash and cash equivalents, primarily consisting of cash deposits in interest bearing accounts, time deposits and money market funds. These assets are classified within Level 1 of the valuation hierarchy.

Short-term investment funds – The fair values are determined using the Net Asset Value ("NAV") provided by the administrator of the fund when the Company has the ability to redeem the assets at the measurement date. These assets are classified within Level 2 of the valuation hierarchy. For some assets the Company is utilizing the NAV as a practical expedient and those investments are not included in the valuation hierarchy.

Government and agency securities – The fair values are determined using third-party pricing services using market prices or prices derived from observable market inputs such as benchmark curves, broker/dealer quotes, and other industry and economic factors. These investments are classified within Level 2 of the valuation hierarchy.

Debt instruments – The fair values are determined using third-party pricing services using market prices or prices derived from observable market inputs such as credit spreads, broker/dealer quotes, benchmark curves and other industry and economic factors. These investments are classified within Level 2 of the valuation hierarchy.

Commingled funds – The fair values of publicly traded funds are based upon market quotes and are classified within Level 1 of the valuation hierarchy. The fair values for non-publicly traded funds are determined using the NAV provided by the administrator of the fund when the Company has the ability to redeem the assets at the measurement date. These assets are classified within Level 2 of the valuation hierarchy. When the Company is utilizing the NAV as a practical expedient those investments are not included in the valuation hierarchy. These investments have monthly redemption frequencies with redemption notice periods ranging from 10 to 30 days. There are no unfunded commitments related to these investments.

Insurance contracts – The fair values are based on negotiated value and the underlying investments held in separate account portfolios, as well as the consideration of the creditworthiness of the issuer. The underlying investments are primarily government, asset-backed and fixed income securities. Insurance contracts are generally classified as Level 3 as there are no quoted prices or other observable inputs for pricing.

Interests in limited partnerships and hedge fund investments – The fair values are determined using the NAV provided by the administrator as a practical expedient, and therefore these investments are not included in the valuation hierarchy. These investments have monthly and quarterly redemption frequencies with redemption notice periods ranging from 30 to 90 days. Unfunded commitments related to these investments are de minimis.

The following table presents the fair values of the Company's pension and post-retirement plan assets by asset category as of June 30, 2019:

(In millions)	Level 1	Level 2	Level 3	Assets Measured at NAV	Total
Cash and cash equivalents	$ 6	$ —	$ —	$ —	$ 6
Short term investment funds	—	19	—	5	24
Government and agency securities	—	112	—	—	112
Debt instruments	—	—	—	—	—
Commingled funds	347	590	—	212	1,149
Insurance contracts	—	—	49	—	49
Limited partnerships and hedge fund investments	—	—	—	100	100
Total	$ 353	$ 721	$ 49	$ 317	$ 1,440

The following table presents the fair values of the Company's pension and post-retirement plan assets by asset category as of June 30, 2018:

(In millions)	Level 1	Level 2	Level 3	Assets Measured at NAV	Total
Cash and cash equivalents	$ 29	$ —	$ —	$ —	$ 29
Short term investment funds	—	6	—	6	12
Government and agency securities	—	81	—	—	81
Debt instruments	—	25	—	—	25
Commingled funds	313	580	—	219	1,112
Insurance contracts	—	—	49	—	49
Limited partnerships and hedge fund investments	—	—	—	125	125
Total	$ 342	$ 692	$ 49	$ 350	$ 1,433

The following table presents the changes in Level 3 plan assets for fiscal 2019:

(In millions)	Insurance Contracts	
Balance as of June 30, 2018	$	49
Actual return on plan assets:		
Relating to assets still held at the reporting date		3
Purchases, sales, issuances and settlements, net		(1)
Foreign exchange impact		(2)
Balance as of June 30, 2019	$	49

401(k) Savings Plan (U.S.)

The Company's 401(k) Savings Plan ("Savings Plan") is a contributory defined contribution plan covering substantially all regular U.S. employees who have completed the hours and service requirements, as defined by the plan document. Regular full-time employees are eligible to participate in the Savings Plan thirty days following their date of hire. The Savings Plan is subject to the applicable provisions of ERISA. The Company matches a portion of the participant's contributions after one year of service under a predetermined formula based on the participant's contribution level. The Company's contributions were $44 million, $41 million and $39 million for fiscal 2019, 2018 and 2017, respectively. Shares of the Company's Class A Common Stock are not an investment option in the Savings Plan and the Company does not use such shares to match participants' contributions.

Deferred Compensation

The Company has agreements with certain employees and outside directors who defer compensation. The Company accrues for such compensation, and either interest thereon or for the change in the value of cash units. The amounts included in the accompanying consolidated balance sheets under these plans were $93 million and $89 million as of June 30, 2019 and 2018, respectively. The expense for fiscal 2019, 2018 and 2017 was $8 million, $16 million and $6 million, respectively.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Contractual Obligations

The following table summarizes scheduled maturities of the Company's contractual obligations for which cash flows are fixed and determinable as of June 30, 2019:

		Payments Due in Fiscal					
(In millions)	Total	2020	2021	2022	2023	2024	Thereafter
Debt service [1]	$ 5,401	$ 635	$ 566	$ 104	$ 349	$ 95	$ 3,652
Operating lease commitments [2]	3,382	421	383	348	316	289	1,625
Unconditional purchase obligations [3]	4,556	1,790	622	562	593	482	507
Gross unrecognized tax benefits and interest – current [4]	5	5	—	—	—	—	—
Transition Tax payable[5]	305	16	27	27	27	51	157
Total contractual obligations	$ 13,649	$ 2,867	$ 1,598	$ 1,041	$ 1,285	$ 917	$ 5,941

(1) Includes long-term and current debt and the related projected interest costs, and to a lesser extent, capital lease commitments. Interest costs on long-term and current debt in fiscal 2020, 2021, 2022, 2023, 2024 and thereafter are projected to be $118 million, $108 million, $101 million, $98 million, $95 million and $1,452 million, respectively. Projected interest costs on variable rate instruments were calculated using market rates at June 30, 2019.

(2) Minimum operating lease commitments only include base rent. Certain leases provide for contingent rents that are not measurable at inception and primarily include rents based on a percentage of sales in excess of stipulated levels, as well as common area maintenance. These amounts are excluded from minimum operating lease commitments and are included in the determination of total rent expense when it is probable that the expense has been incurred and the amount is reasonably measurable. Such amounts have not been material to total rent expense. Total rental expense included in the accompanying consolidated statements of earnings was $583 million, $538 million and $473 million in fiscal 2019, 2018 and 2017, respectively.

(3) Unconditional purchase obligations primarily include: royalty payments pursuant to license agreements, inventory commitments, advertising commitments, contingent consideration which resulted from the fiscal 2016 and 2015 acquisitions, earn-out payments related to the acquisition of Bobbi Brown, capital improvement commitments and non-discretionary planned funding of pension and other post-retirement benefit obligations. Future contingent consideration, earn-out payments and royalty and advertising commitments were estimated based on planned future sales for the term that was in effect at June 30, 2019, without consideration for potential renewal periods.

(4) Refer to *Note 8 – Income Taxes* for information regarding unrecognized tax benefits. As of June 30, 2019, the noncurrent portion of the Company's unrecognized tax benefits, including related accrued interest and penalties was $68 million. At this time, the settlement period for the noncurrent portion of the unrecognized tax benefits, including related accrued interest and penalties, cannot be determined and therefore was not included.

(5) Refer to *Note 8 – Income Taxes* for information regarding the Transition Tax. The Transition Tax may be paid over an eight-year period and this amount represents the remaining liability as of June 30, 2019.

Legal Proceedings

The Company is involved, from time to time, in litigation and other legal proceedings incidental to its business. Management believes that the outcome of current litigation and legal proceedings will not have a material adverse effect upon the Company's business, results of operations, financial condition or cash flows. However, management's assessment of the Company's current litigation and other legal proceedings could change in light of the discovery of facts with respect to legal actions or other proceedings pending against the Company not presently known to the Company or determinations by judges, juries or other finders of fact which are not in accord with management's evaluation of the possible liability or outcome of such litigation or proceedings. Reasonably possible losses in addition to the amounts accrued for such litigation and legal proceedings are not material to the Company's consolidated financial statements.

Contingencies

During the fiscal 2018 third quarter, the Company learned that some of its testing related to certain product advertising claims did not meet the Company's standards, necessitating further validation. This review is ongoing, resulting in modifications to certain advertising claims. This is not a product safety issue and does not relate to the quality of the ingredients or the manufacturing of the Company's products. Based on the Company's review to date, it does not believe that this matter will be material to the Company, and no accrual has been recorded.

NOTE 16 – COMMON STOCK

As of June 30, 2019, the Company's authorized common stock consists of 1,300 million shares of Class A Common Stock, par value $.01 per share, and 304 million shares of Class B Common Stock, par value $.01 per share. Class B Common Stock is convertible into Class A Common Stock, in whole or in part, at any time and from time to time at the option of the holder, on the basis of one share of Class A Common Stock for each share of Class B Common Stock converted. Holders of the Company's Class A Common Stock are entitled to one vote per share and holders of the Company's Class B Common Stock are entitled to ten votes per share.

Information about the Company's common stock outstanding is as follows:

(Shares in thousands)	Class A	Class B
Balance at June 30, 2016	222,989.6	144,770.2
Acquisition of treasury stock	(4,694.8)	—
Conversion of Class B to Class A	1,007.9	(1,007.9)
Stock-based compensation	5,038.5	—
Balance at June 30, 2017	224,341.2	143,762.3
Acquisition of treasury stock	(6,045.4)	—
Conversion of Class B to Class A	710.6	(710.6)
Stock-based compensation	5,087.4	—
Balance at June 30, 2018	224,093.8	143,051.7
Acquisition of treasury stock	(10,986.7)	—
Conversion of Class B to Class A	3,513.9	(3,513.9)
Stock-based compensation	4,943.5	—
Balance at June 30, 2019	221,564.5	139,537.8

The Company is authorized by the Board of Directors to repurchase Class A Common Stock in the open market or in privately negotiated transactions, depending on market conditions and other factors. As of June 30, 2019, the remaining authorized share repurchase balance was 38.7 million shares.

The following is a summary of cash dividends declared per share on the Company's Class A and Class B Common Stock during the year ended June 30, 2019:

Date Declared	Record Date	Payable Date	Amount per Share
August 17, 2018	August 31, 2018	September 17, 2018	$.38
October 30, 2018	November 30, 2018	December 17, 2018	$.43
February 4, 2019	February 28, 2019	March 15, 2019	$.43
April 30, 2019	May 31, 2019	June 17, 2019	$.43

On August 16, 2019, a dividend was declared in the amount of $.43 per share on the Company's Class A and Class B Common Stock. The dividend is payable in cash on September 16, 2019 to stockholders of record at the close of business on August 30, 2019.

NOTE 17 – STOCK PROGRAMS

As of June 30, 2019, the Company has two active equity compensation plans which include the Amended and Restated Fiscal 2002 Share Incentive Plan (the "Fiscal 2002 Plan") and the Amended and Restated Non-Employee Director Share Incentive Plan (collectively, the "Plans"). These Plans currently provide for the issuance of approximately 76.8 million shares of Class A Common Stock, which consist of shares originally provided for and shares transferred to the Fiscal 2002 Plan from other inactive plans and employment agreements, to be granted in the form of stock-based awards to key employees, consultants and non-employee directors of the Company. As of June 30, 2019, approximately 5.3 million shares of Class A Common Stock were reserved and available to be granted pursuant to these Plans. The Company may satisfy the obligation of its stock-based compensation awards with either new or treasury shares. The Company's equity compensation awards include stock options, restricted stock units ("RSUs"), performance share units ("PSUs"), long-term PSUs and share units.

Total net stock-based compensation expense is attributable to the granting of, and the remaining requisite service periods of stock options, RSUs, PSUs, long-term PSUs and share units. Compensation expense attributable to net stock-based compensation is as follows:

(In millions)	Year Ended June 30 2019	2018	2017
Compensation expense	$ 243	$ 236	$ 219
Income tax benefit	$ 47	$ 49	$ 72

As of June 30, 2019, the total unrecognized compensation cost related to unvested stock-based awards was $153 million and the related weighted-average period over which it is expected to be recognized is approximately two years.

Stock Options

The following is a summary of the Company's stock option programs as of June 30, 2019 and changes during the fiscal year then ended:

(Shares in thousands)	Shares	Weighted-Average Exercise Price Per Share	Aggregate Intrinsic Value[1] (in millions)	Weighted-Average Contractual Life Remaining in Years
Outstanding at June 30, 2018	11,471.6	$ 73.28		
Granted at fair value	1,663.4	138.23		
Exercised	(3,155.2)	61.00		
Expired	(11.7)	69.47		
Forfeited	(120.1)	115.20		
Outstanding at June 30, 2019	9,848.0	87.68	$ 940	6.2
Vested and expected to vest at June 30, 2019	9,796.5	87.46	$ 937	6.1
Exercisable at June 30, 2019	6,334.3	70.65	$ 712	4.9

[1] The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price of the option.

The exercise period for all stock options generally may not exceed ten years from the date of grant. Stock option grants to individuals generally become exercisable in three substantively equal tranches over a service period of up to four years. The Company attributes the value of option awards on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards.

The following is a summary of the per-share weighted-average grant date fair value of stock options granted and total intrinsic value of stock options exercised:

(In millions, except per share data)	Year Ended June 30 2019	2018	2017
Per-share weighted-average grant date fair value of stock options granted	$ 38.62	$ 27.76	$ 22.79
Intrinsic value of stock options exercised	$ 283	$ 246	$ 149

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Year Ended June 30 2019	2018	2017
Weighted-average expected stock-price volatility	24.5%	25.6%	26.0%
Weighted-average expected option life	7 years	7 years	7 years
Average risk-free interest rate	2.8%	2.0%	1.5%
Average dividend yield	1.1%	1.5%	1.3%

The Company uses a weighted-average expected stock-price volatility assumption that is a combination of both current and historical implied volatilities of the underlying stock. The implied volatilities were obtained from publicly available data sources. For the weighted-average expected option life assumption, the Company considers the exercise behavior for past grants and models the pattern of aggregate exercises. The average risk-free interest rate is based on the U.S. Treasury strip rate for the expected term of the options and the average dividend yield is based on historical experience.

Restricted Stock Units

The Company granted approximately 1.2 million RSUs during fiscal 2019 which, at the time of grant, were scheduled to vest as follows: 0.4 million in fiscal 2020, 0.4 million in fiscal 2021 and 0.4 million in fiscal 2022. Vesting of RSUs granted is generally subject to the continued employment or the retirement of the grantees. The RSUs are accompanied by dividend equivalent rights, payable upon settlement of the RSUs either in cash or shares (based on the terms of the particular award) and, as such, were valued at the closing market price of the Company's Class A Common Stock on the date of grant.

The following is a summary of the status of the Company's RSUs as of June 30, 2019 and activity during the fiscal year then ended:

(Shares in thousands)	Shares	Weighted-Average Grant Date Fair Value Per Share
Nonvested at June 30, 2018	2,683.5	$ 96.11
Granted	1,208.9	139.55
Dividend equivalents	21.9	150.82
Vested	(1,332.0)	91.80
Forfeited	(140.4)	110.57
Nonvested at June 30, 2019	2,441.9	119.62

Performance Share Units

During fiscal 2019, the Company granted PSUs with a target payout of approximately 0.2 million shares of Class A Common Stock with a grant date fair value per share of $138.15, which will be settled in stock subject to the achievement of the Company's net sales, diluted net earnings per common share and return on invested capital goals for the three fiscal years ending June 30, 2021, all subject to continued employment or the retirement of the grantees. In February 2019, the Company granted PSUs with a target payout of approximately 0.1 million shares with a weighted-average grant date fair value per share of $156.53, which will be settled in stock subject to the achievement of certain net sales and net operating profit goals of certain subsidiaries of the Company for the fiscal year ending June 30, 2022.

Settlement of all PSUs will be made pursuant to a range of opportunities relative to the target goals and, as such, the compensation cost of the PSU is subject to adjustment based upon the attainability of these target goals. No settlement will occur for results below the applicable minimum threshold of a target and additional shares shall be issued if performance exceeds the targeted performance goals. PSUs are accompanied by dividend equivalent rights that will be payable in cash upon settlement of the PSUs and, as such, were valued at the closing market value of the Company's Class A Common Stock on the date of grant. These awards are subject to the provisions of the agreement under which the PSUs are granted. The PSUs generally vest at the end of the performance period. Approximately 0.4 million shares of Class A Common Stock are anticipated to be issued, relative to the target goals set at the time of issuance, in settlement of the 0.3 million PSUs that vested as of June 30, 2019. In September 2018, approximately 0.4 million shares of the Company's Class A Common Stock were issued, and related accrued dividends were paid, relative to the target goals set at the time of issuance, in settlement of 0.3 million PSUs which vested as of June 30, 2018.

The following is a summary of the status of the Company's PSUs as of June 30, 2019 and activity during the fiscal year then ended:

(Shares in thousands)	Shares	Weighted-Average Grant Date Fair Value Per Share
Nonvested at June 30, 2018	963.7	$ 89.16
Granted	300.2	145.98
Vested	(251.1)	89.47
Forfeited	(3.0)	109.67
Nonvested at June 30, 2019	1,009.8	105.92

Long-term Performance Share Units

During September 2015, the Company granted PSUs to an executive of the Company with an aggregate target payout of 387,848 shares (in three tranches of approximately 129,283 each) of the Company's Class A Common Stock, generally subject to continued employment through the end of relative performance periods, which end June 30, 2018, 2019 and 2020. Since the Company achieved positive Net Earnings, as defined in the PSU award agreement, for the fiscal year ended June 30, 2016, performance and vesting of each tranche will be based on the Company achieving positive Cumulative Operating Income, as defined in the PSU award agreement, during the relative performance period. Payment with respect to a tranche will be made on the third anniversary of the last day of the respective performance period. The PSUs are accompanied by dividend equivalent rights that will be payable in cash at the same time as the payment of shares of Class A Common Stock. The grant date fair value of these PSUs of $30 million was estimated using the closing stock price of the Company's Class A Common Stock as of September 4, 2015, the date of grant. Through June 30, 2019, 258,565 shares are anticipated to be issued, and the related dividends to be paid, in accordance with the terms of the grant, related to the performance periods ended June 30, 2018 and 2019.

During January 2016, the Company granted PSUs to an executive of the Company with an aggregate target payout of 71,694 shares (in three tranches of 23,898 each) of the Company's Class A Common Stock. Since the Company achieved positive Net Earnings, as defined in the PSU award agreement, for the fiscal year ended June 30, 2017, the vesting of each tranche will generally be subject to continued employment through the end of relative service periods that end on January 29, 2018, 2019 and 2020. Payment with respect to a tranche will be made within 30 business days of the date on which the PSUs vest. The PSUs are accompanied by dividend equivalent rights that will be payable in cash at the same time as the payment of shares of the Company's Class A Common Stock. The grant date fair value of these PSUs of $6 million was estimated using the closing stock price of the Company's Class A Common Stock as of January 28, 2016, the date of grant. In January 2019, 23,898 shares of the Company's Class A Common Stock were issued, and the related dividends were paid, in accordance with the terms of the grant related to the performance period of the award that ended January 29, 2019. Through June 30, 2019, 47,796 shares of the Company's Class A Common Stock were issued, and the related dividends were paid, in accordance with the terms of the grant, related to the performance periods ended January 29, 2018 and 2019.

In February 2018, the Company granted to an executive of the Company PSUs with an aggregate payout of 195,940 shares (in two tranches of 97,970 shares each) of the Company's Class A Common Stock, generally subject to continued employment through the end of the respective performance periods ending June 30, 2021 and 2022. No portion of the award will generally vest unless the Company has achieved positive Cumulative Operating Income, as defined in the performance share unit award agreement, during the relevant performance period. Payment, if any, with respect to both tranches will be made on September 3, 2024. The PSUs are accompanied by dividend equivalent rights that will be payable in cash at the same time as any payment of shares of Class A Common Stock. The grant date fair value of these PSUs of $27 million was estimated using the closing stock price of the Company's Class A Common Stock as of the date of grant.

Share Units

The Company grants share units to certain non-employee directors under the Amended and Restated Non-Employee Director Share Incentive Plan. The share units are convertible into shares of the Company's Class A Common Stock as provided for in that plan. Share units are accompanied by dividend equivalent rights that are converted to additional share units when such dividends are declared.

The following is a summary of the status of the Company's share units as of June 30, 2019 and activity during the fiscal year then ended:

(Shares in thousands)	Shares	Weighted-Average Grant Date Fair Value Per Share
Outstanding at June 30, 2018	139.5	$ 51.97
Granted	6.2	133.35
Dividend equivalents	1.4	149.89
Converted	(15.9)	49.58
Outstanding at June 30, 2019	131.2	57.22

Cash Units

Certain non-employee directors defer cash compensation in the form of cash payout share units, which are not subject to the Plans. These share units are classified as liabilities and, as such, their fair value is adjusted to reflect the current market value of the Company's Class A Common Stock. The Company recorded $9 million, $12 million and $2 million as compensation expense to reflect additional deferrals and the change in the market value for fiscal 2019, 2018 and 2017, respectively.

NOTE 18 – NET EARNINGS ATTRIBUTABLE TO THE ESTÉE LAUDER COMPANIES INC. PER COMMON SHARE

Net earnings attributable to The Estée Lauder Companies Inc. per common share ("basic EPS") is computed by dividing net earnings attributable to The Estée Lauder Companies Inc. by the weighted-average number of common shares outstanding and contingently issuable shares (which satisfy certain conditions). Net earnings attributable to The Estée Lauder Companies Inc. per common share assuming dilution ("diluted EPS") is computed by reflecting potential dilution from stock-based awards.

A reconciliation between the numerator and denominator of the basic and diluted EPS computations is as follows:

	Year Ended June 30		
(In millions, except per share data)	2019	2018	2017
Numerator:			
Net earnings attributable to The Estée Lauder Companies Inc.	$ 1,785	$ 1,108	$ 1,249
Denominator:			
Weighted-average common shares outstanding – Basic	363.5	368.0	367.1
Effect of dilutive stock options	4.7	5.2	3.8
Effect of PSUs	0.5	0.4	0.2
Effect of RSUs	1.7	2.1	1.9
Weighted-average common shares outstanding – Diluted	370.4	375.7	373.0
Net earnings attributable to The Estée Lauder Companies Inc. per common share:			
Basic	$ 4.91	$ 3.01	$ 3.40
Diluted	$ 4.82	$ 2.95	$ 3.35

As of June 30, 2019 and 2018, there were no anti-dilutive shares of Class A Common Stock underlying options to be excluded in the computation of diluted EPS. As of June 30, 2017, the number of shares of Class A Common Stock underlying options that were excluded in the computation of diluted EPS because their inclusion would be anti-dilutive was 1.8 million shares. As of June 30, 2019, 2018 and 2017, 1.3 million shares, 1.0 million shares and 1.0 million shares, respectively, of Class A Common Stock underlying PSUs have been excluded from the calculation of diluted EPS because the number of shares ultimately issued is contingent on the achievement of certain performance targets of the Company, as discussed in *Note 17 – Stock Programs*.

NOTE 19 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of AOCI included in the accompanying consolidated balance sheets consist of the following:

	Year Ended June 30		
(In millions)	2019	2018	2017
Net unrealized investment gains (losses), beginning of year	$ (14)	$ (1)	$ 7
Unrealized investment gains (losses)	14	(13)	(8)
Net unrealized investment gains (losses), end of year	—	(14)	(1)
Net derivative instruments, beginning of year	39	(3)	32
Gain (loss) on derivative instruments	5	12	(13)
Benefit (provision) for deferred income taxes	(2)	(2)	5
Reclassification to earnings during the year:			
Foreign currency forward contracts [(1)]	(28)	46	(40)
Interest rate-related derivatives [(2)]	(1)	(1)	(1)
Benefit (provision) for deferred income taxes on reclassification [(3)]	8	(15)	14
Reclassification to retained earnings	—	2	—
Net derivative instruments, end of year	21	39	(3)
Net pension and post-retirement adjustments, beginning of year	(175)	(213)	(285)
Changes in plan assets and benefit obligations:			
Net actuarial gains (losses) recognized	(117)	67	71
Prior service credit recognized	—	5	—
Translation adjustments	2	(1)	—
Benefit (provision) for deferred income taxes	25	(15)	(20)
Amortization and settlements included in net periodic benefit cost [(4)]:			
Net actuarial losses	15	19	28
Net prior service cost	—	1	3
Provision for deferred income taxes on reclassification [(3)]	(3)	(4)	(10)
Reclassification to retained earnings	—	(34)	—
Net pension and post-retirement adjustments, end of year	(253)	(175)	(213)
Cumulative translation adjustments, beginning of year	(284)	(267)	(299)
Reclassification to earnings during the year	(77)	—	—
Translation adjustments	18	(19)	32
Benefit for deferred income taxes	12	2	—
Cumulative translation adjustments, end of year	(331)	(284)	(267)
Accumulated other comprehensive loss	$ (563)	$ (434)	$ (484)

(1) For the year ended June 30, 2019, $(28) million was recorded in Net sales in the accompanying consolidated statements of earnings. For the year ended June 30, 2018, $22 million and $24 million were recorded in Cost of sales and Selling, general and administrative expenses, respectively, in the accompanying consolidated statements of earnings. For the year ended June 30, 2017, $(10) million and $(30) million were recorded in Cost of sales and Selling, general and administrative expenses, respectively, in the accompanying consolidated statements of earnings.

(2) Amounts recorded in Interest expense in the accompanying consolidated statements of earnings.

(3) Amounts recorded in Provision for income taxes in the accompanying consolidated statements of earnings.

(4) See *Note 14 – Pension, Deferred Compensation and Post-Retirement Benefit Plans* for additional information.

NOTE 20 – STATEMENT OF CASH FLOWS

Supplemental cash flow information is as follows:

	Year Ended June 30		
(In millions)	2019	2018	2017
Cash:			
Cash paid during the year for interest	$ 131	$ 128	$ 96
Cash paid during the year for income taxes	$ 588	$ 351	$ 456
Non-cash investing and financing activities:			
Capital lease and asset retirement obligations incurred	$ 15	$ 9	$ 12
Non-cash purchases of short- and long-term investments, net	$ —	$ 14	$ 6
Property, plant and equipment accrued but unpaid	$ 52	$ 43	$ 29

NOTE 21 – SEGMENT DATA AND RELATED INFORMATION

Reportable operating segments include components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (the "Chief Executive") in deciding how to allocate resources and in assessing performance. As a result of the similarities in the manufacturing, marketing and distribution processes for all of the Company's products, much of the information provided in the consolidated financial statements is similar to, or the same as, that reviewed on a regular basis by the Chief Executive. Although the Company operates in one business segment, beauty products, management also evaluates performance on a product category basis.

While the Company's results of operations are also reviewed on a consolidated basis, the Chief Executive reviews data segmented on a basis that facilitates comparison to industry statistics. Accordingly, net sales, depreciation and amortization, and operating income are available with respect to the manufacture and distribution of skin care, makeup, fragrance, hair care and other products. These product categories meet the definition of operating segments and, accordingly, additional financial data are provided below. The "other" segment includes the sales and related results of ancillary products and services that do not fit the definition of skin care, makeup, fragrance and hair care.

Product category performance is measured based upon net sales before returns associated with restructuring and other activities, and earnings before income taxes, other components of net periodic benefit costs, interest expense, interest income and investment income, net, charges associated with restructuring and other activities and other income, net. Returns and charges associated with restructuring and other activities are not allocated to the product categories because they result from activities that are deemed a Company-wide initiative to redesign, resize and reorganize select corporate functions and go-to-market structures. The accounting policies for the Company's reportable segments are the same as those described in the summary of significant accounting policies, except for depreciation and amortization charges, which are allocated, primarily, based upon net sales. The assets and liabilities of the Company are managed centrally and are reported internally in the same manner as the consolidated financial statements; thus, no additional information is produced for the Chief Executive or included herein.

THE ESTÉE LAUDER COMPANIES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In millions)	Year Ended June 30 2019	2018	2017
PRODUCT CATEGORY DATA			
Net sales:			
Skin Care	$ 6,551	$ 5,595	$ 4,527
Makeup	5,860	5,633	5,054
Fragrance	1,802	1,826	1,637
Hair Care	584	570	539
Other	69	67	69
	14,866	13,691	11,826
Returns associated with restructuring and other activities	(3)	(8)	(2)
Net sales	$ 14,863	$ 13,683	$ 11,824
Depreciation and amortization:			
Skin Care	$ 202	$ 185	$ 161
Makeup	257	255	218
Fragrance	69	64	59
Hair Care	26	24	23
Other	3	3	3
	$ 557	$ 531	$ 464
Operating income (loss) before charges associated with restructuring and other activities:			
Skin Care	$ 1,925	$ 1,514	$ 1,019
Makeup	438	549	718
Fragrance	140	176	117
Hair Care	39	64	51
Other	12	9	11
	2,554	2,312	1,916
Reconciliation:			
Charges associated with restructuring and other activities	(241)	(257)	(212)
Interest expense	(133)	(128)	(103)
Interest income and investment income, net	58	56	28
Other components of net periodic benefit cost	(2)	(3)	(12)
Other income, net	71	—	—
Earnings before income taxes	$ 2,307	$ 1,980	$ 1,617

THE ESTÉE LAUDER COMPANIES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In millions)	Year Ended or at June 30 2019	2018	2017
GEOGRAPHIC DATA[1]			
Net sales:			
The Americas	$ 4,741	$ 5,015	$ 4,819
Europe, the Middle East & Africa	6,452	5,634	4,650
Asia/Pacific	3,673	3,042	2,357
	14,866	13,691	11,826
Returns associated with restructuring and other activities	(3)	(8)	(2)
Net sales	$ 14,863	$ 13,683	$ 11,824
Operating income (loss):			
The Americas	$ (194)	$ 211	$ 286
Europe, the Middle East & Africa	2,019	1,526	1,208
Asia/Pacific	729	575	422
	2,554	2,312	1,916
Charges associated with restructuring and other activities	(241)	(257)	(212)
Operating income	$ 2,313	$ 2,055	$ 1,704
Total assets:			
The Americas	$ 7,661	$ 7,558	$ 7,061
Europe, the Middle East & Africa	3,862	3,855	3,367
Asia/Pacific	1,633	1,154	1,140
	$ 13,156	$ 12,567	$ 11,568
Long-lived assets (property, plant and equipment, net):			
The Americas	$ 1,230	$ 1,138	$ 1,071
Europe, the Middle East & Africa	647	525	456
Asia/Pacific	191	160	144
	$ 2,068	$ 1,823	$ 1,671

[1] The net sales from the Company's travel retail business are included in the Europe, the Middle East & Africa region.

Net sales are predominantly attributed to a country within a geographic region based on the location of the customer. The Company is domiciled in the United States. Net sales in the United States, including net sales from travel retail locations, in fiscal 2019, 2018 and 2017 were $4,295 million, $4,531 million and $4,368 million, respectively. Net sales in China, including net sales from travel retail locations, in fiscal 2019, 2018 and 2017 were approximately 17%, 13% and 9% of consolidated net sales, respectively, and no other country represented greater than 10% of the Company's consolidated net sales. The Company's long-lived assets in the United States at June 30, 2019, 2018 and 2017 were $953 million, $912 million and $869 million, respectively.

THE ESTÉE LAUDER COMPANIES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22 – UNAUDITED QUARTERLY FINANCIAL DATA

The following summarizes the unaudited quarterly operating results of the Company for fiscal 2019 and 2018:

(In millions, except per share data)	Quarter Ended September 30 [(1)]	December 31 [(2)]	March 31 [(3)]	June 30 [(4)]	Total Year
Fiscal 2019					
Net sales	$ 3,524	$ 4,005	$ 3,744	$ 3,590	$ 14,863
Gross profit	2,701	3,095	2,925	2,755	11,476
Operating income	652	771	674	216	2,313
Net earnings attributable to The Estée Lauder Companies Inc.	500	573	555	157	1,785
Net earnings attributable to The Estée Lauder Companies Inc. per common share:					
Basic	$ 1.36	$ 1.58	$ 1.53	$ .43	$ 4.91
Diluted	$ 1.34	$ 1.55	$ 1.51	$ .43	$ 4.82
Fiscal 2018					
Net sales	$ 3,274	$ 3,744	$ 3,370	$ 3,295	$ 13,683
Gross profit	2,563	2,991	2,687	2,598	10,839
Operating income	569	710	498	278	2,055
Net earnings attributable to The Estée Lauder Companies Inc.	427	123	372	186	1,108
Net earnings attributable to The Estée Lauder Companies Inc. per common share:					
Basic	$ 1.16	$ .33	$ 1.01	$ .51	$ 3.01
Diluted	$ 1.14	$ .33	$ .99	$ .49	$ 2.95

(1) Fiscal 2019 first quarter results include charges associated with restructuring and other activities of $(47) million ($(37) million after tax, or $(.10) per diluted common share) and the changes in fair value of contingent consideration of $11 million ($9 million after tax, or $.02 per diluted common share). The fiscal 2019 first quarter results also include a net credit resulting from the TCJA of $1 million, or $.01 per diluted common share, relating to the Transition Tax and the net deferred tax liability related to foreign withholding taxes on certain foreign earnings. Fiscal 2018 first quarter results include charges associated with restructuring and other activities of $(38) million ($(26) million after tax, or $(.07) per diluted common share).

(2) Fiscal 2019 second quarter results include goodwill and other intangible asset impairments of $(38) million ($(34) million after tax, or $(.09) per diluted common share), charges associated with restructuring and other activities of $(35) million ($(31) million after tax, or $(.08) per diluted common share) and the changes in fair value of contingent consideration of $(2) million ($(1) million after tax, which did not have an impact on diluted earnings per share). The fiscal 2019 second quarter results also include a net charge resulting from the TCJA of $(6) million, or $(.02) per diluted common share, relating to the remeasurement of U.S. net deferred tax assets and the Transition Tax. Fiscal 2018 second quarter results include charges associated with restructuring and other activities of $(69) million ($(55) million after tax, or $(.15) per diluted common share). The fiscal 2018 second quarter results also include charges resulting from the TCJA totaling $(394) million, or $(1.05) per diluted common share, relating to the Transition Tax, the remeasurement of U.S. net deferred tax assets and the net deferred tax liability related to foreign withholding taxes on certain foreign earnings.

(3) Fiscal 2019 third quarter results include a gain on liquidation of an investment in a foreign subsidiary, net of $71 million ($57 million after tax, or $.15 per diluted common share). The fiscal 2019 third quarter results also include goodwill and other intangible asset impairments of $(52) million (before and after tax, or $(.14) per diluted common share), charges associated with restructuring and other activities of $(35) million ($(27) million after tax, or $(.07) per diluted common share) and the changes in fair value of contingent consideration of $9 million ($7 million after tax, or $.02 per diluted common share). Fiscal 2018 third quarter results include charges associated with restructuring and other activities of $(100) million ($(75) million after tax, or $(.20) per diluted common share) and the changes in fair value of contingent consideration of $9 million ($6 million after tax, or $.02 per diluted common share). The fiscal 2018 third quarter results also include a net credit resulting from the TCJA of $2 million, which did not have an impact on diluted earnings per share, relating to the Transition Tax and the remeasurement of U.S. net deferred tax assets.

(4) Fiscal 2019 fourth quarter results include charges associated with restructuring and other activities of $(124) million ($(95) million after tax, or $(.25) per diluted common share) and the changes in fair value of contingent consideration of $19 million ($16 million after tax, or $.04 per diluted common share). Fiscal 2018 fourth quarter results include charges associated with restructuring and other activities of $(50) million ($(37) million after tax, or $(.10) per diluted common share) and the changes in fair value of contingent consideration of $37 million ($29 million after tax, or $.08 per diluted common share). The fiscal 2018 fourth quarter results reflect impacts and charges resulting from the TCJA totaling $(58) million, or $(.16) per diluted common share, including the Transition Tax, the remeasurement of U.S. net deferred tax assets and the net deferred tax liability related to foreign withholding taxes on certain foreign earnings.

THE ESTÉE LAUDER COMPANIES INC.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
Three Years Ended June 30, 2019
(In millions)

Description	Balance at Beginning of Period	Additions (1) Charged to Costs and Expenses	Additions (2) Charged to Other Accounts	Deductions	Balance at End of Period
Reserves deducted in the balance sheet from the assets to which they apply:					
Allowance for doubtful accounts and customer deductions:					
Year ended June 30, 2019	$ 29	$ 27	$ —	$ 24(a)	$ 32
Year ended June 30, 2018	$ 30	$ 23	$ —	$ 24(a)	$ 29
Year ended June 30, 2017	$ 24	$ 18	$ —	$ 12(a)	$ 30
Sales return accrual:					
Year ended June 30, 2019	$ 105	$ 488	$ —	$ 485(b)	$ 108
Year ended June 30, 2018	$ 109	$ 493	$ —	$ 497(b)	$ 105
Year ended June 30, 2017	$ 96	$ 463	$ —	$ 450(b)	$ 109
Deferred tax valuation allowance:					
Year ended June 30, 2019	$ 45	$ 11	$ —	$ 7	$ 49
Year ended June 30, 2018	$ 42	$ 6	$ —	$ 3	$ 45
Year ended June 30, 2017	$ 118	$ 3	$ —	$ 79	$ 42
Accrued restructuring initiatives:					
Year ended June 30, 2019	$ 182	$ 133	$ —	$ 111	$ 204
Year ended June 30, 2018	$ 151	$ 127	$ —	$ 96	$ 182
Year ended June 30, 2017	$ 77	$ 122	$ —	$ 48	$ 151

(a) Includes amounts written-off, net of recoveries.
(b) Represents actual returns.

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THE ESTÉE LAUDER COMPANIES INC.

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Restated Certificate of Incorporation, dated November 16, 1995 (filed as Exhibit 3.1 to our Annual Report on Form 10-K filed on September 15, 2003) (SEC File No. 1-14064).*
3.1a	Certificate of Amendment of the Restated Certificate of Incorporation of The Estée Lauder Companies Inc. (filed as Exhibit 3.1 to our Current Report on Form 8-K filed on November 14, 2012) (SEC File No. 1-14064).*
3.2	Certificate of Retirement of $6.50 Cumulative Redeemable Preferred Stock (filed as Exhibit 3.2 to our Current Report on Form 8-K filed on July 19, 2012) (SEC File No.1-14064).*
3.3	Amended and Restated Bylaws (filed as Exhibit 3.1 to our Current Report on Form 8-K filed on May 23, 2012) (SEC File No. 1-14064).*
4.1	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
4.2	Indenture, dated November 5, 1999, between the Company and State Street Bank and Trust Company, N.A. (filed as Exhibit 4 to Amendment No. 1 to our Registration Statement on Form S-3 (No. 333-85947) filed on November 5, 1999) (SEC File No. 1-14064).*
4.3	Officers' Certificate, dated September 29, 2003, defining certain terms of the 5.75% Senior Notes due 2033 (filed as Exhibit 4.2 to our Current Report on Form 8-K filed on September 29, 2003) (SEC File No. 1-14064).*
4.4	Global Note for 5.75% Senior Notes due 2033 (filed as Exhibit 4.3 to our Current Report on Form 8-K filed on September 29, 2003) (SEC File No. 1-14064).*
4.5	Officers' Certificate, dated May 1, 2007, defining certain terms of the 6.000% Senior Notes due 2037 (filed as Exhibit 4.2 to our Current Report on Form 8-K filed on May 1, 2007) (SEC File No. 1-14064).*
4.6	Global Note for 6.000% Senior Notes due 2037 (filed as Exhibit 4.4 to our Current Report on Form 8-K filed on May 1, 2007) (SEC File No. 1-14064).*
4.7	Officers' Certificate, dated August 2, 2012, defining certain terms of the 2.350% Senior Notes due 2022 (filed as Exhibit 4.1 to our Current Report on Form 8-K filed on August 2, 2012) (SEC File No. 1-14064).*
4.8	Global Note for the 2.350% Senior Notes due 2022 (filed as Exhibit 4.3 to our Current Report on Form 8-K filed on August 2, 2012) (SEC File No. 1-14064).*
4.9	Officers' Certificate, dated August 2, 2012, defining certain terms of the 3.700% Senior Notes due 2042 (filed as Exhibit 4.2 to our Current Report on Form 8-K filed on August 2, 2012) (SEC File No. 1-14064).*
4.10	Global Note for the 3.700% Senior Notes due 2042 (filed as Exhibit 4.4 to our Current Report on Form 8-K filed on August 2, 2012) (SEC File No. 1-14064).*
4.11	Officers' Certificate, dated June 4, 2015, defining certain terms of the 4.375% Senior Notes due 2045 (filed as Exhibit 4.1 to our Current Report on Form 8-K filed on June 4, 2015) (SEC File No. 1-14064).*
4.12	Global Note for the 4.375% Senior Notes due 2045 (filed as Exhibit 4.2 to our Current Report on Form 8-K filed on June 4, 2015) (SEC File No. 1-14064).*
4.13	Officers' Certificate, dated May 10, 2016, defining certain terms of the 1.700% Senior Notes due 2021 (filed as Exhibit 4.1 to our Current Report on Form 8-K filed on May 10, 2016) (SEC File No. 1-14064).*
4.14	Global Note for the 1.700% Senior Notes due 2021 (filed as Exhibit A in Exhibit 4.1 to our Current Report on Form 8-K filed on May 10, 2016) (SEC File No. 1-14064).*
4.15	Officers' Certificate, dated May 10, 2016, defining certain terms of the 4.375% Senior Notes due 2045 (filed as Exhibit 4.3 to our Current Report on Form 8-K filed on May 10, 2016) (SEC File No. 1-14064).*
4.16	Global Note for the 4.375% Senior Notes due 2045 (filed as Exhibit B in Exhibit 4.3 to our Current Report on Form 8-K filed on May 10, 2016) (SEC File No. 1-14064).*
4.17	Officers' Certificate, dated February 9, 2017, defining certain terms of the 1.800% Senior Notes due 2020 (filed as Exhibit 4.1 to our Current Report on Form 8-K filed on February 9, 2017) (SEC File No. 1-14064).*

Exhibit Number	Description
4.18	Form of Global Note for the 1.800% Senior Notes due 2020 (included as Exhibit A in Exhibit 4.1 to our Current Report on Form 8-K filed on February 9, 2017) (SEC File No. 1-14064).*
4.19	Officers' Certificate, dated February 9, 2017, defining certain terms of the 3.150% Senior Notes due 2027 (filed as Exhibit 4.3 to our Current Report on Form 8-K filed on February 9, 2017) (SEC File No. 1-14064).*
4.20	Form of Global Note for the 3.150% Senior Notes due 2027 (included as Exhibit A in Exhibit 4.3 to our Current Report on Form 8-K filed on February 9, 2017) (SEC File No. 1-14064).*
4.21	Officers' Certificate, dated February 9, 2017, defining certain terms of the 4.150% Senior Notes due 2047 (filed as Exhibit 4.5 to our Current Report on Form 8-K filed on February 9, 2017) (SEC File No. 1-14064).*
4.22	Form of Global Note for the 4.150% Senior Notes due 2047 (included as Exhibit A in Exhibit 4.5 to our Current Report on Form 8-K filed on February 9, 2017) (SEC File No. 1-14064).*
10.1	Stockholders' Agreement, dated November 22, 1995 (filed as Exhibit 10.1 to our Annual Report on Form 10-K filed on September 15, 2003) (SEC File No. 1-14064).*
10.1a	Amendment No. 1 to Stockholders' Agreement (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on October 30, 1996) (SEC File No. 1-14064).*
10.1b	Amendment No. 2 to Stockholders' Agreement (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on January 28, 1997) (SEC File No. 1-14064).*
10.1c	Amendment No. 3 to Stockholders' Agreement (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on April 29, 1997) (SEC File No. 1-14064).*
10.1d	Amendment No. 4 to Stockholders' Agreement (filed as Exhibit 10.1d to our Annual Report on Form 10-K filed on September 18, 2000) (SEC File No. 1-14064).*
10.1e	Amendment No. 5 to Stockholders' Agreement (filed as Exhibit 10.1e to our Annual Report on Form 10-K filed on September 17, 2002) (SEC File No. 1-14064).*
10.1f	Amendment No. 6 to Stockholders' Agreement (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on January 27, 2005) (SEC File No. 1-14064).*
10.1g	Amendment No. 7 to Stockholders' Agreement (filed as Exhibit 10.7 to our Quarterly Report on Form 10-Q filed on October 30, 2009) (SEC File No. 1-14064).*
10.2	Registration Rights Agreement, dated November 22, 1995 (filed as Exhibit 10.2 to our Annual Report on Form 10-K filed on September 15, 2003) (SEC File No. 1-14064).*
10.2a	First Amendment to Registration Rights Agreement (originally filed as Exhibit 10.3 to our Annual Report on Form 10-K filed on September 10, 1996) (re-filed as Exhibit 10.2a to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).*
10.2b	Second Amendment to Registration Rights Agreement (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on April 29, 1997) (SEC File No. 1-14064).*
10.2c	Third Amendment to Registration Rights Agreement (filed as Exhibit 10.2c to our Annual Report on Form 10-K filed on September 17, 2001) (SEC File No. 1-14064).*
10.2d	Fourth Amendment to Registration Rights Agreement (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on January 29, 2004) (SEC File No. 1-14064).*
10.3	The Estee Lauder Companies Retirement Growth Account Plan, as amended and restated, effective as of January 1, 2017, further amended effective as of July 1, 2017 (filed as Exhibit 10.3 to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).* †
10.4	The Estee Lauder Inc. Retirement Benefits Restoration Plan (filed as Exhibit 10.5 to our Annual Report on Form 10-K filed on August 20, 2010) (SEC File No. 1-14064).* †
10.5	Executive Annual Incentive Plan (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on November 14, 2013) (SEC File No. 1-14064).* †
10.6	Employment Agreement with Tracey T. Travis (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on July 20, 2012) (SEC File No. 1-14064).* †

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Exhibit Number	Description
10.7	Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.8 to our Annual Report on Form 10-K filed on September 17, 2001) (SEC File No. 1-14064).* †
10.7a	Amendment to Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.8a to our Annual Report on Form 10-K filed on September 17, 2002) (SEC File No. 1-14064).* †
10.7b	Amendment to Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.2 to our Current Report on Form 8-K filed on November 17, 2005) (SEC File No. 1-14064).* †
10.7c	Amendment to Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on February 5, 2009) (SEC File No. 1-14064).* †
10.7d	Amendment to Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.8 to our Quarterly Report on Form 10-Q filed on October 30, 2009) (SEC File No. 1-14064).* †
10.7e	Amendment to Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.6 to our Quarterly Report on Form 10-Q filed on November 1, 2010) (SEC File No. 1-14064).* †
10.7f	Amendment to Employment Agreement with Leonard A. Lauder (filed as Exhibit 10.7f to our Annual Report on Form 10-K filed on August 20, 2015) (SEC File No. 1-14064).* †
10.8	Employment Agreement with William P. Lauder (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on September 17, 2010) (SEC File No. 1-14064).* †
10.8a	Amendment to Employment Agreement with William P. Lauder (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on February 26, 2013) (SEC File No. 1-14064).* †
10.9	Employment Agreement with Fabrizio Freda (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on February 11, 2011) (SEC File No. 1-14064).* †
10.9a	Amendment to Employment Agreement with Fabrizio Freda and Stock Option Agreements (filed as Exhibit 10.2 to our Current Report on Form 8-K filed on February 26, 2013) (SEC File No. 1-14064).* †
10.10	Employment Agreement with John Demsey (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on September 24, 2010) (SEC File No. 1-14064).* †
10.10a	Amendment to Employment Agreement with John Demsey (filed as Exhibit 10.3 to our Current Report on Form 8-K filed on February 26, 2013) (SEC File No. 1-14064).* †
10.11	Employment Agreement with Cedric Prouvé (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on September 20, 2011) (SEC File No. 1-14064).* †
10.11a	Amendment to Employment Agreement with Cedric Prouvé (filed as Exhibit 10.4 to our Current Report on Form 8-K filed on February 26, 2013) (SEC File No. 1-14064).* †
10.12	Form of Deferred Compensation Agreement (interest-based) with Outside Directors (filed as Exhibit 10.14 to our Annual Report on Form 10-K filed on September 17, 2001) (SEC File No. 1-14064).* †
10.12a	Form of Deferred Compensation Agreement (interest-based) with Outside Directors (including Election Form) (filed as Exhibit 10.12a to our Annual Report on Form 10-K filed on August 24, 2018) (SEC File No. 1-14064). * †
10.13	Form of Deferred Compensation Agreement (stock-based) with Outside Directors (filed as Exhibit 10.15 to our Annual Report on Form 10-K filed on September 17, 2001) (SEC File No. 1-14064).* †
10.13a	Form of Deferred Compensation Agreement (stock-based) with Outside Directors (including Election Form) (filed as Exhibit 10.13a to our Annual Report on Form 10-K filed on August 24, 2018) (SEC File No. 1-14064). * †
10.14	The Estee Lauder Companies Inc. Non-Employee Director Share Incentive Plan (as amended and restated on November 9, 2007) (filed as Exhibit 99.1 to our Registration Statement on Form S-8 filed on November 9, 2007) (SEC File No. 1-14064).* †
10.14a	The Estee Lauder Companies Inc. Non-Employee Director Share Incentive Plan (as amended on July 14, 2011) (filed as exhibit 10.15a to our Annual Report on Form 10-K filed on August 22, 2011) (SEC File No. 1-14064).* †
10.14b	The Estée Lauder Companies Inc. Amended and Restated Non-Employee Director Share Incentive Plan (filed as Exhibit 10.2 to our Current Report on Form 8-K filed on November 16, 2015) (SEC File No. 1-14064).* †

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Exhibit Number	Description
10.14c	The Estée Lauder Companies Inc. Amended and Restated Non-Employee Director Share Incentive Plan (as of November 1, 2017) (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 1, 2017) (SEC File No. 1-14064).* †
10.15	Summary of Compensation For Non-Employee Directors of the Company (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on November 1, 2013) (SEC File No. 1-14064).* †
10.15a	Summary of Compensation For Non-Employee Directors of the Company (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on November 1, 2017) (SEC File No. 1-14064).* †
10.16	Form of Stock Option Agreement for Annual Stock Option Grants under Non-Employee Director Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 99.2 to our Registration Statement on Form S-8 filed on November 9, 2007) (SEC File No. 1-14064).* †
10.16a	Form of Stock Option Agreement for Elective Stock Option Grants under Non-Employee Director Share Incentive Plan (filed as Exhibit 99.3 to our Registration Statement on Form S-8 filed on November 9, 2007) (SEC File No. 1-14064).* †
10.17	The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (filed as Exhibit 10.17 to our Annual Report on Form 10-K filed on August 17, 2012) (SEC File No. 1-14064).* †
10.17a	The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on November 16, 2015) (SEC File No. 1-14064).* †
10.17b	The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (filed as Exhibit 10.16b to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).* †
10.17c	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on October 28, 2008) (SEC File No. 1-14064).* †
10.17d	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on October 30, 2009) (SEC File No. 1-14064).* †
10.17e	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 1, 2010) (SEC File No. 1-14064).* †
10.17f	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 4, 2011) (SEC File No. 1-14064).* †
10.17g	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 2, 2012) (SEC File No. 1-14064).* †
10.17h	Form of Stock Option Agreement with Fabrizio Freda under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.6 to our Quarterly Report on Form 10-Q filed on November 2, 2012) (SEC File No. 1-14064).* †
10.17i	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16y to our Annual Report on Form 10-K filed on August 20, 2014) (SEC File No. 1-14064).* †
10.17j	Form of Stock Option Agreement with Fabrizio Freda under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16z to our Annual Report on Form 10-K filed on August 20, 2014) (SEC File No. 1-14064).* †
10.17k	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16m to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064) .* †
10.17l	Form of Stock Option Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (SEC File No. 1-14064).†

Exhibit Number	Description
10.17m	Form of Performance Share Unit Award Agreement for Employees including Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on August 28, 2015) (SEC File No. 1-14064).* †
10.17n	Performance Share Unit Award Agreement with Fabrizio Freda under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Notice of Grant) (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on September 11, 2015) (SEC File No. 1-14064).* †
10.17o	Performance Share Unit Award Agreement with John Demsey under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Notice of Grant) (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on February 1, 2016) (SEC File No. 1-14064).* †
10.17p	Form of Performance Share Unit Award Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.2 to our Current Report on Form 8-K filed on February 1, 2016) (SEC File No. 1-14064).* †
10.17q	Form of Performance Share Unit Award Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16v to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).* †
10.17r	Performance Share Unit Award Agreement with Fabrizio Freda (2018) under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Notice of Grant) (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on February 15, 2018) (SEC File No. 1-14064).* †
10.17s	Form of Performance Share Unit Award Agreement for Employees including Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.17u to our Annual Report on Form 10-K filed on August 24, 2018) (SEC File No. 1-14064).* †
10.17t	Form of Performance Share Unit Award Agreement for Employees including Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (SEC File No. 1-14064).†
10.17u	Form of Restricted Stock Unit Award Agreement for Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16bb to our Annual Report on Form 10-K filed on August 20, 2014) (SEC File No. 1-14064).* †
10.17v	Form of Restricted Stock Unit Award Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16aa to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).* †
10.17w	Form of Restricted Stock Unit Award Agreement for Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16bb to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).* †
10.17x	Form of Restricted Stock Unit Award Agreement for Employees other than Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (filed as Exhibit 10.16cc to our Annual Report on Form 10-K filed on August 25, 2017) (SEC File No. 1-14064).* †
10.17y	Form of Restricted Stock Unit Award Agreement under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (SEC File No. 1-14064).†
10.17z	Form of Restricted Stock Unit Award Agreement for Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (SEC File No. 1-14064).†
10.17aa	Form of Restricted Stock Unit Award Agreement for Employees other than Executive Officers under The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan (including Form of Notice of Grant) (SEC File No. 1-14064).†
10.18	$1.5 Billion Credit Agreement, dated as of October 3, 2016, by and among The Estée Lauder Companies Inc., the Eligible Subsidiaries of the Company, as defined therein, the lenders listed therein, JPMorgan Chase Bank, N.A., as administrative agent, Citibank, N.A., BNP Paribas, Bank of America, N.A., and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as syndication agents (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on October 4, 2016) (SEC File No. 1-14064).*

Exhibit Number	Description
10.18a	$1.5 Billion Credit Agreement, dated as of October 26, 2018, among The Estée Lauder Companies Inc., the Eligible Subsidiaries of the Company, as defined therein, the lenders listed therein, and JPMorgan Chase Bank, N.A., as administrative agent (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on October 29, 2018) (SEC File No. 1-14064).*
10.19	Services Agreement, dated January 1, 2003, among Estee Lauder Inc., Melville Management Corp., Leonard A. Lauder, and William P. Lauder (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on January 28, 2010) (SEC File No. 1-14064).*
10.20	Services Agreement, dated November 22, 1995, between Estee Lauder Inc. and RSL Investment Corp. (filed as Exhibit 10.3 to our Quarterly Report on Form 10-Q filed on January 28, 2010) (SEC File No. 1-14064).*
10.21	Agreement of Sublease and Guarantee of Sublease, dated April 1, 2005, among Aramis Inc., RSL Management Corp., and Ronald S. Lauder (filed as Exhibit 10.4 to our Quarterly Report on Form 10-Q filed on January 28, 2010) (SEC File No. 1-14064).*
10.21a	First Amendment to Sublease, dated February 28, 2007, between Aramis Inc. and RSL Management Corp. (filed as Exhibit 10.5 to our Quarterly Report on Form 10-Q filed on January 28, 2010) (SEC File No. 1-14064).*
10.21b	Second Amendment to Sublease, dated January 27, 2010, between Aramis Inc. and RSL Management Corp. (filed as Exhibit 10.6 to our Quarterly Report on Form 10-Q filed on January 28, 2010) (SEC File No. 1-14064).*
10.21c	Third Amendment to Sublease, dated November 3, 2010, between Aramis Inc., and RSL Management Corp. (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on February 4, 2011) (SEC File No. 1-14064).*
10.22	Form of Art Loan Agreement between Lender and Estee Lauder Inc. (filed as Exhibit 10.7 to our Quarterly Report on Form 10-Q filed on January 28, 2010) (SEC file No. 1-14064).*
10.23	Creative Consultant Agreement, dated April 6, 2011, between Estee Lauder Inc. and Aerin Lauder Zinterhofer (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on April 8, 2011) (SEC File No. 1-14064).* †
10.23a	First Amendment to Creative Consultant Agreement between Estee Lauder Inc. and Aerin Lauder Zinterhofer dated October 28, 2014 (filed as Exhibit 10.23a to our Annual Report on Form 10-K filed on August 20, 2015) (SEC File No. 1-14064).* †
10.23b	Second Amendment to Creative Consultant Agreement between Estee Lauder Inc. and Aerin Lauder Zinterhofer effective July 1, 2016 (filed as Exhibit 10.23b to our Annual Report on Form 10-K filed on August 24, 2016) (SEC File No. 1-14064).* †
10.24	License Agreement, dated April 6, 2011, by and among Aerin LLC, Aerin Lauder Zinterhofer and Estee Lauder Inc. (filed as Exhibit 10.2 to our Current Report on Form 8-K filed on April 8, 2011) (SEC File No. 1-14064).*
10.24a	First Amendment to the April 6, 2011 License Agreement, dated January 22, 2019, by and among Aerin LLC, Aerin Lauder Zinterhofer and Estee Lauder Inc. (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on May 1, 2019) (SEC File No. 1-14064).*
10.24b	Second Amendment to the April 6, 2011 License Agreement, dated February 22, 2019, by and among Aerin LLC, Aerin Lauder Zinterhofer and Estee Lauder Inc. (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on May 1, 2019) (SEC File No. 1-14064).*
21.1	List of significant subsidiaries.
23.1	Consent of KPMG LLP.
24.1	Power of Attorney.
31.1	Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (CEO).
31.2	Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (CFO).
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (CEO). (furnished)
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (CFO). (furnished)

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Exhibit Number	Description
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Incorporated herein by reference.

† Exhibit is a management contract or compensatory plan or arrangement.

Exhibit 4.1

Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934

As of August 23, 2019, The Estée Lauder Companies Inc., a Delaware corporation, had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): Class A Common Stock, par value $.01 per share (the "Class A Common Stock"). The following summary includes a brief description of the Class A Common Stock, as well as certain related additional information. Unless the context requires otherwise, references to "we," "us," "our" and the "Company" refer to The Estée Lauder Companies Inc.

General

Pursuant to the Company's Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), the total number of shares of capital stock that the Company has authority to issue is 1,624,000,000 shares consisting of: (i) 1,300,000,000 shares of Class A Common Stock; (ii) 304,000,000 shares of Class B Common Stock, par value $.01 per share (the "Class B Common Stock"); and (iii) 20,000,000 shares of preferred stock, par value $.01 per share (the "Preferred Stock"), issuable in one or more series. The number of authorized shares of any class or classes of capital stock of the Company may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the stock of the Company entitled to vote generally in the election of directors irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware (the "DGCL") or any corresponding provision hereinafter enacted. The Class A Common Stock and Class B Common Stock shall hereinafter collectively be referred to as "Common Stock."

Common Stock

The shares of Class A Common Stock and Class B Common Stock are identical in all respects, except for voting rights, certain conversion rights and transfer restrictions in respect of the shares of the Class B Common Stock, as described below.

Voting Rights

Each share of Class A Common Stock entitles the holder to one vote on each matter submitted to a vote of our stockholders and each share of Class B Common Stock entitles the holder to ten votes on each such matter, including the election of directors. There is no cumulative voting. Except as required by applicable law, holders of the Class A Common Stock and Class B Common Stock vote together on all matters submitted to a vote of the stockholders. With respect to certain corporate changes, such as liquidations, reorganizations, recapitalizations, mergers, consolidations and sales of all or substantially all of our assets, holders of the Class A Common Stock and Class B Common Stock vote together as a single class, and the approval of 75% of the outstanding voting power is required to authorize or approve such transactions. Any action that can be taken at a meeting of the stockholders may be taken by written consent in lieu of the meeting if we receive consents signed by stockholders having the minimum number of votes that would be necessary to approve the action at a meeting at which all shares entitled to vote on the matter were present. This could permit the holders of Class B Common Stock to take all actions required to be taken by the stockholders without providing the other stockholders the opportunity to make nominations or raise other matters at a meeting. The right to take action by less than unanimous written consent expires at such time as there are no shares of Class B Common Stock outstanding.

Dividend Rights

Holders of Class A Common Stock and Class B Common Stock are entitled to receive dividends at the same rate if, as and when such dividends are declared by our Board of Directors out of assets legally available therefor after payment of dividends required to be paid on shares of preferred stock, if any. If a dividend or distribution payable in shares of Class A Common Stock is made on the Class A Common Stock, we must also make a pro rata and simultaneous dividend or distribution on the Class B Common Stock payable in shares of Class B Common Stock. Conversely, if a dividend or distribution payable in shares of Class B Common Stock is made on the Class B Common Stock, we must also make a pro rata and simultaneous dividend or distribution on the Class A Common Stock payable in shares of Class A Common Stock.

Restrictions on Transfer

If a holder of Class B Common Stock transfers such shares, whether by sale, assignment, gift, bequest, appointment or otherwise, to a person other than a Lauder Family Member (as defined below), such shares will be converted automatically into shares of Class A Common Stock. In the case of a pledge of shares of Class B Common Stock to a financial institution, such shares will not be deemed to be transferred unless and until a foreclosure occurs.

As used herein, the term “Lauder Family Members” includes only the following persons: (i) the estate of Mrs. Estee Lauder; (ii) each descendant of Mrs. Estee Lauder (a “Lauder Descendant”) and their respective estates, guardians, conservators or committees; (iii) each “Family Controlled Entity” (as defined below); and (iv) the trustees, in their respective capacities as such, of each “Family Controlled Trust” (as defined below). The term “Family Controlled Entity” means (i) any not-for-profit corporation if at least 80% of its board of directors is composed of Lauder Descendants; (ii) any other corporation if at least 80% of the value of its outstanding equity is owned by Lauder Family Members; (iii) any partnership if at least 80% of the value of its partnership interests is owned by Lauder Family Members; and (iv) any limited liability or similar company if at least 80% of the value of the company is owned by Lauder Family Members. The term “Family Controlled Trust” includes certain trusts existing on November 16, 1995 and trusts the primary beneficiaries of which are Lauder Descendants, spouses of Lauder Descendants and/or charitable organizations, provided that if the trust is a wholly charitable trust, at least 80% of the trustees of such trust consist of Lauder Descendants.

Conversion

Class A Common Stock has no conversion rights. Class B Common Stock is convertible into Class A Common Stock, in whole or in part, at any time and from time to time at the option of the holder, on the basis of one share of Class A Common Stock for each share of Class B Common Stock converted. In the event of a transfer of shares of Class B Common Stock to any person other than a Lauder Family Member, each share of Class B Common Stock so transferred automatically will be converted into one share of Class A Common Stock. Each share of Class B Common Stock will also automatically convert into one share of Class A Common Stock if, on the record date for any meeting of the stockholders, the number of shares of Class B Common Stock then outstanding is less than 10% of the aggregate number of shares of Class A Common Stock and Class B Common Stock then outstanding.

Liquidation

In the event of liquidation, after payment of our debts and other liabilities and after making provision for the holders of Preferred Stock, if any, our remaining assets will be distributable ratably among the holders of the Class A Common Stock and Class B Common Stock treated as a single class.

Preemptive and Other Rights

The holders of the Class A Common Stock and Class B Common Stock are not entitled to preemptive rights. Neither the Class A Common Stock nor the Class B Common Stock may be subdivided or combined in any manner unless the other class is subdivided or combined in the same proportion.

Mergers and Other Business Combinations

Upon a merger or consolidation, holders of each class of Common Stock are entitled to receive equal per share payments or distributions, except that in any transaction in which shares of capital stock are distributed, such shares may differ as to voting rights to the extent and only to the extent that the voting rights of the Class A Common Stock and Class B Common Stock differ at that time. We may not dispose of all or any substantial part of our assets to, or merge or consolidate with, any person, entity or "group" (as defined in Rule 13d-5 of the Exchange Act), which beneficially owns in the aggregate ten percent or more of the outstanding shares of capital stock of the Company entitled to vote generally in the election of directors (a "Related Person") without the affirmative vote of the holders, other than such Related Person, of not less than 75% of the voting power of outstanding Class A Common Stock and Class B Common Stock voting as a single class. For the sole purpose of determining the 75% vote, a Related Person will also include the seller or sellers from whom the Related Person acquired, during the preceding six months, at least five percent of the outstanding shares of Class A Common Stock in a single transaction or series of related transactions pursuant to one or more agreements or other arrangements (and not through a brokers' transaction) but only if such seller or sellers have beneficial ownership of shares of Common Stock having a fair market value in excess of $10 million in the aggregate following such disposition to such Related Person. This 75% voting requirement is not applicable, however, if (i) the proposed transaction is approved by a vote of not less than a majority of our Board of Directors who are neither affiliated nor associated with the Related Person (or the seller of shares to the Related Person as described above) or (ii) in the case of a transaction pursuant to which the holders of common stock are entitled to receive cash, property, securities or other consideration, the cash or fair market value of the property, securities or other consideration to be received per share in such transaction is not less than the higher of (A) the highest price per share paid by the Related Person for any of its holdings of Common Stock within the two-year period immediately prior to the announcement of the proposed transaction or (B) the highest closing sale price during the 30-day period immediately preceding such date or during the 30-day period immediately preceding the date on which the Related Person became a Related Person, whichever is higher.

Certain Other Provisions of Our Certificate of Incorporation or Bylaws

The Certificate of Incorporation and/or the Company's Amended and Restated Bylaws, as amended (the "Bylaws"), include the following provisions, not previously discussed above, that may have an effect of delaying, deferring or preventing a change in control of the Company:

- our Board of Directors is divided into three classes, with each class serving for a staggered three-year term;
- our directors may only be removed with cause;
- vacancies on our Board of Directors, and any newly created directorship resulting by reason of any increase in the number of directors may be filled only by a majority of remaining directors then in office; however, if not so filled, any such vacancy shall be filled by our stockholders at the next annual meeting or at a special meeting called for that purpose;

- our Bylaws establish an advance notice procedure for stockholders to submit proposed nominations of persons for election to our Board of Directors and other proposals for business to be brought before an annual meeting of our stockholders;
- special meetings of our stockholders can only be called by the Chairman of the Board of Directors, our Chief Executive Officer, or by our Board of Directors;
- our Board of Directors may issue shares of Preferred Stock, with designations, rights and preferences as may be determined from time to time by our Board of Directors, subject to, in certain circumstances, the approval of the holders of at least 75% of the outstanding shares of Class B Common Stock; and
- an affirmative vote of the holders of not less than 75% of the voting power of all shares of capital stock of the Company then entitled to vote generally in the election of directors, voting as a single class, is required to amend our Bylaws and certain provisions of our Certificate of Incorporation.

The foregoing summary does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Certificate of Incorporation and Bylaws. For additional information we encourage you to read: the Certificate of Incorporation and Bylaws, as well as the Stockholders' Agreement, dated November 22, 1995, among the Company and certain of the Lauder Family Members (and amendments thereto), and the Registration Rights Agreement, dated November 22, 1995, among the Company, certain Lauder Family Members and Morgan Guaranty Trust Company of New York (and amendments thereto), all of which are exhibits to our Annual Report on Form 10-K; and applicable provisions of the DGCL, including Section 203.

Each of the Stock Plan Subcommittee of the Compensation Committee and the Compensation Committee of the Board of Directors of The Estée Lauder Companies Inc. reserves the right to change provisions of this Agreement to comply with the American Jobs Creation Act of 2004.

Stock Option Agreement
Under
The Estée Lauder Companies Inc.
Amended and Restated Fiscal 2002 Share Incentive Plan (the "Plan")

This **STOCK OPTION AGREEMENT** (the "Agreement") provides for the granting of stock options by The Estée Lauder Companies Inc., a Delaware corporation (the "Company"), to the participant, an employee of the Company or one of its subsidiaries (the "Participant"), to purchase shares of the Company's Class A Common Stock, par value $0.01 (the "Shares"), subject to the terms below (the "Stock Options" or "Options"). The name of the "Participant," "Grant Date" (or "Award Date"), the aggregate number of Shares that may be purchased pursuant to this Agreement, and the "Award Price" (which is the "Exercise Price") per Share are stated in the "Notice of Grant" attached or posted electronically together with this Agreement and are incorporated by reference. The other terms of the Options are stated in this Agreement and in the Plan. Terms not defined in this Agreement are defined in the Plan, as amended. The Plan is referred to as the "Grant Plan" in the electronic Notice of Grant.

The Stock Options described in this Agreement are granted pursuant to the Plan, and are subject in all respects to the provisions of the Plan. The Stock Options granted under this Agreement are not Incentive Stock Options (as defined in Section 422(b) of the Internal Revenue Code of 1986, as amended (the "Code")).

1. **Payment of Exercise Price.** The Company will provide and communicate to the Participant various methods of exercise. In all cases, upon exercise, the Participant must deliver or cause to be delivered to the Company (or its agent designated for the purpose) upon settlement of the exercise sufficient cash or sufficient number of Shares with value equal to or exceeding the Exercise Price per Share. The Participant also is required to deliver or cause to be delivered sufficient cash to cover the applicable tax withholding in accordance with Section 5 of this Agreement and fees in connection with the exercise. To facilitate exercise, the Company may enter into agreements for coordinated procedures with one or more brokerage firms or financial institutions.

2. **Exercise Period.**

a. General. Subject to other provisions contained in this Agreement and in the Plan, Stock Options granted under this Agreement will be exercisable in installments as specified under "Exercise Period" in the "Notice of Grant".

Stock Options awarded under this Agreement are exercisable until the close of business on the tenth (10th) anniversary of the Award Date; after this date, the Stock Options expire.

b. Death or Disability. If the Participant dies or becomes totally and permanently disabled (as determined under the Company's long term disability program, or an affiliate or a successor plan or program of similar purpose), each Stock Option awarded but not yet exercisable as of the date of determination of the Participant's death or disability will become immediately exercisable. The period during which the Stock Option may be exercised will commence on the day after the date of determination of the Participant's death or disability and end on the earlier of the close of business on the date of (i) the first (1st) anniversary of the determination of the Participant's death or disability or (ii) the tenth (10th) anniversary of the Award Date.

c. Retirement. Subject to Section 3 of this Agreement, if the Participant formally retires under the terms of the Estée Lauder Inc. Retirement Growth Account Plan (or an affiliate or a successor plan or program of similar purpose), each Stock Option awarded but not yet exercisable as of the date of retirement will become immediately exercisable. Each Stock Option awarded may thereafter be exercised until the close of business on the date of the tenth (10th) anniversary of the Award Date. If the Participant dies during active employment after the attainment of age fifty-five (55) and the completion of ten (10) or more years of service, or after the attainment of age sixty-five (65) and the completion of five (5) or more years of service, without formally retiring under the terms of the Estée Lauder Inc. Retirement Growth Account Plan (or an affiliate or a successor plan or program of similar purpose), the Participant will have deemed to be retired as of the date of death and this Section 2(c) will apply rather than Section 2(b). If the Participant dies or becomes disabled after retirement as contemplated by this Section 2(c), the provisions of this section shall apply. However, if the Award Date occurred within the six (6) months immediately preceding the last day of active employment (last day worked) due to retirement, except for termination due to death or disability, the Stock Options shall become null and void on the last date of active employment (last day worked).

d. Other Termination of Employment.

(1) Subject to Section 3 of this Agreement, if the Participant voluntarily terminates his or her employment (e.g., by voluntarily resigning), each Stock Option exercisable but unexercised as of the effective date of such termination may be exercised until the close of business on the date first to occur of (i) ninety (90) days after the effective date of such termination and (ii) the tenth (10th) anniversary of the Award Date. Each Stock Option awarded but unexercisable as of the date of such termination will be forfeited.

(2) Subject to Section 3 of this Agreement, if the Participant's employment is terminated by the Company or relevant subsidiary without Cause (as defined below) on or following a Change in Control, each Stock Option awarded but unexercisable as of the date of termination will become immediately exercisable. Each Stock Option granted may be exercised until the close of business on the date first to occur of (i) ninety (90) days after the effective date of such termination and (ii) the tenth (10th) anniversary of the Award Date. For this purpose, "Cause" means any breach by the Participant of any of his or her material obligations under any Company policy or procedure, including, without limitation, the Code of Corporate Conduct and the Policy on Avoidance of Insider Trading. However, if the Award Date occurred within the six (6) months immediately preceding the last day of active employment (last day worked) the Stock Options shall become null and void on the last date of active employment (last day worked).

(3) Subject to Section 3 of this Agreement, if the Participant terminates for Good Reason (as defined below) on or following a Change in Control, each Stock Option awarded but unexercisable as of the date of termination will become immediately exercisable. Each Stock Option awarded may be exercised until the close of business on the date first to occur of (i) ninety (90) days after the effective date of such termination and (ii) the tenth (10th) anniversary of the Award Date. "Good Reason" means the occurrence of any of the following, without the express written consent of the Participant, within three (3) years after the occurrence of a Change in Control:

(a) the assignment to the Participant of any duties inconsistent in any material adverse respect with the Participant's position, authority or responsibilities immediately prior to the Change in Control, or any other material adverse change in such position, including title, authority or responsibilities;

(b) any failure by the Company to pay any amounts for compensation or benefits owed to the Participant or a material reduction of the overall amounts of compensation and benefits in effect prior to the Change in Control, other than an insubstantial or inadvertent failure remedied by the Company promptly after receipt of notice thereof given by the Participant;

(c) the Company's requiring the Participant to be based at any office or location more than fifty (50 miles (eighty (80) kilometers) from that location at which he or she performed his or her services for the Company or relevant subsidiary immediately prior to the Change in Control, except for travel reasonably required in the performance of the Participant's responsibilities; or

(d) any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor, unless such assumption occurs by operation of law.

(4) If the Participant's employment is terminated for Cause, all outstanding Stock Options held by the Participant will be forfeited.

3. **Post-Employment Exercises.** No Stock Option represented by this Agreement may be exercised after termination of the Participant's employment with the Company (or any of its subsidiaries) except as otherwise provided for in Section 2(b), 2(c) or 2(d) hereof. The exercise of any Stock Option after termination of the Participant's employment by reason of retirement in accordance with Section 2(c), or due to termination by the Participant or termination by the Company or relevant subsidiary without Cause in accordance with Section 2(d), is subject to satisfaction of the conditions precedent that the Participant neither (i) accepts an offer to work for, or otherwise agrees to actively participate in or render services to any business on behalf of any competitor of the Company, its subsidiaries, or affiliates (whether as an employee, consultant or otherwise); nor (ii) conducts himself or herself in a manner adversely affecting the Company. The term "competitor" means any business that is engaged in, or is preparing to become engaged in, the makeup, skin care, hair care, toiletries or fragrance business or other business in which the Company is engaged or preparing to become engaged, or that otherwise competes with, or is preparing to compete with, the Company. All unexercisable Stock Options held by the Participant after the Participant's employment is terminated will be forfeited.

4. **Change in Control.** Upon a Change in Control during the Exercise Period, each unexercisable Stock Option will vest and become exercisable by the Participant in accordance with the Plan and this Agreement, unless the unexercisable Stock Option is

assumed by an acquirer in which case the provisions of Section 2 shall continue to apply. If an unexercisable Stock Option is not assumed by the acquirer and the Shares cease to be outstanding immediately after the Change in Control (e.g., due to a merger with and into another entity), then the consideration to be received per Share upon exercise of the Stock Option will equal the consideration paid to each shareholder per Share generally upon the Change in Control. If the Exercise Price of the Stock Option is equal to or greater than the consideration paid to each Participant shareholder per Share generally upon the Change in Control and the Stock Option is not assumed, then the Stock Options shall expire upon the Change in Control.

5. **Withholding Taxes.** Regardless of any action the Company or the Participant's employer (the "Employer") takes with respect to any or all income tax, social security (or social insurance), payroll tax, fringe benefits tax, payment on account or other tax-related items related to the participation in the Plan and this Agreement and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains his or her responsibility and may exceed the amount actually withheld by the Company or the Employer. Furthermore, the Participant acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Stock Options, including, but not limited to, the grant and the exercise of the Stock Options, the subsequent sale of Shares acquired under the Plan and the receipt of any dividends, and (ii) do not commit to and are under no obligation to structure the terms of the grant of the Stock Options or any aspect of the Participant's participation in the Plan to reduce or eliminate his or her liability for Tax-Related Items or achieve any particular tax result. If the Participant is or becomes subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable event, or tax withholding event, as applicable, the Participant agrees to pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations of the Company and/or the Employer. In this regard, the Participant authorizes the Company and/or the Employer, or his or her respective agents, at the Company's discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid by the Company and/or the Employer; (ii) withholding from proceeds of the sale of the Shares acquired upon settlement of the Stock Options either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization); and/or (iii) withholding in whole Shares to be issued upon settlement of the Stock Options, provided the Company only withholds the amount of whole Shares necessary to satisfy the statutory withholding requirements, not to exceed the maximum withholding tax rate in the Participant's applicable jurisdiction. If the Company satisfies the withholding obligation for the Tax-Related Item by withholding a number of Shares as described herein, the Participant will be deemed to have been issued the full number of Shares due to the Participant at exercise, notwithstanding that a number of the Shares is held back solely for purposes of such Tax-Related Items.

Finally, the Participant further agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of his or her participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

6. **Transferability.** Only those Stock Options granted under this Agreement to the Participants who are employed by the Company or for any of its subsidiaries at the time of Stock Option grant may be transferred under laws of descent and distribution or, during the Participant's lifetime, solely to such Participant's spouse, siblings, parents, children and grandchildren or trusts for the benefits of such persons, or partnerships, corporations, limited liability companies, or other entities owned solely by such persons, including trusts for such persons. Any such transfer of Stock Options will have no effect until written notice (providing sufficient details relating to the proposed transfer, as required by the Company at that time) is received and confirmed by the Company. Such Participant will remain liable for all obligations of the Participant and his or her transferee or transferees. Each transferee will also be subject to such Participant's obligations under this Agreement relating to the Stock Option transferred to him or her.

7. **Effect Upon Employment.** The Participant's right to continue to serve the Company or any of its subsidiaries as an officer, employee, or otherwise, is not enlarged or otherwise affected by an award under this Agreement. Nothing in this Agreement or the Plan gives the Participant any right to continue in the employ of the Company or any of its subsidiaries or interfere in any way with the right of the Company or any of its subsidiaries to terminate his or her employment at any time. Stock Options are not secured by a trust, insurance contract or other funding medium, and the Participant does not have any interest in any fund or specific asset of the Company by reason of this award or the account established on his or her behalf. A Stock Option award confers no rights as a shareholder of the Company until Shares are actually delivered to the Participant.

8. **Specific Restrictions Upon Option Shares.** The Participant and the Company agree to each of the following:

a. The Participant will acquire Shares hereunder for investment purposes only and not with a view to reselling or otherwise distributing the Shares to the public in violation of the United States Securities Act of 1933, as amended (the "1933 Act"), and will not dispose of any such Shares in transactions which, in the opinion of counsel to the Company, violate the 1933 Act or the rules and regulations thereunder, or any applicable state or national securities or "blue sky" laws.

b. If any Shares are registered under the 1933 Act, no public offering (other than on a national securities exchange, as defined in the United States Securities Exchange Act of 1934, as amended) of any Shares acquired under this Agreement will be made by the Participant (or any other person) under circumstances where he or she (or such person) may be deemed an underwriter, as defined in the 1933 Act.

c. The Participant agrees that the Company has the authority to endorse upon the certificate or certificates representing the Shares acquired under this Agreement any legends referring to the restrictions described under this Section 8 and any other application restrictions, as the Company may deem appropriate.

9. **Electronic Notice, Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to Stock Options awarded under the Plan or future Stock Options that may be awarded under the Plan by email or other electronic means. The Participant hereby consents to receive such documents by email or other electronic delivery and agrees to access information concerning the Plan through an on-line or electronic system established and maintained by the Company or by another third party designated by the Company.

10. **Data Privacy.** As a condition of this Stock Option grant, the Participant hereby expressly consents to the collection, use, disclosure, transfer and other processing of his or her personal data as set out in this Section 10 and as otherwise required by applicable law.

The Company, any of its subsidiaries, affiliates or agents, the Employer, and the Company's stock plan service provider will process personal data of the Participant for the purposes of implementing, managing and administering the Participant's grant of Stock Options and the Plan. Such personal data, in electronic or other form, may include the Participant's name, home address, telephone number, email address, date of birth, social insurance number or other national identification number, beneficiary information (including beneficiary name, address, social insurance number or other national identification number, and date of birth), hire date, salary and deductions, banking details, tax certification information, any shares or directorships held in the Company, details of all equity grants or any other entitlement to Shares awarded, canceled, vested, unvested, exercised, or outstanding in the Participant's favor.

For the purposes set out above, personal data may be transferred to countries other than the country in which the Participant resides, including to the United States and Australia. As required by applicable law, when personal data is transferred to a country outside of the country in which the Participant resides, measures will be put in place to ensure that the personal data is protected as required by law. These measures may include European Union Standard Contractual Clauses.

The Participant's personal data will be retained for as long as necessary to implement, manage and administer the Participant's grant of Stock Options and participation in the Plan. The Participant may request to access, modify or delete his or her personal data, request additional information about the processing of his or her personal data, or refuse or withdraw consent to the processing of their personal data by contacting the local human resources representative in writing. Refusal or withdrawal of consent may affect the Participant's ability to participate in the Plan but will not affect the Participant's employment status or service and career with the Company.

11. **Discretionary Nature and Acceptance of Award**. The Participant agrees to be bound by the terms of this Agreement and acknowledges, understands and agrees that:

a. The Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended, or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement;

b. The award is exceptional, voluntary and occasional, and does not create any contractual or other right to receive future grants, or benefits in lieu of Stock Options, even if Stock Options have been granted in the past;

c. All decisions with respect to future Stock Option grants, if any, will be at the sole discretion of the Company;

d. The Participant's participation in the Plan is voluntary;

e. The Stock Options and any Shares acquired under the Plan, and the income and value of the same, are not intended to replace any pension rights or compensation;

f. The Participant's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Company or the Employer to terminate Participant's employment at any time;

g. This award will be deemed accepted unless it is declined by way of written notice by the Participant within thirty (30) days of the Grant Date to the Equity Based Compensation Department of the Company located at 767 Fifth Avenue New York, NY 10153;

h. The Stock Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or any of its subsidiaries, and which is outside the scope of the Participant's employment or service contract, if any;

i. The Stock Option and any Shares acquired under the Plan, and the income value of the same, are not part of the Participant's normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal end of service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer, the Company or any of its subsidiaries;

j. In the event the Participant is not an employee of the Company, the Stock Option and the Participant's participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company or any subsidiary of the Company;

k. The future value of the Shares is unknown, indeterminable and cannot be predicted with certainty;

l. If the Shares decrease in value, the Stock Option will have no value;

m. If the Participant exercises the Stock Option and acquires Shares, the value of the Shares acquired upon exercise may increase or decrease, even below the Exercise Price;

n. In consideration of the award, no claim or entitlement to compensation or damages shall arise from forfeiture of the Stock Option or diminution in value of the Stock Option, or Shares purchased through exercise of the Stock Option, resulting from termination of the Participant's employment (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed, or the terms of the Participant's employment), and in consideration of the grant of the Stock Option, the Participant irrevocably releases the Employer, the Company and any of its subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by acknowledging and agreeing to or signing the Notice of Grant, the Participant shall be deemed to have irrevocably waived his or her right to pursue or seek remedy for any such claim or entitlement against the Employer, the Company or any of its subsidiaries;

o. For purposes of the Stock Options, the Participant's employment or service relationship will be considered terminated as of the date the Participant is no longer actively providing services to the Employer, the Company or any of its subsidiaries as determined by the Administrator in its sole discretion (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreements, if any;

p. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares; and

q. The Participant is hereby advised to consult with the Participant's own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

12. **Failure to Enforce Not a Waiver.** The Company's failure to enforce at any time any provision of this Agreement does not constitute a waiver of that provision or of any other provision of this Agreement.

13. **Governing Law.** This Agreement is governed by and is to be construed according to the laws of the State of New York that apply to agreements made and performed in that state, without regard to its choice of law provisions. For purposes of litigating any dispute that arises under this Stock Option or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of New York, and agree that such litigation will be conducted in the courts of New York County, New York, or the federal courts for the United States for the Southern District of New York, and no other courts, where this Stock Option is made and/or to be performed.

14. **Partial Invalidity.** The invalidity or illegality of any provision of this Agreement will be deemed not to affect the validity of any other provision. Furthermore, it is the parties' intent that any order striking any portion of this Agreement and/or the Plan should modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties hereunder.

15. **Entire Agreement**. This Agreement and the Plan constitute the entire agreement between the Participant and the Company regarding the award and supersede all prior and contemporaneous agreements and understandings, oral or written, between the parties regarding the award. Except as expressly set forth herein, this Agreement (and any provision of this Agreement) may not be modified, changed, clarified, or interpreted by the parties, except in a writing specifying the modification, change, clarification, or interpretation, and signed by a duly authorized Company officer.

16. **Section 409A.** The Stock Options are intended to be exempt from Section 409A of the Code. The Company reserves the unilateral right to amend this Agreement upon written notice to the Participant to prevent taxation under Section 409A of the Code.

17. **Recoupment**. Notwithstanding any other provision of this Agreement to the contrary, the Participant acknowledges and agrees that the Stock Options, any Shares acquired pursuant thereto and/or any amount received with respect to any sale of such Shares are subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's recoupment policy as in effect on the Award Date and as such policy may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to the Stock Options and Shares. The Participant agrees and consents to the Company's application, implementation and enforcement of (a) the recoupment policy, and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation and expressly agrees that the Company may take such actions as are necessary to effectuate the recoupment policy (as applicable to the Participant) or applicable law without further consent or action being required by the Participant. For purposes of the foregoing, the Participant expressly and explicitly authorizes the Company to issue instructions, on his or her behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold his or her Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company upon enforcement of the provisions contained in this Section 17. To the extent that the terms of this Agreement and the recoupment policy conflict, the terms of the recoupment policy shall prevail.

18. **Insider Trading/Market Abuse Laws**. By participating in the Plan, the Participant agrees to comply with the Company's Insider Trading Policy. Further, the Participant acknowledges that the Participant's country of employment (and country of residence, if difference) may also have laws or regulations governing insider trading and that such laws or regulations may impose additional restrictions on the Participant's ability to participate in the Plan (e.g., acquiring or selling Shares) and that the Participant is solely responsible for complying with such laws or regulations.

19. **Private Placement**. The grant of Stock Options is not intended to be a public offering of securities in the Participant's country of employment (and country of residence, if different). The Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under law), and this grant of Stock Options is not subject to the supervision of the local authorities.

20. **Exchange Control, Tax and/or Foreign Asset/Account Reporting.** The Participant acknowledges that there may be exchange control, tax, foreign asset, and/or account reporting requirements that may affect the Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any paid with respect to the Stock Options or dividends paid on Shares acquired under the Plan) in a brokerage/bank account or legal entity outside the Participant's country of employment (and country of residence, if different). The Participant may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the tax or other authorities in the Participant's country of employment (and country of residence, if different). The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country of employment (and country of residence, if different) through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

21. **Language.** If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control, unless otherwise prescribed by local law.

22. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Stock Options and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

23. **Addendum.** The award shall be subject to any terms and conditions for the Participant's country of employment (and country of residence, if different) set forth in an addendum attached hereto ("Addendum"). Moreover, if the Participant transfers residence and/or employment to another country reflected in an Addendum to this Agreement, the terms and conditions for such country will apply to the Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Stock Option and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). Any applicable Addendum constitutes part of this Agreement.

24. **Hedging Policy and Pledging Policy**. Employees are subject to the Company's Hedging Policy that, among other things, prohibits employees from hedging outstanding equity grants. This means you may not hedge the equity award represented by this Agreement or any outstanding equity awards represented by previous agreements. Employees are also subject to the Company's Pledging Policy. The Hedging Policy and Pledging Policy are available on the Corporate Intranet.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer as of the Grant Date set forth in the Notice of Grant.

The Estée Lauder Companies Inc.

By: ______________________________

Michael O'Hare
Executive Vice President,
Global Human Resources

ADDENDUM
COUNTRY-SPECIFIC PROVISIONS FOR NON-U.S. PARTICIPANTS

In addition to the terms and conditions set forth in the Agreement, the Stock Option is subject to the following terms and conditions. If the Participant is employed in a country identified in this Addendum, the additional terms and conditions for such country will apply. If the Participant transfers to one of the countries identified in this Addendum, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary and advisable to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Stock Option and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer).

All defined terms contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement.

ARGENTINA

Securities Law Notification. Neither the Stock Options nor the underlying Shares are publicly offered or listed on any stock exchange in Argentina. The Company's grant of Stock Options is private and is not subject to the supervision of any Argentine governmental authority.

Exchange Control Obligations. Argentine residents may be subject to certain restrictions with respect to the purchase and/or transfer of foreign currency under Argentine exchange control regulations. The Company reserves the right to restrict the methods of exercise if required or recommended under Argentine law.

AUSTRALIA

Breach of Law. Notwithstanding anything to the contrary in the Agreement or the Plan, the Participant will not be entitled to, and shall not claim any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Corporations Act 2001 (Cth), any other provision of that Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits.

Tax Deferral. Stock Options awarded under the Agreement are intended to be subject to tax deferral under Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (subject to the conditions in that act).

Australian Offer Document. In addition to the Agreement and the Plan, the Participant must review the Australian Offer Document for additional important information pertaining to the Stock Option. By accepting the Stock Option, the Participant acknowledges and confirms that the Participant has reviewed the documents.

BRAZIL

Compliance with Law. By accepting the Stock Option, the Participant acknowledges and agrees to comply with applicable Brazilian laws to pay any and all applicable taxes associated with the exercise of the Stock Options, the receipts of any dividends, and the sale of Shares acquired under the Plan.

Labor Law Acknowledgment. The Participant expressly acknowledges and agrees, for all legal purposes, (a) the benefits provided under the Agreement and the Plan are the result of commercial transactions unrelated to the Participant's employment; (b) the Agreement and the Plan are not a part of the terms and conditions of the Participant's employment; and (c) the income from the Stock Option, if any, is not part of the Participant's remuneration from employment.

CANADA

Exercise of the Stock Option. Notwithstanding anything to the contrary in the Agreement or the Plan, if the Participant is resident in Canada, the Participant may not tender Shares that the Participant owns to pay the Exercise Price or any Tax-Related Items in connection with the Stock Option.

English Language. The parties to the Agreement acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. ***Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.***

CHILE

Private Placement. The following provision shall supplement Section 19 (Private Placement) of the Agreement:

The grant of the Stock Option hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement.

a) The starting date of the offer is the Award Date (as defined in the Agreement), and this offer conforms to General Ruling no. 336 of the Chilean Superintendence of Securities and Insurance;
b) The offer deals with securities not registered in the registry of securities or in the registry of foreign securities of the Chilean Superintendence of Securities and Insurance, and therefore such securities are not subject to its oversight;
c) The Company is not obligated to provide public information in Chile regarding the foreign securities, as such securities are not registered with the Chilean Superintendence of Securities and Insurance; and
d) The foreign securities shall not be subject to public offering as long as they are not registered with the corresponding registry of securities in Chile.

a) *La fecha de inicio de la oferta será el de la fecha de otorgamiento (o "Award Date", según este término se define en el documento denominado "Agreement") y esta oferta se acoge a la norma de Carácter General n° 336 de la Superintendencia de Valores y Seguros Chilena;*
b) *La oferta versa sobre valores no inscritos en el registro de valores o en el registro de valores extranjeros que lleva la Superintendencia de Valores y Seguros Chilena, por lo que tales valores no están sujetos a la fiscalización de ésta;*
c) *Por tratar de valores no inscritos no existe la obligación por parte del emisor de entregar en chile información pública respecto de esos valores; y*
d) *Esos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente.*

CHINA

The following provisions shall govern the Participant's participation in the Plan if the Participant is a national of the People's Republic of China ("China") resident in mainland China, or if determined to be necessary or appropriate by the Company in its sole discretion:

Mandatory Full Cashless Exercise. Notwithstanding any provision in the Agreement to the contrary, the Stock Option may be exercised only by using the cashless method, except as otherwise determined by the Company. Only full cashless exercise (net proceeds remitted to the Participant in cash) will be permitted. Cash, cashless sell-to-cover, or stock swap methods of exercise are prohibited.

Foreign Exchange Control Laws. The Participant understands and agrees that, due to the exchange control laws in China, the Participant will be required to immediately repatriate the cash proceeds resulting from the cashless exercise of the Stock Option to China.

The Participant understands and agrees that the repatriation of sales proceeds may need to be effected through a special exchange control account established by the Company or its subsidiaries, and the Participant hereby consents and agrees that sales proceeds from the sale of Shares acquired under the Plan may be transferred to such account by the Company on the Participant's behalf prior to being delivered to the Participant. The sales proceeds may be paid to the Participant in U.S. dollars or local currency at the Company's discretion. If the sales proceeds are paid to the Participant in U.S. dollars, the Participant understands that the Participant will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the sales proceeds are paid to the Participant in local currency, the Participant acknowledges that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. The Participant agrees to bear any currency fluctuation risk between the time the Shares are sold and the net proceeds are converted into local currency and distributed to the Participant. The Participant further agrees to comply with any other requirements that may be imposed by the Company or its subsidiaries in China in the future in order to facilitate compliance with exchange control requirements in China. The Participant acknowledges and agrees that the processes and requirements set forth herein shall continue to apply following the Participant's termination of employment.

Notwithstanding anything to the contrary in the Plan or the Agreement, in the event of the Participant's termination of employment for any reason, the Participant shall be required to exercise the Option (to the extent outstanding, vested and otherwise permitted under the Agreement) and/or sell all Shares issued pursuant to the Plan no later than ninety (90) days after the date of termination (or such shorter period as may be required by the State Administration of Foreign Exchange ("SAFE") or the Company), and repatriate the sales proceeds to China in the manner designated by the Company.

Neither the Company nor any of its subsidiaries shall be liable for any costs, fees, lost interest or dividends or other losses the Participant may incur or suffer resulting from the enforcement of the terms of this Addendum or otherwise from the Company's operation and enforcement of the Plan, the Agreement and the Option in accordance with Chinese law including, without limitation, any applicable SAFE rules, regulations and requirements.

DENMARK

Stock Option Act. Notwithstanding any provisions in the Agreement to the contrary, if the Participant is determined to be an "Employee," as defined in section 2 of the Danish Act on the Use of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the "Stock Option Act"), the treatment of the Stock Option upon termination shall be governed by Sections 4 and 5 of the Stock Option Act. However, if the provisions in the Agreement or the Plan governing the treatment of the Stock Option upon a termination are more favorable, the provisions of the Agreement or the Plan will govern.

FRANCE

English Language. The Participant acknowledges and agrees that it is the Participant's wish that the Agreement, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Stock Options, either directly or indirectly, be drawn up in English.

Langue anglaise. Le bénéficiaire admet et convient que c'est l'intention exprès du bénéficiaire que l'Accord, le Plan et tous les autres documents, remarque et les poursuites judiciaires entrées, données ou instituées conformément au Stock Options, être établi dans l'anglais. Si le bénéficiaire a reçu l'Accord, le Plan ou autres documents rattachés au Stock Options traduit dans une langue autre que l'anglais et si le sens de la version traduite est différent que la version anglaise, la version anglaise contrôlera

HONG KONG

Exercise of Option. If, for any reason, the Participant exercises the Stock Option within six (6) months of the Award Date, the Participant agrees that he or she will not sell or otherwise dispose of any such Shares prior to the six (6) month anniversary of the Award Date.

IMPORTANT NOTICE. WARNING: The contents of the Agreement, this Addendum, the Plan, and all other materials pertaining to the Option and/or the Plan have not been reviewed by any regulatory authority in Hong Kong. The Participant is hereby advised to exercise caution in relation to the offer thereunder. If the Participant has any doubts about any of the contents of the aforesaid materials pertaining to the Stock Option, the Participant should obtain independent professional advice.

Nature of the Plan. The Company specifically intends that the Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Scheme Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purpose of ORSO, the grant of Stock Options shall be null and void.

INDIA

Repatriation Requirements. The Participant understands that he or she must repatriate any cash dividends paid on Shares acquired under the Plan and any proceeds from the sale of such Shares to India within a certain period of time after receipt of the proceeds. It is the participant's sole responsibility to comply with applicable exchange control laws in India.

ISRAEL

Indemnification for Tax Liabilities. The Participant expressly consents and agrees to indemnify the Company and/or its subsidiaries and hold them harmless from any and all liability attributable to taxes, interest or penalties thereon, including without limitation, liabilities relating to the necessity to withhold any taxes from the exercise of the Stock Option or any other payments made to the Participant pursuant to the Stock Options.

ITALY

Mandatory Full Cashless Exercise. Notwithstanding anything to the contrary in the Agreement or the Plan, the Stock Option may be exercised only by using the full cashless method, except as otherwise determined by the Company. Only full cashless exercise (net proceeds remitted to the Participant in cash) will be permitted. Cash, cashless sell-to-cover, or stock swap methods of exercise are prohibited.

Data Privacy. The following provision shall replace Section 10 (Data Privacy) of the Agreement in its entirety:

The Participant understands that the Employer and/or the Company hold certain personal information about the Participant, including but not limited to, the Participant's name, home address, email address and telephone number, date of birth, national insurance number or other identification number, salary, nationality, job title, any Shares or directorship held in the Company, details of all awards or other entitlement to Shares awarded, cancelled, vested, unvested, exercised, or outstanding in the Participant's favor ("Data"), for purpose of implementing, administering and managing the Plan. The Participant is aware that providing the Company with Data is necessary for the performance of the Agreement and that the Participant's refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect the Participant's ability to participate in the Plan.

The Controller of personal data processing is Estée Lauder Companies Inc., 767 Fifth Avenue, New York, New York 10153, U.S.A., its representative in Italy Estée Lauder S.r.l. with registered offices at Via Turati, 3, Milano, 20121 Italy. The Participant understands that Data may be transferred to third parties assisting in the implementation, administration and management of the Plan, including any transfer required to a broker or other third party with whom Shares acquired pursuant to this grant of Stock Options or cash from the sale of such Shares may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in the Participant's country, or elsewhere, including outside of the European Union and the recipient's country may have different data privacy laws and protections than the Participant's country. The processing activity, including the transfer of the Participant's personal data abroad, out of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require the Participant's consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. The Participant understands that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to D.lgs. 196/200

The Participant understands that Data will be held only as long as is required by law or as necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that, pursuant to art 7 of D.lgs 196/2003, the Participant has the right, including but not limited to, to access, delete, update, request the rectification of the Data and cease, for legitimate reasons, Data processing. Furthermore, the Participant is aware that Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address, Via Turati, 3, Milano, 20121 Italy.

MALAYSIA

Data Privacy. The following provision shall replace Section 10 (Data Privacy) of the Agreement in its entirety:

The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data, as described in this Addendum and any other grant materials by and among, as applicable, the Company and Subsidiaries for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.
The Participant understands that the Company and subsidiaries may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other

Peserta dengan ini secara eksplisit dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi seperti yang diterangkan dalam Lampiran ini dan apa-apa bahan pemberian yang lain oleh dan di antara, seperti yang berkenaan, Syarikat dan Anak-anak Syarikat untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan penyertaan Peserta di dalam Pelan. Peserta memahami bahawa Syarikat Anak-anak Syarikat mungkin memegang maklumat peribadi tertentu tentang Peserta, termasuk, tetapi tidak terhad kepada, nama Peserta, alamat rumah

identification number, e-mail address, salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested, exercised, or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data"). The Data is supplied by the Company and also by the Participant through information collected in connection with the Agreement and the Plan. The Participant understands that Data will be transferred to the current stock plan service providers or a stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that if the Participant resides outside the United States, the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Participant's local human resources representative at Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia. The Participant authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon exercise of the awards may be deposited. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that if the Participant resides outside the United States, the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data, limit the processing of Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Participant's local human resources representative. Further, the Participant understands that the Participant is providing the consent herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's employment status or service and career with the Company will not be adversely affected; the only adverse consequence of refusing or withdrawing the Participant's consent is that the Company may not be able to grant the Participant equity awards or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's

dan nombor telefon, tarikh lahir, nombor insurans sosial atau nombor pengenalan lain, e-mel, gaji, kewarganegaraan, jawatan, apa-apa Saham atau jawatan pengarah yang dipegang dalam Syarikat, butir-butir semua Anugerah, atau apa-apa hak lain atas Saham yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun yang belum dijelaskan bagi faedahanda, untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan tersebut ("Data"). Data tersebut dibekalkan oleh Syarikat dan juga oleh Peserta berkenaan dengan Perjanjian dan Pelan. Peserta memahami bahawa Data ini akan dipindahkan kepada pembekal perkhidmatan pelan saham semasa atau pembekal perkhidmatan pelan saham yang mungkin dipilih oleh Syarikat pada masa depan, yang membantu Syarikat dengan pelaksanaan, pentadbiran dan pengurusan Pelan. Peserta memahami bahawa penerima-penerima Data mungkin berada di Amerika Syarikat atau mana-mana tempat lain, dan bahawa negara penerima-penerima (contohnya, Amerika Syarikat) mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara Peserta. Peserta memahami bahawa sekiranya Peserta menetap di luar Amerika Syarikat, Peserta boleh meminta satu senarai yang mengandungi nama-nama dan alamat-alamat penerima-penerima Data yang berpotensi dengan menghubungi wakil sumber manusia tempatan Peserta di Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia. Peserta memberi kuasa kepada Syarikat, pembekal perkhidmatan pelan saham dan mana-mana penerima-penerima kemungkinan lain yang mungkin akan membantu Syarikat (pada masa sekarang atau pada masa depan) dengan melaksanakan, mentadbir dan menguruskan Pelan untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, bagi tujuan melaksanakan, mentadbir dan menguruskan penyertaan Peserta di dalam Pelan, termasuk segala pemindahan Data tersebut sebagaimana yang dikehendaki kepada broker, egen eskrow atau pihak ketiga dengan siapa Saham diterima semasa peletakhakan Anugerah mungkin didepositkan. Peserta memahami bahawa Data hanya akan disimpan selagi ia adalah diperlukan untuk melaksanakan, mentadbir, dan menguruskan penyertaan Peserta dalam Pelan. Peserta memahami bahawa sekiranya Peserta menetap

di luar Amerika Syarikat, Peserta boleh, pada bila-bila masa, melihat Data, meminta maklumat tambahan mengenai penyimpanan dan pemprosesan Data, meminta bahawa pindaan-pindaan dilaksanakan ke atas Data, mengehadkan pemprosesan Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis tempatan wakil sumber manusia Peserta. Selanjutnya, Peserta memahami bahawa Peserta memberikan persetujuan di sini secara sukarela semata-mata. Sekiranya Peserta tidak bersetuju, atau sekiranya Peserta

consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Participant's local human resources representative. Please take note that by electronically accepting the Agreement, the Participant has confirmed that the Participant explicitly, voluntarily and unambiguously consents to the collection, use and transfer of the Participant's personal data in accordance with the terms in this notification. However, if for any reason the Participant does not consent to the processing of the Participant's personal data, the Participant has the right to reject such consent by contacting the Participant's local human resources representative at Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia.

kemudian membatalkan persetujuan, status Peserta pekerjaan atau perkhidmatan dan kerjaya dengan Syarikat tidak akan terjejas; satu-satunya akibat buruk sekiranya Peserta tidak bersetuju atau menarik balik Peserta persetujuan adalah bahawa Syarikat tidak akan dapat memberikan Peserta anugerah ekuiti lain atau mentadbir atau mengekalkan anugerah-anugerah tersebut. Oleh itu, Peserta memahami bahawa keengganan atau penarikan balik persetujuan boleh menjejaskan keupayaan Peserta untuk mengambil bahagian dalam Pelan. Untuk maklumat lebih lanjut mengenai akibat-akibat keengganan Peserta untuk memberikan keizinan atau penarikan balik keizinan, Peserta memahami bahawa Peserta boleh menghubungi wakil sumber manusia tempatan. Sila ambil perhatian bahawa dengan menerima Perjanjian ini secara elektronik, Peserta mengesahkan bahawa Peserta secara eksplisit, sukarela, dan tanpa sebarang keraguan bersetuju dengan pengumpulan, penggunaan,
dan pemindahan data peribadi Peserta
mengikut terma-terma dalam notis ini. Walaubagaimanapun, jika atas apa-apa sebab-sebab tertentu Peserta tidak bersetuju dengan pemprosesan data peribadi, Peserta mempunyai hak untuk menolak persetujuan Peserta dengan menghubungi wakil sumber manusia tempatan di masukkan Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia.

MEXICO

Commercial Relationship. The Participant expressly recognizes and acknowledges that the Participant's participation in the Plan and the Company's grant of the Stock Option does not constitute an employment relationship between the Participant and the Company. The Participant has been granted the Stock Option as a consequence of the commercial relationship between the Company and his or her Employer ECLA S.A. de C.V. or Lauder Cosmeticos S.A. de C.V. ("Estée Lauder Mexico"), and Estée Lauder Mexico is the Participant's sole employer. Based on the foregoing: (a) the Participant expressly acknowledges that the Plan and the benefits derived from participation in the Plan do not establish any rights between the Participant and Estée Lauder Mexico; (b) the Plan and the benefits derived from participation in the Plan are not part of the employment conditions and/or benefits provided by Estée Lauder Mexico; and (c) any modifications or amendments of the Plan or benefits granted thereunder by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Participant's employment with Estée Lauder Mexico.

Extraordinary Item of Compensation. The Participant expressly recognizes and acknowledges that the Participant's participation in the Plan is a result of the discretionary and unilateral decision of the Company, as well as the Participant's free and voluntary decision to participate in the Plan in accordance with the terms and conditions of the Plan, the Agreement and this Addendum. As such, the Participant acknowledges and agrees that the Company, in its sole discretion, may amend and/or discontinue the Participant's participation in the Plan at any time and without any liability. The value of the Option is an extraordinary item of compensation outside the scope of the Participant's employment contract, if any. The Stock Option is not part of the Participant's regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of Estée Lauder Mexico.

NEW ZEALAND

Securities Law Notice.

Warning

This is an offer of Stock Options which, upon exercising and settlement in accordance with the terms of the Plan and the Agreement, will be converted into Shares. Shares give you a stake in the ownership of the Company. The Participant may receive a return on the Shares acquired under the Plan if dividends are paid.

If the Company runs into financial difficulties and is wound up, the Participant will be paid only after all creditors and holders of preference shares have been paid. The Participant may lose some or all of his or her investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors make an informed decision. The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, the Participant may not be given all the information usually required. The Participant also will have fewer other legal protections for this investment. On this basis, the Participant is advised to ask questions, read all documents carefully, and seek independent financial advice before committing.

The Shares are quoted on the New York Stock Exchange ("NYSE"). This means that if the Participant acquires Shares under the Plan, the Participant may be able to sell the Shares on the NYSE if there are interested buyers. The price will depend on the demand for the Shares.

For information on risk factors impacting the Company's business that may affect the value of the Shares, the Participant should refer to the risk factors discussion on the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's "Investor Relations" website at www.elcompanies.com/investors.

PANAMA

Securities Law Notice. The grant of the Stock Options and the issuance of Shares upon exercise are not subject to registration under Panamanian law as they are not intended for the public, but solely for the Participant's benefit.

PERU

Labor Law Acknowledgement. In accepting the Stock Options, the Participant acknowledges that the Stock Options are granted *ex gratia* for the purpose of rewarding the Participant as set forth in the Plan.

Securities Law Notice. The grant of the Stock Options is considered a private offering in Peru; therefore, neither the grant of Stock Options, nor the issuance of Shares at exercise of the Stock Options, is subject to securities registration in Peru. For more information concerning the offer, the Participant should refer to the Plan, the Agreement and any other grant documents made available to the Participant by the Company. For more information regarding the Company, please refer to the Company's most recent annual report on Form 10-K and quarterly report on Form 10-Q available at www.sec.gov, as well as on the Company's "Investor Relations" website at www.elcompanies.com/investors.

PORTUGAL

Language Consent. The Participant hereby expressly declares that he or she has full knowledge of the English language and has read, understood and freely accepted and agreed with the terms and conditions established in the Plan and the Agreement.

Conhecimento da Língua. Pela presente, o Participante declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo (Agreement em inglés).

SINGAPORE

Qualifying Person Exemption. The grant of Stock Options under the Plan is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (the "SFA"). The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore and is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. Accordingly, statutory liability under the SFA in relation to the content of the prospectuses would not apply. The Participant should note that, as a result, the Stock Option is subject to section 257 of the SFA and the Participant will not be able to make: (a) any subsequent sale of the Shares in Singapore; or (b) any offer of such subsequent sale of the Shares subject to the Option in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA.

SOUTH AFRICA

Securities Law Notice. Neither the Stock Option nor the underlying Shares shall be publicly offered or listed on any stock exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority.

Withholding Taxes. The following shall supplement Section 5 (Withholding Taxes) of the Agreement:

By accepting the Stock Option, the Participant agrees to notify his or her Employer of the amount of any income realized upon exercise of the Option. If the Participant fails to advise the Employer of the income realized upon exercise of the Stock Option, the Participant may be liable for a fine. The Participant will be responsible for paying any difference between the actual tax liability and the amount withheld.

Exchange Control Obligations. The Participant is solely responsible for complying with applicable exchange control regulations and rulings (the "Exchange Control Regulations") in South Africa. As the Exchange Control Regulations change frequently and without notice, the Participant should consult the Participant's legal advisor prior to the acquisition or sale of Shares under the Plan to ensure compliance with current Exchange Control Regulations. Neither the Company nor any of its subsidiaries shall be liable for any fines or penalties resulting from the Participant's failure to comply with applicable laws, rules or regulations.

SPAIN

Securities Law Notice. No "offer of securities to the public," within the meaning of Spanish law, has taken place or will take place in the Spanish territory in connection with the Stock Options. The Plan, the Agreement (including this Addendum) and any other document evidencing the grant of the Stock Options have not, nor will they be, registered with the Comisión Nacional del Mercado de Valores (the Spanish securities regulator) and none of those documents constitute a public offering prospectus.

Acknowledgement of Discretionary Nature of the Plan; No Vested Rights. By accepting the Stock Option grant, the Participant consents to participation in the Plan and acknowledges receipt of a copy of the Plan.

The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion granted Stock Options under the Plan to individuals who may be employees of the Company or any of its subsidiaries throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its subsidiaries on an ongoing basis. Consequently, the Participant understands that the Stock Option is granted on the assumption and condition that the Stock Option and the Shares acquired upon exercise of the Stock Option shall not become a part of any employment contract (either with the Company or any of its subsidiaries) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Participant understands that this grant would not be made to the Participant but for the assumptions and conditions referenced above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, the Stock Option grant shall be null and void.

The Participant understands and agrees that, as a condition of the Stock Option grant, unless otherwise provided in Section 2 (Exercise Period) of the Agreement, any unvested Stock Option as of the date the Participant ceases active employment, and any vested portion of the Stock Option not exercised within the post-termination exercise period set out in the Agreement, will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of termination of employment. The Participant acknowledges that the Participant has read and specifically accepts the conditions referred to in the Agreement regarding the impact of a termination of employment on the Stock Option.

Termination for Cause. Notwithstanding anything to the contrary in the Plan or the Agreement, "Cause" shall be defined as set forth in the Agreement, regardless of whether the termination of employment is considered a fair termination (i.e., "despido procedente") under Spanish legislation.

SWITZERLAND

Securities Law Notification. The Stock Option grant and the issuance of any Shares is not intended to be a public offering in Switzerland. Neither this Addendum nor any other materials relating to the Stock Options constitute a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations. Neither this document nor any other offering or marketing materials related to the Stock Options have been or will be filed with, or approved or supervised by, any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority (FINMA)).

TURKEY

Securities Law Notification. The sale of Shares acquired under the Plan is not permitted within Turkey. The Shares are currently traded on the New York Stock Exchange ("NYSE"), which is located outside of Turkey, under the symbol "EL" and the Shares may be sold through the NYSE.

UNITED ARAB EMIRATES

Securities Law Notification. The Agreement, the Plan and other incidental communication materials concerning the Stock Options are intended for distribution only to the employees of the Company or its subsidiaries. The Dubai Technology and Media Free Zone Authority, Emirates Securities and Commodities Authority and/or the Central Bank has no responsibility for reviewing or verifying any documents in connection with the Options. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved these communications nor taken steps to verify the information set out in them, and have no responsibility for them. Further, the Shares underlying the Stock Options may be illiquid and/or subject to restrictions on their resale. The Participant should conduct his or her own due diligence on the Stock Options and the Shares. If the Participant is in any doubt about any of the contents of the grant or other incidental documents, he or she should obtain independent professional advice.

UNITED KINGDOM

Payment (Or Withholding) of Taxes. The following provision shall supplement Section 5 (Withholding Taxes) of the Agreement:

If payment or withholding of the income tax due in connection with the Option is not made within ninety (90) days after the end of the U.K. tax year in which the event giving rise to the income tax liability occurred or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected income tax shall constitute a loan owed by the Participant to the Subsidiary in the United Kingdom that employs the Participant (the "Employer"), effective as of the Due Date. The Participant agrees that the loan will bear interest at the then-current official rate of Her Majesty's Revenue & Customs ("HMRC"), it shall be immediately due and repayable, and the Company or the Employer may recover it at any time thereafter by any of the means referred to in Section 5 of the Agreement. Notwithstanding the foregoing, if the Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), he or she shall not be eligible for a loan from the Company to cover the income tax liability. In the event that the Participant is a director or executive officer and the income tax is not collected from or paid by him or her by the Due Date, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and national insurance contributions ("NICs") will be payable. The Participant will be responsible for paying and reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime, and for reimbursing the Company or the Employer (as applicable) the value of any Participant NICs due on this additional benefit.

Exclusion of Claim. The Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant's ceasing to have rights under or to be entitled to exercise the Stock Option, whether or not as a result of termination of employment (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the Stock Option. Upon the grant of the Stock Option, the Participant shall be deemed to have waived irrevocably any such entitlement.

VENEZUELA

Securities Law Notification. The Stock Options granted under the Plan are offered as a personal, private, exclusive transaction and are not subject to Venezuelan securities regulations. The offering does not qualify as a public offering under the laws of the Bolivarian Republic of Venezuela and, therefore, it is not required to request the previous authorization of the national Superintendent of Securities.

Mandatory Full Cashless Exercise. Notwithstanding anything to the contrary in the Plan or the Agreement, the Option may be exercised only by using the cashless method, except as otherwise determined by the Company. Only full cashless exercise (net proceeds remitted to the Participant in cash) will be permitted. Cash, cashless sell-to-cover, or stock swap methods of exercise are prohibited.

NOTICE OF GRANT

UNDER

THE ESTÉE LAUDER COMPANIES INC.

AMENDED AND RESTATED FISCAL 2002 SHARE INCENTIVE PLAN (The "Plan")

This is to confirm that, upon the recommendation of your management, you were awarded options to purchase shares of Class A Common Stock of The Estée Lauder Companies Inc. (the "Shares") at the most recent meeting of the Stock Plan Subcommittee of the Compensation Committee of the Board of Directors. This award was made in recognition of the significant contributions you have made as a key employee of the Company, and to motivate you to achieve future successes by aligning your interests more closely with those of our stockholders. These options are granted under and governed by the terms and conditions of the Plan and the Stock Option Agreement (the "Agreement") made part hereof. The Agreement and Summary Plan Description can be viewed via your online account. Please read these documents and keep them for future reference. The specific terms of your award are as follows:

Participant: **Name**

Employee Number: **#**

Grant Date: **XXX**

Grant Plan: The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan

Type of Award: **Non-Qualified Stock Options**

Exercise Price per Share: **$XX (Closing trading price on NYSE of the Class A Common Stock on the date of grant)**

Aggregate number of Shares subject to your options: **#**

Exercise Period: **Your options shall become exercisable on the following dates (or upon death, disability, retirement, or involuntary termination of employment if these occurrences are earlier), but are subject to termination or forfeiture as per Paragraphs 2 and 3 of the Agreement:**

Number of Shares	Date Exercisable	Expiration Date
#	XXX	XXX
#	XXX	XXX
#	XXX	XXX

Questions regarding the stock option program can be directed to XXX.

If you wish to accept this grant, **please sign this Notice of Grant and return immediately to:**

Compensation Department
28 West 23rd Street, 8th Floor
New York, New York 10010

The undersigned hereby accepts, and agrees to, all terms and provisions of the Agreement, including those contained in this Notice of Grant.

By ________________________________ Date ________________________________

Each of the Stock Plan Subcommittee of the Compensation Committee and the Compensation Committee of the Board of Directors of The Estée Lauder Companies Inc. reserves the right to change provisions of this Agreement to comply with the American Jobs Creation Act of 2004 or other applicable laws or regulations.

Performance Share Unit Award Agreement Under
The Estée Lauder Companies Inc.
Amended and Restated Fiscal 2002 Share Incentive Plan (the "Plan")

This **PERFORMANCE SHARE UNIT AWARD AGREEMENT** ("Agreement") provides for the granting of performance share unit awards by The Estée Lauder Companies Inc., a Delaware corporation (the "Company"), to the participant, an employee of the Company or one of its subsidiaries (the "Participant"), representing a notional account equal to a corresponding number of shares of the Company's Class A Common Stock, par value $0.01 (the "Shares"), subject to the terms below (the "Performance Share Units"). The name of the "Participant," the "Award Date," the aggregate number of Shares representing the Target Award, and the Plan Achievement (as defined below) goals are stated in the "Notice of Grant" attached or posted electronically together with this Agreement and are incorporated by reference. The other terms of this Performance Share Unit Award are stated in this Agreement and in the Plan. Terms not defined in this Agreement are defined in the Plan, as amended. The Plan is referred to as the "Grant Plan" in the electronic Notice of Grant.

1. **Award Grant**. The Company hereby awards to the Participant a target award of Performance Share Units in respect of the number of Shares set forth in the Notice of Grant (the "Target Award"), representing a Stock Unit and Performance-Based Award under the terms of the Plan.

2. **Right to Payment of Performance Share Units**. In the event that the Company achieves positive Net Earnings during the first year of the award period specified in the Notice of Grant (the "Threshold Goal"), the Participant shall be eligible to earn 150 percent (150%) of the Target Award. The percentage of the Target Award actually earned and paid will be determined by the Committee through use of its negative discretion based on the plan achievement (the "Plan Achievement") during the period specified in the Notice of Grant (the "Award Period") and shall in no event be greater than the amount payable based solely on achievement of the Threshold Goal. The Plan Achievement is comprised of, and is measured separately with respect to the components stated in the Notice of Grant. Actual payment of the Performance Share Units awarded will be determined for each component in accordance with the table attached hereto as Schedule "A." For the avoidance of doubt, no amount shall be payable under this Section 2 if the Threshold Goal is not met.

3. **Payment of Awards**.

(a) Payments under this Agreement will be made in the number of Shares that is equivalent to the number of Performance Share Units earned and payable to the Participant pursuant to Section 2 above. Except as otherwise provided in Section 4 below, payments will be made as soon as practicable after the Award Period ends, but in no event later than 2 and 1/2 months following the last day of the calendar year in which the Award Period ends. The form of payout will be in Shares. In addition, each Performance Share Unit that becomes earned and payable pursuant to Section 2 above carries a Dividend Equivalent Right, payable in cash at the same time as the payment of Shares in accordance with this Section 3 and Section 4.

(b) In the event of a Change in Control that constitutes a "change in control event" within the meaning of Section 409A of the Code, the Company may, in its sole discretion and in accordance with Treasury Regulation § 1.409A-3(j)(4)(ix)(B), vest and settle the Performance Share Units and terminate this Agreement. In such event, settlement of the Performance Share Units shall be made within two (2) weeks following the Change in Control. In the event that Performance Share Units are not settled pursuant to the immediately preceding sentence, such Performance Share Units shall be assumed by an acquirer in which case, vesting will be subject to Sections 2 and 4. If the Shares cease to be outstanding immediately after the Change in Control (e.g., due to a merger with and into another entity), then the consideration to be received per Share will equal the consideration paid to each stockholder per Share generally upon the Change in Control.

4. **Termination of Employment**. If the Participant's employment terminates during the Award Period, payouts will be as follows, subject to Section 3:

(a) Death. If the Participant dies, the Performance Share Units will be paid as a pro rata Target Award for the number of full months paid salary during the Award Period (i.e., the proration of the Target Award equals a fraction, the numerator of which is the number of full calendar months of service completed during the Award Period through the Participant's death and the denominator of which is the number of full calendar months in the Award Period). Payment will occur on the seventy-fifth (75th) day following the Participant's death and in accordance with any applicable laws or Company procedures regarding the payments. Notwithstanding anything to the contrary contained in this section 4(a), if the Participant dies during active employment after the attainment of age fifty-five (55) and the completion of ten (10) or more years of service, or after the attainment of age sixty-five (65) and the completion of five (5) or more years of service, without formally retiring under the terms of the Estée Lauder Inc. Retirement Growth Account Plan (or an affiliate or a successor plan or program of similar purpose), unvested Performance Share Units will continue to vest and be paid in accordance with the Vesting Schedule to the Participant's estate/heirs/beneficiaries.

(b) Retirement. If the Participant formally retires under the terms of The Estée Lauder Companies Retirement Growth Account Plan (or an affiliate or a successor plan or program of similar purpose), the Performance Share Unit Award will continue through the Award Period and the Participant will be paid, subject to the achievement of the Threshold Goal and based on actual Plan Achievement, at the same time the awards are paid to active employees. Vesting and payment in respect of any Performance Share Units after retirement will be subject to satisfaction of the conditions precedent that the Participant neither (i) accepts an offer to work for, or otherwise agrees to actively participate in or render services to any business on behalf of any competitor of the Company, its subsidiaries, or affiliates (whether as an employee, consultant or otherwise); nor (ii) conducts himself or herself in a manner adversely affecting the Company. The term "competitor" means any business that is engaged in, or is preparing to become engaged in, the makeup, skin care, hair care, toiletries or fragrance business or other business in which the Company is engaged or preparing to become engaged, or that otherwise competes with, or is preparing to compete with, the Company. Notwithstanding anything to the contrary contained in this section 4(b), if the Participant terminates employment by reason of retirement within six (6) months of the Grant Date, the Performance Share Units shall not vest and shall become null and void on the last day of active employment (last day worked).

(c) Disability. If the Participant becomes totally and permanently disabled (as determined under the Company's long-term disability program, or an affiliate or successor plan or program of similar purpose), the Performance Share Unit Award will continue through the Award Period and the Participant will be paid a pro rata amount for each full month which the Participant is paid salary during the Award Period (determined under the proration methodology in Section 4(a)), subject to the achievement of the Threshold Goal and based on actual Plan Achievement. Payment will occur at the same time the awards are paid to active employees. Notwithstanding anything to the contrary contained in this Section 4(c), if the Participant becomes totally and permanently disabled (as determined under the Company's long-term disability program, or an affiliate or successor plan or program of similar purpose) during active employment after the attainment of age fifty-five (55) and the completion of ten (10) or more years of service, or after the attainment of age sixty-five (65) and the completion of five (5) or more years of service, without formally retiring under the terms of the Estée Lauder Inc. Retirement Growth Account Plan (or an affiliate or a successor plan or program of similar purpose), unvested Performance Share Units will continue to vest and be paid in accordance with the Vesting Schedule.

(d) Termination of Employment Without Cause. If the Participant's employment is by the Company or relevant subsidiary without Cause (as defined below) on or prior to the end of the first year of the Award Period, the Performance Share Unit will be forfeited. If such termination occurs after the end of the first year of the Award Period, the Performance Share Unit Award will continue through the Award Period and the Participant will be paid a pro rata amount for the number of each full month in which the Participant is paid salary during the Award Period (determined under the proration methodology in Section 4(a)), subject to the achievement of the Threshold Goal and based on actual Plan Achievement. Such prorated Performance Share Units will be paid in accordance with the Vesting Schedule and payment will be subject to satisfaction of the conditions precedent that the Participant neither (i) accepts an offer to work for, or otherwise agrees to actively participate in or render services to any business on behalf of any competitor of the Company, its subsidiaries, or affiliates (whether as an employee, consultant or otherwise); nor (ii) conducts himself or herself in a manner adversely affecting the Company. The term "competitor" means any business that is engaged in, or is preparing to become engaged in, the makeup, skin care, hair care, toiletries or fragrance business or other business in which the Company is engaged or preparing to become engaged, or that otherwise competes with, or is preparing to compete with, the Company. Notwithstanding anything to the contrary contained in this Section 4(d), if the Participant's employment is terminated without Cause within six (6) months of the Grant Date, the Performance Share Units shall not vest and shall become null and void on the last day of active employment (last day worked).

(e) Resignation. If the Participant terminates his or her employment (*e.g.*, by voluntary resigning) other than by retirement, which is subject to Section 4(b) above, the Performance Share Unit Award will be forfeited.

(f) Termination of Employment with Cause. If the Participant is terminated for Cause, the Performance Share Unit Award will be forfeited. For this purpose, "Cause" means any breach by the Participant of any of his or her material obligations under any Company policy or procedure, including, without limitation, the Code of Conduct. Notwithstanding the foregoing, in the case of a Participant who has an employment agreement that includes a definition of "Cause," "Cause" for purposes of this Section 4(f) shall have the same meaning as defined in such employment agreement in effect between the Participant and the Company or its U.S. subsidiary, including an employment agreement entered into after the Grant Date.

5. No Rights of Stock Ownership. This grant of Performance Share Units does not entitle the Participant to any interest in or to any voting or other rights normally attributable to Share ownership.

6. Withholding Taxes. Regardless of any action the Company or the Participant's employer (the "Employer") takes with respect to any or all income tax, social security (or social insurance), payroll tax, fringe benefits tax, payment on account or other tax-related items related to the participation in the Plan and this Agreement and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains his or her responsibility and may exceed the amount actually withheld by the Company or the Employer. Furthermore, the Participant acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Share Units, including, but not limited to, the grant of the Performance Share Units, the vesting of the Performance Share Units, the delivery of Shares, the subsequent sale of Shares acquired under the Plan and the receipt of any dividends, and (ii) do not commit to and are under no obligation to structure the terms of the grant of the Performance Share Units or any aspect of the Participant's participation in the Plan to reduce or eliminate his or her liability for Tax-Related Items or achieve any particular tax result. If the Participant is or becomes subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable event, or tax withholding event, as applicable, the Participant agrees to pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations of the Company and/or the Employer. In this regard, the Participant authorizes the Company and/or the Employer, or his or her respective agents, at the Company's discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid by the Company and/or the Employer; (ii) withholding from proceeds of the sale of the Shares acquired upon settlement of the Performance Share Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization); and/or (iii) withholding in whole Shares to be issued upon settlement of the Performance Share Units, provided that the Company only withholds the amount of whole Shares necessary to satisfy the statutory withholding requirements, not to exceed the maximum withholding tax rate in the Participant's applicable jurisdiction. If the Company satisfies the withholding obligation for the Tax-Related Item by withholding a number of Shares as described herein, the Participant will be deemed to have been issued the full number of Shares due to Participant at vesting, notwithstanding that a number of the Shares is held back solely for purposes of such Tax-Related Items.

Finally, the Participant further agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of his or her participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sales of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

7. **Nonassignability**. This award may not be assigned, pledged, or transferred except, if the Participant dies, to a designated beneficiary or by will or by the laws of descent and distribution. The foregoing restrictions do not apply to transfers under a court order, including, but not limited to, any domestic relations order.

8. **Effect Upon Employment**. The Participant's right to continue to serve the Company or any of its subsidiaries as an officer, employee, or otherwise, is not enlarged or otherwise affected by an award under this Agreement. Nothing in this Agreement or the Plan gives the Participant any right to continue in the employ of the Company or any of its subsidiaries or interfere in any way with any right the Company or any of its subsidiaries may have to terminate his or her employment at any time. Payment of Shares is not secured by a trust, insurance contract or other funding medium, and the Participant does not have any interest in any fund or specific asset of the Company by reason of this award or the account established on his or her behalf. A Performance Share Unit confers no rights as a shareholder of the Company until Shares are actually delivered to the Participant.

9. **Electronic Notice, Delivery and Acceptance**. The Company may, in its sole discretion, decide to deliver any documents related to Performance Share Units awarded under the Plan or future Performance Share Units that may be awarded under the Plan by email or other electronic means. The Participant hereby consents to receive such documents by email or other electronic delivery and agrees to access information concerning the Plan through an on-line or electronic system established and maintained by the Company or by another third party designated by the Company.

10. Data Privacy. As a condition of this Performance Share Unit grant, the Participant hereby expressly consents to the collection, use, disclosure, transfer and other processing of his or her personal data as set out in this Section 10 and as otherwise required by applicable law.

The Company, its affiliates, subsidiaries or agents, the Employer, and the Company's stock plan service provider will process personal data of the Participant for the purposes of implementing, managing and administering the Participant's grant of Performance Share Units and the Plan. Such personal data, in electronic or other form, may include the Participant's name, home address, telephone number, email address, date of birth, social insurance number or other national identification number, beneficiary information (including beneficiary name, address social insurance number or other national identification number, and date of birth), hire date, salary and deductions, banking details, tax certification information, any shares or directorships held in the Company, details of all equity grants or any other entitlement to Shares awarded, canceled, vested, unvested, or outstanding in the Participant's favor.

For the purposes set out above, personal data may be transferred to countries other than the country in which the Participant resides, including to the United States and Australia. As required by applicable law, when personal data is transferred to a country outside of the country in which the Participant resides, measures will be put in place to ensure that the personal data is protected as required by law. These measures may include European Union Standard Contractual Clauses.

The Participant's personal data will be retained for as long as necessary to implement, manage and administer the Participant's grant of Performance Share Units and participation in the Plan. The Participant may request to access, modify or delete his or her personal data, request additional information about the processing of his or her personal data, or refuse or withdraw consent to the processing of their personal data by contacting the local human resources representative in writing. Refusal or withdrawal of consent may affect the Participant's ability to participate in the Plan but will not affect the Participant's employment status or service and career with the Company.

11. Discretionary Nature and Acceptance of Award. The Participant agrees to be bound by the terms of this Agreement and acknowledges, understands and agrees that:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement;

(b) The award is exceptional, voluntary and occasional, and does not create any contractual or other right to receive future awards, or benefits in lieu of Performance Share Units, even if Performance Share Units have been awarded in the past;

(c) All decisions with respect to future Performance Share Units or other awards, if any, will be at the sole discretion of the Company;

(d) The Participant's participation in the Plan is voluntary;

(e) The Performance Share Units and any Shares acquired under the Plan, and the income and value of the same, are not intended to replace any pension rights or compensation;

(f) The Participant's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Company or the Employer to terminate the Participant's employment at any time;

(g) This award will be deemed accepted unless it is declined by way of written notice by the Participant within Thirty (30) days of the Grant Date to the Equity Based Compensation Department of the Company located at 767 Fifth Avenue, New York, NY 10153;

(h) The Performance Share Units are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or any of its subsidiary, and which is outside the scope of the Participant's employment or service contract, if any;

(i) The Performance Share Units and any Shares acquired under the Plan, and the income and value of the same, are not part of the Participant's normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal end of service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer, or the Company or any of its subsidiaries;

(j) In the event the Participant is not an employee of the Company, the Performance Share Units and the Participant's participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company or with any subsidiary of the Company;

(k) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(l) In consideration of the award, no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Share Units or diminution in value of the Performance Share Units, or Shares acquired upon vesting of the Performance Share Units, resulting from termination of Participant's employment (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed, or the terms of the Participant's employment), and in consideration of the award, Participant irrevocably releases the Employer, the Company and any of its subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by acknowledging and agreeing to or signing the Notice of Grant, the Participant shall be deemed irrevocably to have waived his or her right to pursue or seek remedy for any such claim or entitlement against the Employer, the Company or any of its subsidiary;

(m) For Purposes of the Performance Share Units, the Participant's employment or service relationship will be considered terminated as of the date the Participant is no longer actively providing services to the Employer, the Company or any of its subsidiaries as determined by the Administrator in its sole discretion (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any);

(n) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan or Participant's acquisition or sale of the underlying Shares; and

(o) The Participant is hereby advised to consult with Participant's own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

12. Failure to Enforce Not a Waiver. The Company's failure to enforce at any time any provision of this Agreement does not constitute a waiver of that provision or of any other provision of this Agreement.

13. Governing Law. The Performance Share Unit Award Agreement is governed by and is to be construed according to the laws of the State of New York, that apply to agreements made and performed in that state, without regard to its choice of law provisions. For purposes of litigating any dispute that arises under the Performance Share Units or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of New York, and agree that such litigation will be conducted in the courts of New York County, New York, or the federal courts for the United States for the Southern District of New York, and no other courts, where the Performance Share Units are made and/or to be performed.

14. Partial Invalidity. The invalidity or illegality of any provision of the Agreement will be deemed not to affect the validity of any other provision. Furthermore, it is the parties' intent that any order striking any portion of this Agreement and/or the Plan should modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties hereunder.

15. Entire Agreement. This Agreement and the Plan constitute the entire agreement between the Participant and the Company regarding the award and supersede all prior and contemporaneous agreements and understandings, oral or written, between the parties regarding the award. Except as expressly set forth herein, this Agreement (and any provision of this Agreement) may not be modified, changed, clarified, or interpreted by the parties, except in a writing specifying the modification, change, clarification, or interpretation, and signed by a duly authorized Company officer.

16. Section 409A Compliance. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and any regulations, rulings, or guidance provided thereunder. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may the Participant, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. The Company reserves the unilateral right to amend this Agreement upon written notice to the Participant to prevent taxation under Section 409A of the Code.

17. Recoupment. Notwithstanding any other provision of this Agreement to the contrary, the Participant acknowledges and agrees that the Performance Share Units, any Shares acquired pursuant thereto and/or any amount received with respect to any sale of such Shares are subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's recoupment policy as in effect on the Grant Date and as such policy may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to the Performance Share Units and Shares. The Participant agrees and consents to the Company's application, implementation and enforcement of (a) the recoupment policy, and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation and expressly agrees that the Company may take such actions as are necessary to effectuate the recoupment policy (as applicable to the Participant) or applicable law without further consent or action being required by the Participant. For purposes of the foregoing, the Participant expressly and explicitly authorizes the Company to issue instructions, on his or her behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold his or her Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company upon the enforcement of the provisions continued in this Section 17. To the extent that the terms of this Agreement and the recoupment policy conflict, the terms of the recoupment policy shall prevail.

18. **Insider Trading/Market Abuse Laws**. By Participating in the Plan, the Participant agrees to comply with the Company's Insider Trading Policy. Further, the Participant acknowledges that the Participant's country of employment (and country of residence, if different) may also have laws or regulations governing insider trading and that such laws or regulations may impose additional restrictions on the Participant's ability to participate in the Plan (e.g., acquiring or selling Shares) and that the Participant is solely responsible for complying with such laws or regulations.

19. **Private Placement**. The grant of the Performance Share Units is not intended to be a public offering of securities in the Participant's country of employment (and country of residence, if different). The Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under law), and this grant of Performance Share Units is not subject to the supervision of the local authorities.

20. **Exchange Control, Tax and/or Foreign Asset/Account Reporting**. The Participant acknowledges that there may be exchange control, tax, foreign asset and/or account reporting requirements that may affect the Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any Dividend Equivalents Rights paid with respect to the Performance Share Units or dividends paid on Shares acquired under the Plan) in a brokerage/bank account or legal entity outside the Participant's country of employment (and country of residence, if different). The Participant may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the tax or other authorities in the Participant's country of employment (and country of residence, if different). The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country of employment (and country of residence, if different) through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

21. **Language**. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control, unless otherwise prescribed by local law.

22. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Performance Share Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

23. **Addendum**. The award shall be subject to any terms and conditions for the Participant's country of employment (and country of residence, if different) set forth in an addendum attached hereto ("Addendum"). Moreover, if the Participant transfers residence and/or employment to another country reflected in an Addendum to this Agreement, the terms and conditions for such country will apply to the Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Performance Share Unit and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). Any applicable Addendum constitutes part of this Agreement.

24. **Hedging Policy and Pledging Policy.** Employees are subject to the Company's Hedging Policy that, among other things, prohibits employees from hedging outstanding equity grants. This means you may not hedge the equity award represented by this Agreement or any outstanding equity awards represented by previous agreements. Employees are also subject to the Company's Pledging Policy. The Hedging Policy and Pledging Policy are available on the Corporate Intranet.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer as of the Grant Date set forth in the Notice of Grant.

The Estée Lauder Companies Inc.

By: ______________________________

Michael O'Hare
Executive Vice President,
Global Human Resources

ADDENDUM
COUNTRY-SPECIFIC PROVISIONS FOR NON-U.S. PARTICIPANTS

In addition to the terms and conditions set forth in the Agreement, the Performance Share Units awarded are subject to the following terms and conditions. If the Participant is employed in a country identified in this Addendum, the additional terms and conditions for such country will apply. If the Participant transfers to one of the countries identified in this Addendum, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Performance Share Units awarded and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer).

All defined terms contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement.

FRANCE

English Language. The Participant acknowledges and agrees that it is the Participant's wish that the Agreement, this addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Performance Share Units, either directly or indirectly, be drawn up in English.

Langue anglaise. Le bénéficiaire admet et convient que c'est l'intention exprès du bénéficiaire que l'Accord, le Plan et tous les autres documents, remarque et les poursuites judiciaires entrées, données ou instituées conformément au Performance Share Units, être établi dans l'anglais. Si le bénéficiaire a reçu l'Accord, le Plan ou autres documents rattachés au Performance Share Units traduit dans une langue autre que l'anglais et si le sens de la version traduite est différent que la version anglaise, la version anglaise contrôlera.

HONG KONG

IMPORTANT NOTICE. WARNING: The contents of the Agreement, this Addendum, the Plan, and all other materials pertaining to the Performance Share Units and/or the Plan have not been reviewed by any regulatory authority in Hong Kong. The Participant is hereby advised to exercise caution in relation to the offer thereunder. If the Participant has any doubts about any of the contents of the aforesaid materials, the Participant should obtain independent professional advice.

Nature of the Plan. The Company specifically intends that the Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Scheme Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purpose of ORSO, the grant of Performance Share Units shall be null and void.

UNITED KINGDOM

Withholding Taxes. The following provision shall supplement Section 6 (Withholding Taxes) of the Agreement:

If payment or withholding of the income tax due in connection with the awarded Performance Share Units is not made within ninety (90) days after the end of the U.K. tax year in which the event giving rise to the income tax liability occurred or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected income tax shall constitute a loan owed by the Participant to his or her Employer, effective as of the Due Date. The Participant agrees that the loan will bear interest at the then-current official rate of Her Majesty's Revenue & Customs ("HMRC"), it shall be immediately due and repayable, and the Company or the Employer may recover it at any time thereafter by any of the means referred to in Section 6 (Withholding Taxes) of the Agreement. Notwithstanding the foregoing, if the Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), he or she shall not be eligible for a loan from the Company to cover the income tax liability. In the event that the Participant is a director or executive officer and the income tax is not collected from or paid by him or her by the Due Date, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and national insurance contributions ("NICs") will be payable. The Participant will be responsible for paying and reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime, and for reimbursing the Company or the Employer (as applicable) the value of any Participant NICs due on this additional benefit.

Exclusion of Claim. The Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant's ceasing to have rights under or to be entitled to the Performance Share Units, whether or not as a result of termination of employment or service (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the Performance Share Units. Upon the grant of the Performance Share Units, the Participant shall be deemed to have waived irrevocably any such entitlement.

Schedule "A"

For Net Sales Cumulative Annual Growth Rate:

Component Plan Achievement		Component Payout (Percentage of Target Award)
Maximum	(110)%	(150)%
	(100)%	(100)%
Threshold	(90)%	(50)%

For Net Earnings Per Share Cumulative Annual Growth Rate:

Component Plan Achievement		Component Payout (Percentage of Target Award)
Maximum	(115)%	(150)%
	(100)%	(100)%
Threshold	(85)%	(50)%

For ROIC Cumulative Annual Growth Rate:

Component Plan Achievement		Component Payout (Percentage of Target Award)
Maximum	(115)%	(150)%
	(100)%	(100)%
Threshold	(85)%	(50)%

Payout amount for levels of Plan Achievement between the maximum and threshold achievement shall be interpolated on a straight line basis (rounded up to the nearest integer). In no event shall the Participant receive a payout in excess of (150)% of the Target Award for any component. No payout shall be made in the event of component Plan Achievement less than the threshold achievement.

For purposes of this Performance Share Unit Award Agreement, "Net Sales" has the meaning utilized by the Company in its consolidated financials in accordance with generally accepted accounting principles as in effect on the first day of the Award Period, excluding the impact of foreign currency fluctuations; "Earnings Per Share" means "diluted earnings per share" as utilized by the Company in its consolidated financials; and "ROIC" represents Return on Invested Capital with invested capital defined as assets less liabilities (excluding debt). Actual payment of the Performance Share Units awarded will be determined for each component in accordance with the table above.

Without limiting the generality of the foregoing, in measuring Plan Achievement, financial performance measures (e.g., "Earnings Per Share", "Net Sales" and "ROIC") will be calculated without regard to the following:

- Changes in accounting principles (i.e., cumulative effect of U.S. GAAP changes)
- Income/loss from discontinued operations and income/loss on sale of discontinued operations or adjustments to previously disposed businesses
- Impairments of intangibles and goodwill related to acquisitions
- The impact of an acquired business' income statement not included in the Long-Range Plan (LRP) coincident with the performance period of the PSU, whether dilutive or accretive. For the sake of clarity, the LRP will be adjusted to include the expected performance of the acquired business (es) (i.e., the income statement acquisition Model used to support the purchase decision). The adjustment will include due diligence fees, investment banking fees, the operating performance of business and any transition and/or integration costs as reflected on the income statement of the acquired brand, as well as any fair value accounting charges or credits to the statement of earnings
- Certain non-recurring operating and non-operating income/expenses that are separately stated and disclosed in the financial statements and/or Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the Company's reports for the applicable period

In calculating net sales during the Award Period, net sales in currencies other than U.S. dollars shall be translated into U.S. dollars at the Company's budget exchange rate at the beginning of the Award Period.

Earnings Per Share will use the weighted average number of Shares outstanding as of the measurement date and will be adjusted to eliminate the effect of material changes in the number or type of outstanding Shares due to events such as:

- Stock splits
- Stock dividends
- Recapitalizations
- Acquisitions involving stock of the Company

ROIC will be adjusted to account for investments in businesses — e.g., purchase of business, including payments for "Earnouts", investment in a joint venture or acquisition of a minority interest.

No adjustment will be made for the impact of stock repurchases under any plans approved by the Board except as noted above.

NOTICE OF GRANT
UNDER
THE ESTÉE LAUDER COMPANIES INC.
AMENDED AND RESTATED FISCAL 2002 SHARE INCENTIVE PLAN (The "Plan")

This is to confirm that you were awarded a grant of Performance Share Units at the most recent meeting of the Stock Plan Subcommittee of the Compensation Committee of the Board of Directors representing the right to receive shares of Class A Common Stock of The Estée Lauder Companies Inc. (the "Shares"), subject to the terms of the Plan and the Performance Share Unit Award Agreement. This award was made in recognition of the significant contributions you have made as a key employee of the Company, and to motivate you to achieve future successes by aligning your interests more closely with those of our stockholders. This Performance Share Unit Award is granted under and governed by the terms and conditions of the Plan and the Performance Share Unit Award Agreement (the "Agreement") made part hereof. The Agreement and Summary Plan Description are being sent to you in a separate e-mail. Please read these documents and keep them for future reference. The specific terms of your award are as follows:

Participant:	**Name**
Employee Number:	**#**
Grant Date:	XXX
Award Period:	XXX to XXX
Grant Plan:	The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan
Type of Award:	Stock Unit and Performance-Based Award (referred to herein as a "Performance Share Unit")
Target Award:	**[#]** shares of Class A Common Stock. See Schedule "A" to the Agreement for actual payouts depending upon level of performance.

(a) Except as otherwise provided in Section 3 or 4 of the Agreement:

No Performance Share Units shall be earned and no Shares shall be delivered (or any amount paid) unless and until the Subcommittee certifies in writing that the Company has achieved positive Net Earnings, as defined below, for the period from July 1, 2018 through June 30, 2021 (the "Threshold Goal"). If the Threshold Goal is not achieved, the Performance Share Units shall be immediately forfeited, and the Participant shall have no further rights with respect thereto. Once the Subcommittee certifies that the Threshold Goal has been achieved, the Participant shall be eligible to earn 150 percent of the target number of Shares allocated to the Participant in the Subcommittee's approval establishing the Threshold Goal; however the Participant's entitlement to earn the Shares shall be determined by exercise of the Subcommittee's negative discretion in accordance with the terms of this Notice of Grant, including but not limited to the following section (b), and the Agreement of which this Notice of Grant is a part. In no event shall the Participant receive payment in respect of a Performance Share Units in an amount that exceeds 150 percent of the target number of Shares allocated to the Participant in the Subcommittee's approval establishing the Threshold Goal.

For purposes of this PSU Award Agreement, "Net Earnings" has the meaning utilized by the Company in its consolidated financial statements in accordance with generally accepted accounting principles as in effect on **xx/xx/xx**.

(b) Plan Achievement goal at 100% for Award Period determined in accordance with Schedule A of the Agreement:

Net Sales Cumulative Annual Growth Rate

XX%

Earnings Per Share Cumulative Annual Growth Rate

XX%

ROIC Cumulative Annual Growth Rate

XX%

Questions regarding the award can be directed to the equity team at ELCEquity@estee.com or Computershare at 1 (844) 900-3524 or 1 (781) 575-2373.

If you wish to accept this grant, **please sign this Notice of Grant and return immediately to:**

Compensation Department
28 West 23rd Street, 8th Floor
New York, New York 10010

The undersigned hereby accepts, and agrees to, all terms and provisions of the Agreement, including those contained in this Notice of Grant.

By ________________________ Date ________________________

Each of the Stock Plan Subcommittee of the Compensation Committee and the Compensation Committee of the Board of Directors of The Estée Lauder Companies Inc. reserves the right to change provisions of this Agreement to comply with the American Jobs Creation Act of 2004.

Restricted Stock Unit Agreement Under
The Estée Lauder Companies Inc.
Amended and Restated Fiscal 2002 Share Incentive Plan (the "Plan")

This **RESTRICTED STOCK UNIT AGREEMENT** ("Agreement") provides for the granting by The Estée Lauder Companies Inc., a Delaware corporation (the "Company"), to the participant, an employee of the Company or one of its subsidiaries (the "Participant"), of Stock Units under the Plan representing a notional account equal to a corresponding number of shares of the Company's Class A Common Stock, par value $0.01 (the "Shares"), subject to the terms below (the "Restricted Stock Units"). The name of the "Participant," the "Grant Date" (or "Award Date"), the "Number of Restricted Stock Units," the "Vesting Schedule," and the "Vesting Period" are stated in the "Notice of Grant" attached or posted electronically together with this Agreement and are incorporated by reference. The other terms of this award are stated in this Agreement and in the Plan. Terms not defined in this Agreement are defined in the Plan, as amended. The Plan is referred to as the "Grant Plan" in the electronic Notice of Grant.

1. Award Grant. The Company hereby awards to the Participant an award of Restricted Stock Units in respect of the number of Shares set forth in the Notice of Grant.

2. Vesting. The Restricted Stock Units granted to the Participant will vest and become payable in accordance with the Vesting Schedule set forth in the Notice of Grant. This schedule indicates the vesting date upon which the Participant will be entitled to receive Shares. Except as otherwise provided in this Agreement, any Restricted Stock Units that are unvested when the Participant terminates employment with the Company or any of its subsidiaries will be forfeited.

3. Payment of Awards.

(a) Each Restricted Stock Unit represents the right to receive one (1) Share when the Restricted Stock Unit vests.

(b) In addition, each Restricted Stock Unit carries a Dividend Equivalent Right, payable in cash at the same time as payment of Restricted Stock Units in Shares in accordance with this Section 3 and Section 4. Dividend Equivalent Rights are deemed part of the related Restricted Stock Units under this Agreement.

(c) In the event of a Change in Control that constitutes a "change in control event" within the meaning of Section 409A of the Code, the Company may, in its sole discretion and in accordance with Treasury Regulation § 1.409A-3(j)(4)(ix)(B), vest and settle the Restricted Stock Units and terminate this Agreement. In such event, settlement of the Restricted Stock Units shall be made within two (2) weeks following the Change in Control. In the event that Restricted Stock Units are not settled pursuant to the immediately preceding sentence, such Restricted Stock Units shall be assumed by an acquirer in which case, vesting will be subject to Sections 2 and 4. If the Shares cease to be outstanding immediately after the Change in Control (e.g., due to a merger with and into another entity), then the consideration to be received per Share will equal the consideration paid to each shareholder per Share generally upon the Change in Control.

(d) Any dividends or other distributions on Shares received after vesting of the Restricted Stock Units, after applicable withholding, that are held in an account for the Participant at the agent engaged by the Company for the purposes of holding the Shares for the Participant upon Vesting (the "Agent"), will be automatically reinvested by default, in accordance with the Agent's applicable procedures, in additional whole and/or fractional Shares. If the Participant does not wish to have dividends or other distributions reinvested or if the Participant would like to change a current election, the Participant must notify the Agent prior to the record date for such dividend or distribution (or such earlier date as may be required by the Agent).

4. Termination of Employment. If the Participant's employment terminates during the Vesting Period, all unvested Restricted Stock Units will be forfeited except as follows, subject to Section 3:

(a) Death. If the Participant dies, unvested Restricted Stock Units will vest on the date of death pro rata based on the number of full months the Participant was paid salary during the Vesting Period after the last vesting date (i.e., the proration equals a fraction, the numerator of which is the number of full calendar months of service completed during the Vesting Period after the last vesting date through the Participant's death and the denominator of which is the number of full calendar months after the last vesting date that are remaining in the Vesting Period). For this purpose, "last vesting date" is the Grant Date if the first vesting date has not yet occurred. Payment of the vested Restricted Stock Units will occur on the seventy-fifth (75^{th}) day following the Participant's death and in accordance with any applicable laws or Company procedures regarding the payments. Notwithstanding anything to the contrary contained in this section 4(a), if the Participant dies during active employment after the attainment of age fifty-five (55) and the completion of ten (10) or more years of service, or after the attainment of age sixty-five (65) and the completion of five (5) or more years of service, without formally retiring under the terms of the Estée Lauder Inc. Retirement Growth Account Plan (or an affiliate or a successor plan or program of similar purpose), unvested Restricted Stock Units will continue to vest and be paid in accordance with the Vesting Schedule to the Participant's estate/heirs/beneficiaries.

(b) Disability. If the Participant becomes totally and permanently disabled (as determined under the Company's long-term disability program, or an affiliate or a successor plan or program of similar purpose), the unvested Restricted Stock Units will vest pro rata for each full month in which the Participant is paid salary during the Vesting Period (determined under the proration methodology in Section 4(a)) on the next vesting date during the Vesting Period. The vested Restricted Stock Units will be paid on the next vesting date during the Vesting Period Notwithstanding anything to the contrary contained in this Section 4(c), if the Participant becomes totally and permanently disabled (as determined under the Company's long-term disability program) during active employment after the attainment of age fifty-five (55) and the completion of ten (10) or more years of service, or after the attainment of age sixty-five (65) and the completion of five (5) or more years of service, without formally retiring under the terms of the Estée Lauder Inc. Retirement Growth Account Plan (or an affiliate or a successor plan or program of similar purpose), unvested Restricted Stock Units will continue to vest and be paid in accordance with the Vesting Schedule.

(c) Termination of Employment Without Cause. If the Participant's employment is terminated by the Company or relevant subsidiary without Cause (as defined below), any unvested Restricted Stock

Units will vest pro rata for each full month in which the Participant is paid salary during the Vesting Period after the last vesting date (determined under the proration methodology in Section 4(a)) on the next vesting date during the Vesting Period. Restricted Stock Units will be paid in accordance with the Vesting Schedule and payment in respect of any unvested Restricted Stock Unit after last day of active employment (last day worked) will be subject to satisfaction of the conditions precedent that the Participant neither (i) accepts an offer to work for, or otherwise agrees to actively participate in or render services to any business on behalf of any competitor of the Company, any of its subsidiaries, or affiliates (whether as an employee, consultant or otherwise); nor (ii) conducts himself or herself in a manner adversely affecting the Company. The term "competitor" means any business that is engaged in, or is preparing to become engaged in, the makeup, skin care, hair care, toiletries or fragrance business or other business in which the Company is engaged or preparing to become engaged, or that otherwise competes with, or is preparing to compete with, the Company. Notwithstanding anything to the contrary contained in this Section 4(d), if the Participant's employment is terminated without Cause within six (6) months of the Grant Date, the Restricted Stock Units shall not vest and shall become null and void on the last day of active employment (last day worked).

(d) Resignation. If the Participant voluntarily terminates his or her employment (e.g., by voluntarily resigning or retiring) other than due to disability, which is subject to Sections 4(b) above, all Restricted Stock Units that are not vested as of the effective date of resignation will be forfeited.

(e) Termination of Employment with Cause. If the Participant is terminated for Cause, all Restricted Stock Units that are not vested as of the effective date of the termination will be forfeited. For this purpose, "Cause" means any breach by the Participant of any of his or her material obligations under any Company policy or procedure, including, without limitation, the Code of Conduct. Notwithstanding the foregoing, in the case of a Participant who has an employment agreement that includes a definition of "Cause," "Cause" for purposes of this Section 4(f) shall have the same meaning as defined in such employment agreement in effect between the Participant and the Company or its U.S. subsidiary, including an employment agreement entered into after the Grant Date.

(f) Termination after a Change in Control. If, on or after a Change in Control, the Participant terminates for Good Reason (as defined below), dies, becomes disabled, formally retires, or is terminated at the instance of the Company or relevant subsidiary without Cause, in each case as described in this Section 4, the unvested Restricted Stock Units will immediately vest in full and, solely if such Change in Control constitutes a "change in control event" within the meaning of Section 409A of the Code and such termination occurs within two (2) years of such "change in control event," will be immediately paid. Otherwise, such Restricted Stock Units will immediately vest, but will only be paid at such times as they would otherwise be paid in accordance with this Agreement. For this purpose, "Good Reason" means the occurrence of any of the following, without the express written consent of the Participant:

(i) the assignment to the Participant of any duties inconsistent in any material adverse respect with the Participant's position, authority or responsibilities immediately prior to the Change in Control, or any other material adverse change in such position, including title, authority or responsibilities;

(ii) any failure by the Company to pay any amounts for compensation or benefits owed to the Participant or a material reduction of the overall amounts of compensation and benefits in effect prior to the Change in Control, other than an insubstantial or inadvertent failure remedied by the Company promptly after receipt of notice thereof given by the Participant;

(iii) the Company's requiring the Participant to be based at any office or location more than fifty (50) miles (eighty (80) Kilometers) from that location at which he performed his or her services for the Company immediately prior to the Change in Control, except for travel reasonably required in the performance of the Participant's responsibilities; or

(iv) any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor, unless such assumption occurs by operation of law.

5. No Rights of Stock Ownership. This grant of Restricted Stock Units does not entitle the Participant to any interest in or to any voting or other rights normally attributable to Share ownership other than the Dividend Equivalent Rights granted under paragraph 3 above.

6. Withholding Taxes. Regardless of any action the Company or the Participant's employer (the "Employer") takes with respect to any or all income tax, social security (or social insurance), payroll tax, fringe benefits tax, payment on account or other tax-related items related to the participation in the Plan and this Agreement and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains his or her responsibility and may exceed the amount actually withheld by the Company or the Employer. Furthermore, the Participant acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired under the Plan and the receipt of any dividends and/or any Dividend Equivalent Rights, and (ii) do not commit to and are under no obligation structure the terms of the grant of the Restricted Stock Units or any aspect of the Participant's participation in the Plan to reduce or eliminate his or her liability for Tax-Related Items or achieve any particular tax result. If the Participant is or becomes subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable event, or tax withholding event, as applicable, the Participant agrees to pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations of the Company and/or the Employer. In this regard, the Participant authorizes the Company and/or the Employer, or his or her respective agents, at the Company's discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid by the Company and/or the Employer; (ii) withholding from proceeds of the sale of the Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization); and/or (iii) withholding in whole Shares to be issued upon settlement of the Restricted Stock Units, provided that the Company only withholds the amount of whole Shares necessary to satisfy the withholding requirements, not to exceed the maximum withholding tax rate in the Participant's applicable jurisdiction. If the Company satisfies the withholding obligation for the Tax-Related Item by withholding a number of Shares as described herein, the Participant will be deemed to have been issued the full number of Shares due to Participant at vesting, notwithstanding that a number of the Shares is held back solely for purposes of such Tax-Related Items.

Finally, the Participant further agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of his or her participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

7. **Nonassignability**. This award may not be assigned, pledged, or transferred, except, if the Participant dies, to a designated beneficiary or by will or by the laws of descent and distribution. The foregoing restrictions do not apply to transfers under a court order, including, but not limited to, any domestic relations order.

8. **Effect Upon Employment**. The Participant's right to continue to serve the Company or any of its subsidiaries as an officer, employee, or otherwise, is not enlarged or otherwise affected by an award hereunder. Nothing in this Agreement or the Plan gives the Participant any right to continue in the employ of the Company or any of its subsidiaries to interfere in any way with any right the Company or any of its subsidiaries may have to terminate his or her employment at any time. Payment of Shares is not secured by a trust, insurance contract or other funding medium, and the Participant does not have any interest in any fund or specific asset of the Company by reason of this Award or the account established on his or her behalf. A Restricted Stock Unit award confers no rights as a shareholder of the Company until Shares are actually delivered to the Participant.

9. **Electronic Notice, Delivery Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by email or other electronic means. The Participant hereby consents to receive such documents by email or other electronic delivery and agrees to access information concerning the Plan through an on-line or electronic system established and maintained by the Company or by another third party designated by the Company.

10. **Data Privacy.**

As a condition of this Restricted Stock Unit grant, the Participant hereby expressly consents to the collection, use, disclosure, transfer and other processing of his or her personal data as set out in this Section 10 and as otherwise required by applicable law.

The Company, any of its subsidiaries, affiliates, or agents, the Employer, and the Company's stock plan service provider will process personal data of the Participant for the purposes of implementing, managing and administering the Participant's grant of Restricted Stock Units and the Plan. Such personal data, in electronic or other form, may include the Participant's name, home address, telephone number, email address, date of birth, social insurance number or other national identification number, beneficiary information (including beneficiary name, address social insurance number or other national identification number, and date of birth), hire date, salary and deductions, banking details, tax certification information, any shares or directorships held in the Company, details of all equity grants or any other entitlement to Shares awarded, canceled, vested, unvested, or outstanding in the Participant's favor.

For the purposes set out above, personal data may be transferred to countries other than the country in which the Participant resides, including to the United States and Australia. As required by applicable law, when personal data is transferred to a country outside of the country in which the Participant resides, measures will be put in place to ensure that the personal data is protected as required by law. These measures may include European Union Standard Contractual Clauses.

The Participant's personal data will be retained for as long as necessary to implement, manage and administer the Participant's grant of Restricted Stock Units and participation in the Plan. The Participant may request to access, modify or delete his or her personal data, request additional information about the processing of his or her personal data, or refuse or withdraw consent to the processing of his or her personal data by contacting the local human resources representative in writing. Refusal or withdrawal of consent may affect the Participant's ability to participate in the Plan but will not affect the Participant's employment status or service and career with the Company.

11. Discretionary Nature and Acceptance of Award. The Participant agrees to be bound by the terms of this Agreement and acknowledges, understands and agrees that:

a. The Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement;

b. The award is exceptional, voluntary and occasional, and does not create any contractual or other right to receive future awards, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been awarded in the past;

c. All decisions with respect to future awards, if any, will be at the sole discretion of the Company;

d. The Participant's participation in the Plan is voluntary;

e. The Restricted Stock Units and any Shares acquired under the Plan, and the income and value of the same, are not intended to replace any pension rights or compensation;

f. The Participant's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Company or the Employer to terminate the Participant's employment at any time;

g. This award will be deemed accepted unless it is declined by way of written notice by the Participant within thirty (30) days of the Grant Date to the Equity Based Compensation Department of the Company located at 767 Fifth Avenue, New York, NY 10153;

h. The Restricted Stock Units are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or any of its subsidiaries, and which is outside the scope of Participant's employment or service contract, if any;

i. The Restricted Stock Units and any Shares acquired under the Plan, and the income and value of the same, are not part of the Participant's normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal end of service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer, the Company or any of its subsidiaries;

j. In the event the Participant is not an employee of the Company, the Restricted Stock Units and the Participant's participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company or any subsidiary of the Company;

k. The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

l. In consideration of the award, no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units or diminution in value of the Restricted Stock Units, or Shares acquired upon vesting of the Restricted Stock Units, resulting from termination of the Participant's employment (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed, or the terms of the Participant's employment), and in consideration of the award, the Participant irrevocably releases the Employer, the Company and any of its subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by acknowledging and agreeing to or signing the Notice of Grant, the Participant shall be deemed irrevocably to have waived his or her right to pursue or seek remedy for any such claim or entitlement against the Employer, the Company or subsidiary;

m. For purposes of the Restricted Stock Units, the Participant's employment or service relationships will be considered terminated as of the date of the Participant is no longer actively providing services to the Employer, the Company or any of its subsidiaries as determined by the Administrator in its sole discretion (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any);

n. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan or the Participant's acquisition or sale of the underlying Shares; and

o. The Participant is hereby advised to consult with Participant's own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

12. Failure to Enforce Not a Waiver. The Company's failure to enforce at any time any provision of this Agreement does not constitute a waiver of that provision or of any other provision of this Agreement.

13. Governing Law. This Agreement is governed by and is to be construed according to the laws of the State of New York, that apply to agreements made and performed in that state, without regard to its choice of law provisions. For purposes of litigating any dispute that arises under the Restricted Stock Units or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of New York, and agree that such litigation will be conducted in the courts of New York County, New York, or the federal courts for the United States for the Southern District of New York, and no other courts, where the Restricted Stock Units are made and/or to be performed.

14. Partial Invalidity. The invalidity or illegality of any provision of this Agreement will be deemed not to affect the validity of any other provision. Furthermore, it is the parties' intent that any order striking any portion of this Agreement and/or the Plan should modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties hereunder.

15. Entire Agreement. This Agreement and the Plan constitute the entire agreement between the Participant and the Company regarding the award and supersede all prior and contemporaneous agreements and understandings, oral or written, between the parties regarding the award. Except as expressly set forth herein, this Agreement (and any provision of this Agreement) may not be modified, changed, clarified, or interpreted by the parties, except in a writing specifying the modification, change, clarification, or interpretation, and signed by a duly authorized Company officer.

16. Section 409A Compliance. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and any regulations, rulings, or guidance provided thereunder. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may the Participant, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. The Company reserves the unilateral right to amend this Agreement upon written notice to the Participant in order to prevent taxation under Section 409A of the Code.

17. Recoupment. Notwithstanding any other provision of this Agreement to the contrary, the Participant acknowledges and agrees that the Restricted Stock Units, any Shares acquired pursuant thereto and/or any amount received with respect to any sale of such Shares are subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's recoupment policy as in effect on the Grant Date and as such policy may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to the Restricted Stock Units and Shares. The Participant agrees and consents to the Company's application, implementation and enforcement of (a) the recoupment policy, and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation and expressly agrees that the Company may take such actions as are necessary to effectuate the recoupment policy (as applicable to the Participant) or applicable law without further consent or action being required by the Participant. For purposes of the foregoing, the Participant expressly and explicitly authorizes the Company to issue instructions, on his or her behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold his or her Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company upon the enforcement of the provisions contained in this Section 17. To the extent that the terms of this Agreement and the recoupment policy conflict, the terms of the recoupment policy shall prevail.

18. Insider Trading/Market Abuse Laws. By participating in the Plan, the Participant agrees to comply with the Company's Insider Trading Policy. Further, the Participant acknowledges that the Participant's country of employment (and country of residence, if different) may also have laws or regulations governing insider trading and that such laws or regulations may impose additional restrictions on the Participant's ability to participate in the Plan (e.g., acquiring or selling Shares) and that the Participant is solely responsible for complying with such laws or regulations.

19. Private Placement. The grant of the Restricted Stock Units is not intended to be a public offering of securities in the Participant's country of employment (and country of residence, if different). The Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under law), and this grant of Restricted Stock Units is not subject to the supervision of the local authorities.

20. Exchange Control, Tax and/or Foreign Asset/Account Reporting. The Participant acknowledges that there may be exchange control, tax, foreign asset and/or account reporting requirements that may affect the Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any Dividend Equivalents Rights paid with respect to the Restricted Stock Units or dividends paid on Shares acquired under the Plan) in a brokerage/bank account or legal entity outside the Participant's country of employment (and country of residence, if different). The Participant may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the tax or other authorities in the Participant's country of employment (and country of residence, if different) . The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country of employment (and country of residence, if different) through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

21. Language. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control, unless otherwise prescribed by local law.

22. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

23. Addendum. The award shall be subject to any terms and conditions for the Participant's country of employment (and country of residence, if different) set forth an addendum attached hereto ("Addendum"). Moreover, if the Participant transfers residence and/or employment to another country reflected in an Addendum to this Agreement, the terms and conditions for such country will apply to the Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Restricted Stock Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). Any applicable Addendum constitutes part of this Agreement.

24. Hedging Policy and Pledging Policy. Employees are subject to the Company's Hedging Policy that, among other things, prohibits employees from hedging outstanding equity grants. This means you may not hedge the equity award represented by this Agreement or any outstanding equity awards represented by previous agreements. Employees are also subject to the Company's Pledging Policy. The Hedging Policy and Pledging Policy are available on the Corporate Intranet.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer as of the Grant Date set forth in the Notice of Grant.

The Estée Lauder Companies Inc.

By: ______________________________

Michael O'Hare
Executive Vice President,
Global Human Resources

ADDENDUM
COUNTRY-SPECIFIC PROVISIONS FOR NON-U.S. PARTICIPANTS

In addition to the terms and conditions set forth in the Agreement, the Restricted Stock Units awarded are subject to the following terms and conditions. If the Participant is employed in a country identified in this Addendum, the additional terms and conditions for such country will apply. If the Participant transfers to one of the countries identified in this Addendum, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Restricted Stock Units awarded and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer).

All defined terms contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement.

ARGENTINA

Securities Law Notification. Neither the Restricted Stock Units nor the underlying Shares are publicly offered or listed on any stock exchange in Argentina. The Company's grant of Restricted Stock Units is private and is not subject to the supervision of any Argentine governmental authority.

AUSTRALIA

Breach of Law. Notwithstanding anything to the contrary in the Agreement or the Plan, the Participant will not be entitled to, and shall not claim any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Corporations Act 2001 (Cth), any other provision of that Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits.

Tax Deferral. Restricted Stock Units awarded under the Agreement are intended to be subject to tax deferral under Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (subject to the conditions in that act).

Australian Offer Document. In addition to the Agreement and the Plan, the Participant must review the Australian Offer Document for additional important information pertaining to the Restricted Stock Units. By accepting the Restricted Stock Units, the Participant acknowledges and confirms that the Participant has reviewed these documents.

BRAZIL

Compliance with Law. By accepting the Restricted Stock Units, the Participant acknowledges and agrees to comply with applicable Brazilian laws to pay any and all applicable taxes associated with the vesting of the Restricted Stock Units, the receipt of any dividends or dividend equivalents, and the sale of Shares acquired under the Plan.

Labor Law Acknowledgment. The Participant expressly acknowledges and agrees, for all legal purposes, (a) the benefits provided under the Agreement and the Plan are the result of commercial transactions unrelated to the Participant's employment; (b) the Agreement and the Plan are not a part of the terms and conditions of the Participant's employment; and (c) the income from the Restricted Stock Units, if any, is not part of the Participant's remuneration from employment.

CANADA

Settlement in Shares Only. Notwithstanding anything to the contrary in the Agreement or the Plan, if the Participant is a resident of Canada, all Restricted Stock Units shall be settled only in Shares (and may not be settled in cash). English Language. The parties to the Agreement acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. ***Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.***

CHILE

Private Placement. The following provision shall supplement Section 19 (Private Placement) of the Agreement:

The grant of the Restricted Stock Units hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement.

a) The starting date of the offer is the Grant Date (as defined in the Agreement), a) and this offer conforms to General Ruling no. 336 of the Chilean Superintendence of Securities and Insurance;

b) The offer deals with securities not registered in the registry of securities or in the registry of foreign securities of the Chilean Superintendence of Securities and Insurance, and therefore such securities are not subject to its oversight;

c) The Company is not obligated to provide public information in Chile regarding the foreign securities, as such securities are not registered with the Chilean Superintendence of Securities and Insurance; and

d) The foreign securities shall not be subject to public offering as long as they are not registered with the corresponding registry of securities in Chile.

a) *La fecha de inicio de la oferta será el de la fecha de otorgamiento (o* "*Grant Date*"*, según este término se define en el documento denominado* "*Agreement*"*) y esta oferta se acoge a la norma de Carácter General n° 336 de la Superintendencia de Valores y Seguros Chilena;*

b) *La oferta versa sobre valores no inscritos en el registro de valores o en el registro de valores extranjeros que lleva la Superintendencia de Valores y Seguros Chilena, por lo que tales valores no están sujetos a la fiscalización de ésta;*

c) *Por tratar de valores no inscritos no existe la obligación por parte del emisor de entregar en Chile información pública respecto de esos valores; y*

d) *Esos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente.*

CHINA

Foreign Exchange Control Laws. The following provisions shall govern the Participant's participation in the Plan if the Participant is a national of the People's Republic of China ("China") resident in mainland China, or if determined to be necessary or appropriate by the Company in its sole discretion:

The Participant agrees to hold the Shares received upon settlement of the Restricted Stock Units with the Company's designated broker. Upon a termination of employment or service for any reason, the Participant shall be required to sell all Shares issued pursuant to the Restricted Stock Units as soon as administratively possible (or such period as may be required by the State Administration of Foreign Exchange or the Company) of the termination date and repatriate the sales proceeds to China in the manner designated by the Company. For purposes of the foregoing, the Company shall establish procedures for effectuating the forced sale of the Shares (including procedures whereby the Company may issue sell instructions on behalf of the Participant), and the Participant hereby agrees to comply with such procedures and take any and all actions as the Company determines, in its sole discretion, are necessary or advisable for purposes of complying with local laws, rules and regulations in China.

The Participant understands and agrees that the repatriation of dividends and sales proceeds may need to be effected through a special exchange control account established by the Company or its subsidiaries, and the Participant hereby consents and agrees that dividends issued on Shares and sales proceeds from the sale of Shares acquired under the Plan may be transferred to such account by the Company on the Participant's behalf prior to being delivered to the Participant. Dividends and/or sales proceeds may be paid to the Participant in U.S. dollars or local currency at the Company's discretion. If dividends and/or sales proceeds are paid to the Participant in U.S. dollars, the Participant understands that the Participant will be required to set up a U.S. dollar bank account in China so that the dividends or proceeds may be deposited into this account. If dividends and/or sales proceeds are paid to the Participant in local currency, the Participant acknowledges that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the dividends and/or proceeds to local currency due to exchange control restrictions. The Participant agrees to bear any currency fluctuation risk between the time dividends are issued or Shares are sold and the net proceeds are converted into local currency and distributed to the Participant. The Participant further agrees to comply with any other requirements that may be imposed by the Company or its subsidiaries in China in the future in order to facilitate compliance with exchange control requirements in China. The Participant acknowledges and agrees that the processes and requirements set forth herein shall continue to apply following the Participant's termination of employment.

Neither the Company nor any of its subsidiaries shall be liable for any costs, fees, lost interest or dividends or other losses the Participant may incur or suffer resulting from the enforcement of the terms of this Addendum or otherwise from the Company's operation and enforcement of the Plan, the Agreement and the Restricted Stock Units in accordance with Chinese law including, without limitation, any applicable State Administration of Foreign Exchange rules, regulations and requirements.

COLOMBIA

Labor Law Acknowledgement. The Participant acknowledges that, pursuant to Article 128 of the Colombian Labor Code, the Plan and related benefits do not constitute a component of his or her "salary" for any legal purpose.

DENMARK

Stock Option Act. Notwithstanding any provisions in the Agreement to the contrary, if the Participant is determined to be an "Employee," as defined in section 2 of the Danish Act on the Use of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the "Stock Option Act"), the treatment of the Restricted Stock Units upon Termination shall be governed by Sections 4 and 5 of the Stock Option Act. However, if the provisions in the Agreement or the Plan governing the treatment of the Restricted Stock Unit upon a Termination are more favorable, the provisions of the Agreement or the Plan will govern.

FRANCE

English Language. The Participant acknowledges and agrees that it is the Participant's wish that the Agreement, this addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Stock Units, either directly or indirectly, be drawn up in English.

Langue anglaise. Le bénéficiaire admet et convient que c'est l'intention exprès du bénéficiaire que l'Accord, le Plan et tous les autres documents, remarque et les poursuites judiciaires entrées, données ou instituées conformément au Restricted Stock Units, être établi dans l'anglais. Si le bénéficiaire a reçu l'Accord, le Plan ou autres documents rattachés au Restricted Stock Units traduit dans une langue autre que l'anglais et si le sens de la version traduite est différent que la version anglaise, la version anglaise contrôlera

HONG KONG

IMPORTANT NOTICE. WARNING: The contents of the Agreement, this Addendum, the Plan, and all other materials pertaining to the Restricted Stock Units and/or the Plan have not been reviewed by any regulatory authority in Hong Kong. The Participant is hereby advised to exercise caution in relation to the offer thereunder. If the Participant has any doubts about any of the contents of the aforesaid materials, the Participant should obtain independent professional advice.

Settlement is Shares Only. Notwithstanding anything to the contrary in the Agreement or the Plan, if the Participant is a resident of Hong Kong, all Restricted Stock Units shall be settled only in Shares (and may not be settled in cash).

Nature of the Plan. The Company specifically intends that the Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Scheme Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purpose of ORSO, the grant of Restricted Stock Units shall be null and void.

INDIA

Repatriation Requirements. The Participant understand that he or she must repatriate any cash dividends paid on Shares acquired under the Plan and any proceeds from the sale of such Shares to India within a certain period of time after receipt of the proceeds. It is the Participant's sole responsibility to comply with applicable exchange control laws in India.

ISRAEL

Indemnification for Tax Liabilities. The Participant expressly consents and agrees to indemnify the Company and/or its subsidiaries and hold them harmless from any and all liability attributable to taxes, interest or penalties thereon, including without limitation, liabilities relating to the necessity to withhold any taxes from the settlement of the Restricted Stock Units or any other payments made to the Participant pursuant to the Restricted Stock Units.

ITALY

Data Privacy. The following provision shall replace Section 10 (Data Privacy) of the Agreement in its entirety:

The Participant understands that the Employer and/or the Company hold certain personal information about the Participant, including but not limited to, the Participant's name, home address, email address and telephone number, date of birth, national insurance number or other identification number, salary, nationality, job title, any Shares or directorship held in the Company, details of all awards or other entitlement to Shares awarded, cancelled, vested, unvested or outstanding in the Participant's favor ("Data"), for purpose of implementing, administering and managing the Plan. The Participant is aware that providing the Company with Data is necessary for the performance of the Agreement and that the Participant's refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect the Participant's ability to participate in the Plan.

The Controller of personal data processing is Estée Lauder Companies Inc., 767 Fifth Avenue, New York, New York 10153, U.S.A., its representative in Italy Estée Lauder S.r.l. with registered offices at Via Turati, 3, Milano, 20121 Italy. The Participant understands that Data may be transferred to third parties assisting in the implementation, administration and management of the Plan, including any transfer required to a broker or other third party with whom Shares acquired pursuant to this grant of Restricted Stock Units or cash from the sale of such Shares may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in the Participant's country, or elsewhere, including outside of the European Union and the recipient's country may have different data privacy laws and protections than the Participant's country. The processing activity, including the transfer of the Participant's personal data abroad, out of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require the Participant's consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. The Participant understands that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to D.lgs. 196/200

The Participant understands that Data will be held only as long as is required by law or as necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that, pursuant to art 7 of D.lgs 196/2003, the Participant has the right, including but not limited to, to access, delete, update, request the rectification of the Data and cease, for legitimate reasons, Data processing. Furthermore, the Participant is aware that Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address, Via Turati, 3, Milano, 20121 Italy.

MALAYSIA

Data Privacy. The following provision shall replace Section 10 (Data Privacy) of the Agreement in its entirety:

The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data, as described in this addendum and any other grant materials by and among, as applicable, the Company and Subsidiaries for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company and subsidiaries may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, e-mail address, salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data"). The Data is supplied by the Company and also by the Participant through information collected in connection with the Agreement and the Plan.

The Participant understands that Data will be transferred to the current stock plan service providers or a stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country.

The Participant understands that if the Participant resides outside the United States, the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Participant's local human resources representative at Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South,

Peserta dengan ini secara eksplisit dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi seperti yang diterangkan dalam Lampiran ini dan apa-apa bahan pemberian yang lain oleh dan di antara, seperti yang berkenaan, Syarikat dan Anak-anak Syarikat untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan penyertaan Peserta di dalam Pelan.

Peserta memahami bahawa Syarikat Anak-anak Syarikat mungkin memegang maklumat peribadi tertentu tentang Peserta, termasuk, tetapi tidak terhad kepada, nama Peserta, alamat rumah dan nombor telefon, tarikh lahir, nombor insurans sosial atau nombor pengenalan lain, e-mel, gaji, kewarganegaraan, jawatan, apa-apa Saham atau jawatan pengarah yang dipegang dalam Syarikat, butir-butir semua Anugerah, atau apa-apa hak lain atas Saham yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun yang belum dijelaskan bagi faedahanda, untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan tersebut ("Data").

Data tersebut dibekalkan oleh Syarikat dan juga oleh Peserta berkenaan dengan Perjanjian dan Pelan.

Peserta memahami bahawa Data ini akan dipindahkan kepada pembekal perkhidmatan pelan saham semasa atau pembekal perkhidmatan pelan saham yang mungkin dipilih oleh Syarikat pada masa depan, yang membantu Syarikat dengan pelaksanaan, pentadbiran dan pengurusan Pelan. Peserta memahami bahawa penerima-penerima Data mungkin berada di Amerika Syarikat atau mana-mana tempat lain, dan bahawa negara penerima-penerima (contohnya, Amerika Syarikat) mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara Peserta. Peserta memahami bahawa sekiranya Peserta menetap di luar Amerika Syarikat, Peserta boleh meminta satu senarai yang mengandungi nama-nama dan alamat-alamat penerima-penerima Data yang

The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia.

The Participant authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of the awards may be deposited. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that if the Participant resides outside the United States, the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data, limit the processing of Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Participant's local human resources representative. Further, the Participant understands that the Participant is providing the consent herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's employment status or service and career with the Company will not be adversely affected; the only adverse consequence of refusing or withdrawing the Participant's consent is that the Company may not be able to grant the Participant equity awards or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan.

For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant

berpotensi dengan menghubungi wakil sumber manusia tempatan Peserta di Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia. Peserta memberi kuasa kepada Syarikat, pembekal perkhidmatan pelan saham dan mana-mana penerima-penerima kemungkinan lain yang mungkin akan membantu Syarikat (pada masa sekarang atau pada masa depan) dengan melaksanakan, mentadbir dan menguruskan Pelan untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, bagi tujuan melaksanakan, mentadbir dan menguruskan penyertaan Peserta di dalam Pelan, termasuk segala pemindahan Data tersebut sebagaimana yang dikehendaki kepada broker, egen eskrow atau pihak ketiga dengan siapa Saham diterima semasa peletakhakan Anugerah mungkin didepositkan. Peserta memahami bahawa Data hanya akan disimpan selagi ia adalah diperlukan untuk melaksanakan, mentadbir, dan menguruskan penyertaan Peserta dalam Pelan. Peserta memahami bahawa sekiranya Peserta menetap di luar Amerika Syarikat, Peserta boleh, pada bila-bila masa, melihat Data, meminta maklumat tambahan mengenai penyimpanan dan pemprosesan Data, meminta bahawa pindaan-pindaan dilaksanakan ke atas Data, mengehadkan pemprosesan Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis tempatan wakil sumber manusia Peserta. Selanjutnya, Peserta memahami bahawa Peserta memberikan persetujuan di sini secara sukarela semata-mata. Sekiranya Peserta tidak bersetuju, atau sekiranya Peserta kemudian membatalkan persetujuan, status Peserta pekerjaan atau perkhidmatan dan kerjaya dengan Syarikat tidak akan terjejas; satu-satunya akibat buruk sekiranya Peserta tidak bersetuju atau menarik balik Peserta persetujuan adalah bahawa Syarikat tidak akan dapat memberikan Peserta anugerah

understands that the Participant may contact the Participant's local human resources representative.
Please take note that by electronically accepting this Agreement, the Participant has confirmed that the Participant explicitly, voluntarily and unambiguously consents to the collection, use and transfer of the Participant's personal data in accordance with the terms in this notification. However, if for any reason the Participant does not consent to the processing of the Participant's personal data, the Participant has the right to reject such consent by contacting the Participant's local human resources representative at Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia.

ekuiti lain atau mentadbir atau mengekalkan anugerah-anugerah tersebut. Oleh itu, Peserta memahami bahawa keengganan atau penarikan balik persetujuan boleh menjejaskan keupayaan Peserta untuk mengambil bahagian dalam Pelan. Untuk maklumat lebih lanjut mengenai akibat-akibat keengganan Peserta untuk memberikan keizinan atau penarikan balik keizinan, Peserta memahami bahawa Peserta boleh menghubungi wakil sumber manusia tempatan.
Sila ambil perhatian bahawa dengan menerima Perjanjian ini secara elektronik, Peserta mengesahkan bahawa Peserta secara eksplisit, sukarela, dan tanpa sebarang keraguan bersetuju dengan pengumpulan, penggunaan, dan pemindahan data peribadi Peserta mengikut terma-terma dalam notis ini. Walaubagaimanapun, jika atas apa-apa sebab-sebab tertentu Peserta tidak bersetuju dengan pemprosesan data peribadi, Peserta mempunyai hak untuk menolak persetujuan Peserta dengan menghubungi wakil sumber manusia tempatan di masukkan Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia.

MEXICO

Commercial Relationship. The Participant expressly recognizes acknowledges that the Participant's participation in the Plan and the Company's grant of Restricted Stock Units do not constitute an employment relationship between the Participant and the Company. The Participant has been granted the Restricted Stock Units as a consequence of the commercial relationship between the Company and his or her Employer ECLA S.A. de C.V. or Lauder Cosmeticos S.A. de C.V. ("Estée Lauder Mexico"), and Estée Lauder Mexico is the Participant's sole Employer. Based on the foregoing, (a) the Participant expressly recognizes that the Plan and the benefits the Participant may derive from the Participant's participation in the Plan do not establish any rights between the Participant and Estée Lauder Mexico, (b) the Plan and the benefits the Participant may derive from the Participant's participation in the Plan are not part of the employment conditions and/or benefits provided by Estée Lauder Mexico, and (c) any modifications or amendments of the Plan by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Participant's employment with Estée Lauder Mexico.

Extraordinary Item of Compensation. The Participant expressly recognizes and acknowledges that the Participant's participation in the Plan is a result of the discretionary and unilateral decision of the Company, as well as the Participant's free and voluntary decision to participate in the Plan in accordance with the terms and conditions of the Plan, the Agreement and this Addendum. As such, the Participant acknowledges and agrees that the Company, in its sole discretion, may amend and/or discontinue the Participant's participation in the Plan at any time and without any liability. The value of the Restricted Stock Units is an extraordinary item of compensation outside the scope of the Participant's employment contract, if any. The Restricted Stock Units are not part of the Participant's regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of the Company's subsidiary in Mexico that employs the Participant.

NETHERLANDS

Waiver of Termination Rights. The Participant waives any and all rights to compensation or damages as a result of a termination of employment or service, insofar as those rights result or may result from: (a) the loss or diminution in value of such rights or entitlements under the Plan; or (b) the Participant ceasing to have rights, or ceasing to be entitled to any Restricted Stock Unit awards under the Plan as a result of such termination.

NEW ZEALAND

Securities Law Notice.

Warning

This is an offer of Restricted Stock Units which, upon vesting and settlement in accordance with the terms of the Plan and the Agreement, will be converted into Shares. Shares give the Participant a stake in the ownership of the Company. The Participant may receive a return on the Shares acquired under the Plan if dividends are paid.

If the Company runs into financial difficulties and is wound up, the Participant will be paid only after all creditors and holders of preference shares have been paid. The Participant may lose some or all of his or her investment, if any.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, the Participant may not be given all the information usually required. The Participant also will have fewer other legal protections for this investment. On this basis, the Participant is advised to ask questions, read all documents carefully, and seek independent financial advice before committing.

The Shares are quoted on the New York Stock Exchange ("NYSE"). This means that if the Participant acquires Shares under the Plan, the Participant may be able to sell the Shares on the NYSE if there are interested buyers. The price will depend on the demand for the Shares.

For information on risk factors impacting the Company's business that may affect the value of the Shares, the Participant should refer to the risk factors discussion on the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's "Investor Relations" website at www.elcompanies.com/investors.

PANAMA

Securities Law Notice. The grant of the Restricted Stock Units and the issuance of Shares at vesting are not subject to registration under Panamanian law as they are not intended for the public, but solely for the Participant's benefit.

PERU

Labor Law Acknowledgement. In accepting the Restricted Stock Units, the Participant acknowledges that the Restricted Stock Units are granted *ex gratia* for the purpose of rewarding the Participant as set forth in the Plan.

Securities Law Notice. The grant of the Restricted Stock Units is considered a private offering in Peru; therefore, neither the grant of Restricted Stock Units, nor the issuance of Shares at vesting of the Restricted Stock Units, is subject to securities registration in Peru. For more information concerning the offer, the Participant should refer to the Plan, this Agreement and any other grant documents made available to the Participant by the Company. For more information regarding the Company, the Participant should refer to the Company's most recent annual report on Form 10-K and quarterly report on Form 10-Q available at www.sec.gov, as well as on the Company's "Investor Relations" website at www.elcompanies.com/investors.

PORTUGAL

Language Consent. The Participant hereby expressly declares that he or she has full knowledge of the English language and has read, understood and freely accepted and agreed with the terms and conditions established in the Plan and this Agreement.

Conhecimento da Língua. Pela presente, o Participante declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo (Agreement em inglés).

ROMANIA

Termination. The following provision shall supplement Section 4 (Termination of Employment) of the Agreement:

Termination of employment shall include the situation where the Participant's employment contract is terminated by operation of law on the date the Participant reaches the standard retirement age and has completed the minimum contribution record for receipt of state retirement pension or the relevant authorities award the Participant an early-retirement pension of any type.

English Language. The Participant hereby expressly agrees that this Agreement, the Plan as well as all documents, notices and proceedings entered into, relating directly or indirectly hereto, be drawn up or communicated only in the English language. *Angajatul consimte în mod expres prin prezentul ca acest Contract, Planul precum şi orice alte documente, notificări, înştiinţări legate direct sau indirect de acest Contract să fie redactate sau efectuate doar în limba engleză.*

RUSSIA

Securities Law Notification. The Agreement, the Plan and all other materials that the Participant may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. Absent any requirement under local law, the issuance of securities pursuant to the Plan has not and will not be registered in Russia; hence, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

Repatriation Requirements. The Participant expressly agrees to promptly repatriate proceeds resulting from the sale of Shares acquired under the Plan to a foreign currency account at an authorized bank in Russia if legally required at the time the Shares are sold and to comply with all applicable local foreign exchange rules and regulations. Neither the Company nor any of its subsidiaries shall be liable for any fines or penalties resulting from the Participant's failure to comply with applicable law. Russian residents are advised to contact their personal advisor regarding their obligation resulting from their participation in the Plan as significant penalties may apply in the case of non-compliance with exchange control requirements and because such exchange control requirements may change.

Data Privacy. This provision shall supplement Section 10 (Data Privacy) of the Agreement:

The Participant hereby acknowledges that the Participant has read and understood the terms regarding collection, processing and transfer of Data contained in Section 10 (Data Privacy) of the Agreement and, by participating in the Plan, the Participant agrees to provide an executed data privacy consent to the Employer or the Company (or any other agreements or consent that may be required by the Employer or the Company) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in Russia, either now or in the future. The Participant understand that the Participant may not be able to participate in the Plan if the Participant fails to execute any such consent or agreement.

SINGAPORE

Qualifying Person Exemption. The grant of the Restricted Stock Units under the Plan is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (the "SFA"). The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore and is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. The Participant should note that, as a result, the Restricted Stock Units are subject to section 257 of the SFA and the Participant will not be able to make: (a) any subsequent sale of the Shares underlying the Restricted Stock Units in Singapore; or (b) any offer of such subsequent sale of the Shares subject to the Restricted Stock Units in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA.

SOUTH AFRICA

Securities Law Notice. Neither the Restricted Stock Units nor the underlying Shares shall be publicly offered or listed on any stock exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority.

Withholding Taxes. The following provision supplements Section 6 (Withholding Taxes) of the Agreement:

By accepting the Restricted Stock Units, the Participant agrees to notify his or her Employer of the amount of any gain realized upon vesting of the Restricted Stock Units. If the Participant fails to advise the Employer of the gain realized upon vesting of the Restricted Stock Units, the Participant may be liable for a fine. The Participant will be responsible for paying any difference between the actual tax liability and the amount withheld.

Exchange Control Obligations. The Participant is solely responsible for complying with applicable exchange control regulations and rulings (the "Exchange Control Regulations") in South Africa. As the Exchange Control Regulations change frequently and without notice, the Participant should consult the Participant's legal advisor prior to the acquisition or sale of Shares under the Plan to ensure compliance with current Exchange Control Regulations. Neither the Company nor any of its subsidiaries shall be liable for any fines or penalties resulting from the Participant's failure to comply with applicable laws, rules or regulations.

SPAIN

Securities Law Notice. No "offer of securities to the public," within the meaning of Spanish law, has taken place or will take place in the Spanish territory in connection with the Restricted Stock Unit. The Plan, the Agreement (including this Addendum) and any other documents evidencing the grant of the Restricted stock Units have not, nor will they be, registered with the *Comisión Nacional del Mercado de* 25 *Valores* (the Spanish securities regulator) and none of those documents constitute a public offering prospectus.

Acknowledgement of Discretionary Nature of the Plan; No Vested Rights. By accepting the Restricted Stock Units, the Participant consents to participation in the Plan and acknowledges receipt of a copy of the Plan.

The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion granted Restricted Stock Units under the Plan to individuals who may be Participants of the Company or its subsidiaries throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its subsidiaries on an ongoing basis. Consequently, the Participant understands that the Restricted Stock Units are granted on the assumption and condition that the Restricted Stock Units and the Shares acquired upon settlement of the Restricted Stock Units shall not become a part of any employment contract (either with the Company or any of its subsidiaries) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Participant understands that this grant would not be made to the Participant but for the assumptions and conditions referenced above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason the Restricted Stock Units shall be null and void.

The Participant understands and agrees that, as a condition of the Restricted Stock Units, unless otherwise provided in Section 4 (Termination of Employment) of the Agreement, any unvested Restricted Stock Units as of the date the Participant ceases active employment will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of termination of employment or service. The Participant acknowledges that the Participant has read and specifically accepts the conditions referred to in the Agreement regarding the impact of a termination on the Restricted Stock Units.

Termination for Cause. Notwithstanding anything to the contrary in the Plan or the Agreement, "Cause" shall be as defined as set forth in the Agreement, regardless of whether the termination is considered a fair termination (i.e., "despido procedente") under Spanish legislation.

SWITZERLAND

Securities Law Notification. The grant of the Restricted Stock Units and the issuance of any Shares is not intended to be a public offering in Switzerland. Neither this Addendum nor any other materials relating to the Restricted Stock Units constitute a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations. Neither this document nor any other offering or marketing materials relating to the Restricted Stock Units have been or will be filed with, or approved or supervised by, any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority (FINMA)).

TURKEY

Securities Law Notification. The sale of Shares acquired under the Plan is not permitted within Turkey. The Shares are currently traded on the New York Stock Exchange ("NYSE"), which is located outside of Turkey, under the symbol "EL" and the Shares may be sold through the NYSE.

UNITED ARAB EMIRATES

Securities Law Notification. The Agreement, the Plan and other incidental communication materials concerning the Restricted Stock Units are intended for distribution only to Participants of the Company or its subsidiaries. The Dubai Technology and Media Free Zone Authority, Emirates Securities and Commodities Authority and/or the Central Bank has no responsibility for reviewing or verifying any documents in connection with the Restricted Stock Units. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved these communications nor taken steps to verify the information set out in them, and have no responsibility for them. Further, the Shares underlying the Restricted Stock Units may be illiquid and/or subject to restrictions on their resale. Participant should conduct his or her own due diligence on the Restricted Stock Units and the Shares. If Participant is in any doubt about any of the contents of the grant or other incidental documents, he or she should obtain independent professional advice.

UNITED KINGDOM

Withholding Taxes. The following provision shall supplement Section 6 (Withholding Taxes) of the Agreement:

If payment or withholding of the income tax due in connection with the awarded Restricted Stock Units is not made within ninety (90) days after the end of the U.K. tax year in which the event giving rise to the income tax liability occurred or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected income tax shall constitute a loan owed by the Participant to his or her Employer, effective as of the Due Date. The Participant agrees that the loan will bear interest at the then-current official rate of Her Majesty's Revenue & Customs ("HMRC"), it shall be immediately due and repayable, and the Company or the Employer may recover it at any time thereafter by any of the means referred to in Section 6 (Withholding Taxes) of the Agreement. Notwithstanding the foregoing, if the Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), he or she shall not be eligible for a loan from the Company to cover the income tax liability. In the event that the Participant is a director or executive officer and the income tax is not collected from or paid by him or her by the Due Date, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and national insurance contributions ("NICs") will be payable. The Participant will be responsible for paying and reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime, and for reimbursing the Company or the Employer (as applicable) the value of any Participant NICs due on this additional benefit.

Exclusion of Claim. The Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant's ceasing to have rights under or to be entitled to the Restricted Stock Units, whether or not as a result of termination of employment or service (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the Restricted Stock Units. Upon the grant of the Restricted Stock Units, the Participant shall be deemed to have waived irrevocably any such entitlement.

VENEZUELA

Securities Law Notification. The Restricted Stock Units granted under the Plan and the Shares issued under the Plan are offered as a personal, private, exclusive transaction and are not subject to Venezuelan securities regulations. This offering does not qualify as a public offering under the laws of the Bolivarian Republic of Venezuela and, therefore, it is not required to request the previous authorization of the National Superintendent of Securities.

Investment Representation. As a condition of the Restricted Stock Units, the Participant acknowledges and agrees that any Shares the Participant may acquire upon the vesting of the Restricted Stock Units are acquired as and intended to be an investment rather than the resale of the Shares and conversion of Shares into foreign currency.

NOTICE OF GRANT
UNDER
THE ESTÉE LAUDER COMPANIES INC.
AMENDED AND RESTATED FISCAL 2002 SHARE INCENTIVE PLAN (The "Plan")

This is to confirm that you were awarded a grant of Restricted Stock Units at the most recent meeting of the Stock Plan Subcommittee of the Compensation Committee of the Board of Directors representing the right upon vesting of such units to receive shares of Class A Common Stock of The Estée Lauder Companies Inc. (the "Shares"), subject to the terms of the Plan and the Restricted Stock Unit Agreement. This award was made in recognition of the significant contributions you have made as a key employee of the Company, and to motivate you to achieve future successes by aligning your interests more closely with those of our stockholders. This Restricted Stock Unit award is granted under and governed by the terms and conditions of the Plan and the Restricted Stock Unit Agreement (the "Agreement") made part hereof. The Agreement and Summary Plan Description can be viewed via your online account. Please read these documents and keep them for future reference. The specific terms of your award are as follows:

Participant: **Name**

Employee Number: #

Number of Restricted Stock Units: **#**

Grant Date: **XXX**

Vesting Commencement Date: **XXX**

Grant Plan: The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan

Vesting Schedule: Subject to Participant's continuous employment, this Restricted Stock Unit grant shall vest as to the number of Shares set forth below:

Shares	Vesting Date
#	XXX

Vesting Period: The Vesting Commencement Date through and including the applicable date set forth in the Vesting Schedule

Questions regarding the award can be directed to **XXX.**

If you wish to accept this grant, **please sign this Notice of Grant and return immediately to:**

Compensation Department
28 West 23rd Street, 8th Floor
New York, New York 10010

The undersigned hereby accepts, and agrees to, all terms and provisions of the Agreement, including those contained in this Notice of Grant.

By ______________________________ Date ______________________________

Each of the Stock Plan Subcommittee of the Compensation Committee and the Compensation Committee of the Board of Directors of The Estée Lauder Companies Inc. reserves the right to change provisions of this Agreement to comply with the American Jobs Creation Act of 2004.

Restricted Stock Unit Agreement for Executive Officers Under
The Estée Lauder Companies Inc.
Amended and Restated Fiscal 2002 Share Incentive Plan (the "Plan")

This **RESTRICTED STOCK UNIT AGREEMENT** ("Agreement") provides for the granting by The Estée Lauder Companies Inc., a Delaware corporation (the "Company"), to the participant, an employee of the Company or one of its subsidiaries (the "Participant"), of Stock Units under the Plan representing a notional account equal to a corresponding number of shares of the Company's Class A Common Stock, par value $0.01 (the "Shares"), subject to the terms below (the "Restricted Stock Units"). The name of the "Participant," the "Grant Date" (or "Award Date"), the "Number of Restricted Stock Units," the "Vesting Schedule," and the "Vesting Period" are stated in the "Notice of Grant" attached or posted electronically together with this Agreement and are incorporated by reference. The other terms of this award are stated in this Agreement and in the Plan. Terms not defined in this Agreement are defined in the Plan, as amended. The Plan is referred to as the "Grant Plan" in the electronic Notice of Grant.

1. **Award Grant**. The Company hereby awards to the Participant an award of Restricted Stock Units in respect of the number of Shares set forth in the Notice of Grant.

2. **Vesting**. The Restricted Stock Units granted to the Participant will vest and become payable in accordance with the Vesting Schedule set forth in the Notice of Grant. This schedule indicates the vesting date upon which the Participant will be entitled to receive Shares. Except as otherwise provided in this Agreement, any Restricted Stock Units that are unvested when the Participant terminates employment with the Company or any of its subsidiaries will be forfeited.

3. **Payment of Awards**.

   (a) Each Restricted Stock Unit represents the right to receive one (1) Share when the Restricted Stock Unit vests.

   (b) In addition, each Restricted Stock Unit carries a Dividend Equivalent Right, payable in cash at the same time as payment of Restricted Stock Units in Shares in accordance with this Section 3 and Section 4. Dividend Equivalent Rights are deemed part of the related Restricted Stock Units under this Agreement.

   (c) In the event of a Change in Control that constitutes a "change in control event" within the meaning of Section 409A of the Code, the Company may, in its sole discretion and in accordance with Treasury Regulation § 1.409A-3(j)(4)(ix)(B), vest and settle the Restricted Stock Units and terminate this Agreement. In such event, settlement of the Restricted Stock Units shall be made within two (2) weeks following the Change in Control. In the event that Restricted Stock Units are not settled pursuant to the immediately preceding sentence, such Restricted Stock Units shall be assumed by an acquirer in which case, vesting will be subject to Sections 2 and 4. If the Shares cease to be outstanding immediately after the Change in Control (e.g., due to a merger with and into another entity), then the consideration to be received per Share will equal the consideration paid to each shareholder per Share generally upon the Change in Control.

4. **Termination of Employment**. If the Participant's employment terminates during the Vesting Period, all Restricted Stock Units will be forfeited except as follows, subject to Section 3:

(a) Death. If the Participant dies, the Restricted Stock Units will vest pro rata for the number of full months the Participant was paid salary during the Vesting Period (i.e., the proration equals a fraction, the numerator of which is the number of full calendar months of service completed during the Vesting Period through the Participant's death and the denominator of which is the number of full calendar months in the Vesting Period). Payment of the Restricted Stock Units will occur on the seventy-fifth (75^{th}) day following the Participant's death and in accordance with any applicable laws or Company procedures regarding the payments. Notwithstanding anything to the contrary contained in this section 4(a), if the Participant dies during active employment after the attainment of age fifty-five (55) and the completion of ten (10) or more years of service, or after the attainment of age sixty-five (65) and the completion of five (5) or more years of service, without formally retiring under the terms of the Estée Lauder Inc. Retirement Growth Account Plan (or an affiliate or a successor plan or program of similar purpose), unvested Restricted Stock Units will continue to vest and be paid in accordance with the Vesting Schedule to the Participant's estate/heirs/beneficiaries.

(b) Retirement. If the Participant formally retires under the terms of The Estée Lauder Companies Retirement Growth Account Plan (or an affiliate or a successor plan or program of similar purpose), the unvested Restricted Stock Units will continue to vest and be paid in accordance with the Vesting Schedule. Vesting and payment in respect of any unvested Restricted Stock Unit after retirement will be subject to satisfaction of the conditions precedent that the Participant neither (i) accepts an offer to work for, or otherwise agrees to actively participate in or render services to any business on behalf of any competitor of the Company, any of its subsidiaries, or affiliates (whether as an employee, consultant or otherwise); nor (ii) conducts himself or herself in a manner adversely affecting the Company. The term "competitor" means any business that is engaged in, or is preparing to become engaged in, the makeup, skin care, hair care, toiletries or fragrance business or other business in which the Company is engaged or preparing to become engaged, or that otherwise competes with, or is preparing to compete with, the Company. Notwithstanding anything to the contrary contained in this section 4(b), if the Participant terminates employment by reason of retirement within six (6) months of the Grant Date, the Restricted Stock Units shall not vest and shall become null and void on the last day of active employment (last day worked).

(c) Disability. If the Participant becomes totally and permanently disabled (as determined under the Company's long-term disability program, or an affiliate or a successor plan or program of similar purpose), the Restricted Stock Units will vest pro rata for each full month in which the Participant is paid salary during the Vesting Period (determined under the proration methodology in Section 4(a)). The Restricted Stock Units will be paid on the next vesting date during the Vesting Period. Notwithstanding anything to the contrary contained in this section 4(c), if the Participant becomes totally and permanently disabled (as determined under the Company's long-term disability program) during active employment after the attainment of age fifty-five (55) and the completion of ten (10) or more years of service, or after the attainment of age sixty-five (65) and the completion of five (5) or more years of service, without formally retiring under the terms of the

Estée Lauder Inc. Retirement Growth Account Plan (or an affiliate or a successor plan or program of similar purpose), unvested Restricted Stock Units will continue to vest and be paid in accordance with the Vesting Schedule.

(d) Termination of Employment Without Cause. If the Participant's employment is terminated by the Company or relevant subsidiary without Cause (as defined below), any unvested Restricted Stock Units will vest pro rata for each full month in which the Participant is paid salary during the Vesting Period after the last vesting date (determined under the proration methodology in Section 4(a)) on the next vesting date during the Vesting Period. Restricted Stock Units will be paid in accordance with the Vesting Schedule. Such prorated Restricted Stock Units will be paid in accordance with the Vesting Schedule and payment will be subject to satisfaction of the conditions precedent that the Participant neither (i) accepts an offer to work for, or otherwise agrees to actively participate in or render services to any business on behalf of any competitor of the Company, any of its subsidiaries, or affiliates (whether as an employee, consultant or otherwise); nor (ii) conducts himself or herself in a manner adversely affecting the Company. The term "competitor" means any business that is engaged in, or is preparing to become engaged in, the makeup, skin care, hair care, toiletries or fragrance business or other business in which the Company is engaged or preparing to become engaged, or that otherwise competes with, or is preparing to compete with, the Company. Notwithstanding anything to the contrary contained in this section 4(d), if the Participant's employment is terminated without Cause within six (6) months of the Grant Date, the Restricted Stock Units shall not vest and shall become null and void on the last day of active employment (last day worked).

(e) Resignation. If the Participant voluntarily terminates his or her employment (e.g., by voluntary resigning) other than by retirement or disability, which is subject to Section 4(b) and 4(c) above, all Restricted Stock Units that are not vested as of the effective date of resignation will be forfeited.

(f) Termination of Employment with Cause. If the Participant is terminated for Cause, all Restricted Stock Units that are not vested as of the effective date of the termination will be forfeited. For this purpose, "Cause" means any breach by the Participant of any of his or her material obligations under any Company policy or procedure, including, without limitation, the Code of Conduct. Notwithstanding the foregoing, in the case of a Participant who has an employment agreement that includes a definition of "Cause," "Cause" for purposes of this Section 4(f) shall have the same meaning as defined in such employment agreement in effect between the Participant and the Company or its U.S. subsidiary, including an employment agreement entered into after the Grant Date.

(g) Termination after a Change in Control. If, on or after a Change in Control, the Participant terminates for Good Reason (as defined below), dies, becomes disabled, formally retires, or is terminated at the instance of the Company or relevant subsidiary without Cause, in each case as described in this Section 4, the unvested Restricted Stock Units will immediately vest in full and, solely if such Change in Control constitutes a "change in control event" within the meaning of Section 409A of the Code and such termination occurs within two (2) years of such "change in control event," will be immediately paid. Otherwise, such Restricted Stock Units will immediately vest, but will only be paid at such times as they would otherwise be paid in accordance with this Agreement. For this purpose, "Good Reason" means the occurrence of any of the following, without the express written consent of the Participant:

(i) the assignment to the Participant of any duties inconsistent in any material adverse respect with the Participant's position, authority or responsibilities immediately prior to the Change in Control, or any other material adverse change in such position, including title, authority or responsibilities;

(ii) any failure by the Company to pay any amounts for compensation or benefits owed to the Participant or a material reduction of the overall amounts of compensation and benefits in effect prior to the Change in Control, other than an insubstantial or inadvertent failure remedied by the Company promptly after receipt of notice thereof given by the Participant;

(iii) the Company's requiring the Participant to be based at any office or location more than fifty (50) miles (eighty (80) Kilometers) from that location at which he performed his or her services for the Company immediately prior to the Change in Control, except for travel reasonably required in the performance of the Participant's responsibilities; or

(iv) any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor, unless such assumption occurs by operation of law.

5. No Rights of Stock Ownership. This grant of Restricted Stock Units does not entitle the Participant to any interest in or to any voting or other rights normally attributable to Share ownership other than the Dividend Equivalent Rights granted under paragraph 3 above.

6. Withholding Taxes. Regardless of any action the Company or the Participant's employer (the "Employer") takes with respect to any or all income tax, social security (or social insurance), payroll tax, fringe benefits tax, payment on account or other tax-related items related to the participation in the Plan and this Agreement and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains his or her responsibility and may exceed the amount actually withheld by the Company or the Employer. Furthermore, the Participant acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired under the Plan and the receipt of any dividends and/or any Dividend Equivalent Rights, and (ii) do not commit to and are under no obligation to structure the terms of the grant of the Restricted Stock Units or any aspect of the Participant's participation in the Plan to reduce or eliminate his or her liability for Tax-Related Items or achieve any particular tax result. If the Participant is or becomes subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable event, or tax withholding event, as applicable, the Participant agrees to pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations of the Company and/or the Employer. In this regard, the Participant authorizes the Company and/or the Employer, or his or her respective agents, at the Company's discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid by the Company and/or the Employer; (ii) withholding from proceeds of the sale of the Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization); and/or (iii) withholding in whole Shares to be issued upon settlement of the Restricted Stock Units, provided that the Company only withholds the amount of whole Shares necessary to satisfy the withholding requirements, not to exceed the maximum withholding tax rate in the Participants applicable jurisdiction. If the Company satisfies the withholding obligation for the Tax-Related Item by withholding a number of Shares as described herein, the Participant will be deemed to have been issued the full number of Shares due to Participant at vesting, notwithstanding that a number of the Shares is held back solely for purposes of such Tax-Related Items.

Finally, the Participant further agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of his or her participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

7. Nonassignability. This award may not be assigned, pledged, or transferred, except, if the Participant dies, to a designated beneficiary or by will or by the laws of descent and distribution. The foregoing restrictions do not apply to transfers under a court order, including, but not limited to, any domestic relations order.

8. Effect Upon Employment. The Participant's right to continue to serve the Company or any of its subsidiaries as an officer, employee, or otherwise, is not enlarged or otherwise affected by an award under this Agreement. Nothing in this Agreement or the Plan gives the Participant any right to continue in the employ of the Company or any of its subsidiaries to interfere in any way with any right the Company or any of its subsidiaries may have to terminate his or her employment at any time. Payment of

Shares is not secured by a trust, insurance contract or other funding medium, and the Participant does not have any interest in any fund or specific asset of the Company by reason of this award or the account established on his or her behalf. A Restricted Stock Unit award confers no rights as a shareholder of the Company until Shares are actually delivered to the Participant.

9. Electronic Notice, Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by email or other electronic means. The Participant hereby consents to receive such documents by email or other electronic delivery and agrees to access information concerning the Plan through an on-line or electronic system established and maintained by the Company or by another third party designated by the Company.

10. Data Privacy.

As a condition of this Restricted Stock Unit grant, the Participant hereby expressly consents to the collection, use, disclosure, transfer and other processing of his or her personal data as set out in this Section 10 and as otherwise required by applicable law.

The Company, any of its subsidiaries, affiliates, or agents, the Employer, and the Company's stock plan service provider will process personal data of the Participant for the purposes of implementing, managing and administering the Participant's grant of Restricted Stock Units and the Plan. Such personal data, in electronic or other form, may include the Participant's name, home address, telephone number, email address, date of birth, social insurance number or other national identification number, beneficiary information (including beneficiary name, address social insurance number or other national identification number, and date of birth), hire date, salary and deductions, banking details, tax certification information, any shares or directorships held in the Company, details of all equity grants or any other entitlement to Shares awarded, canceled, vested, unvested, or outstanding in the Participant's favor.

For the purposes set out above, personal data may be transferred to countries other than the country in which the Participant resides, including to the United States and Australia. As required by applicable law, when personal data is transferred to a country outside of the country in which the Participant resides, measures will be put in place to ensure that the personal data is protected as required by law. These measures may include European Union Standard Contractual Clauses.

The Participant's personal data will be retained for as long as necessary to implement, manage and administer the Participant's grant of Restricted Stock Units and participation in the Plan. The Participants may request to access, modify or delete his or her personal data, request additional information about the processing of his or her personal data, or refuse or withdraw consent to the processing of his or her personal data by contacting the local human resources representative in writing. Refusal or withdrawal of consent may affect the Participant's ability to participate in the Plan but will not affect the Participant's employment status or service and career with the Company.

11. Discretionary Nature and Acceptance of Award. The Participant agrees to be bound by the terms of this Agreement and acknowledges, understands and agrees that:

a. The Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement;

b. The award is exceptional, voluntary and occasional, and does not create any contractual or other right to receive future awards, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been awarded in the past;

c. All decisions with respect to future Restricted Stock Units or other awards, if any, will be at the sole discretion of the Company;

d. The Participant's participation in the Plan is voluntary;

e. The Restricted Stock Units and any Shares acquired under the Plan, and the income and value of the same, are not intended to replace any pension rights or compensation;

f. The Participant's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Company or the Employer to terminate the Participant's employment at any time;

g. This award will be deemed accepted unless it is declined by way of written notice by the Participant within thirty (30) days of the Grant Date to the Equity Based Compensation Department of the Company located at 767 Fifth Avenue, New York, NY 10153;

h. The Restricted Stock Units are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or any of its subsidiaries, and which is outside the scope of the Participant's employment or service contract, if any;

i. The Restricted Stock Units and any Shares acquired under the Plan, and the income and value of the same, are not part of the Participant's normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal end of service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer, the Company or any of its subsidiaries;

j. In the event the Participant is not an employee of the Company, the Restricted Stock Units and the Participant's participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company or any subsidiary of the Company;

k. The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

l. In consideration of the award, no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units or diminution in value of the Restricted Stock Units, or Shares acquired upon vesting of the Restricted Stock Units, resulting from termination of the Participant's employment (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed, or the terms of the Participant's employment), and in consideration of the award, the Participant irrevocably releases the Employer, the Company and any of its subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by acknowledging and agreeing to or signing the Notice of Grant, the Participant shall be deemed irrevocably to have waived his or her right to pursue or seek remedy for any such claim or entitlement against the Employer, the Company or subsidiary;

m. For purposes of the Restricted Stock Units, the Participant's employment or service relationship will be considered terminated as of the date the Participant is no longer actively providing services to the Employer, the Company or any of its subsidiaries as determined by the Administrator in its sole discretion (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any);

n. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan or the Participant's acquisition or sale of the underlying Shares; and

o. The Participant is hereby advised to consult with Participant's own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan

12. Failure to Enforce Not a Waiver. The Company's failure to enforce at any time any provision of this Agreement does not constitute a waiver of that provision or of any other provision of this Agreement.

13. Governing Law. This Agreement is governed by and is to be construed according to the laws of the State of New York that apply to agreements made and performed in that state, without regard to its choice of law provisions. For purposes of litigating any dispute that arises under the Restricted Stock Units or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of New York, and agree that such litigation will be conducted in the courts of New York County, New York, or the federal courts for the United States for the Southern District of New York, and no other courts, where the Restricted Stock Units are made and/or to be performed.

14. Partial Invalidity. The invalidity or illegality of any provision of this Agreement will be deemed not to affect the validity of any other provision. Furthermore, it is the parties' intent that any order striking any portion of this Agreement and/or the Plan should modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties hereunder.

15. Entire Agreement. This Agreement and the Plan constitute the entire agreement between the Participant and the Company regarding the award and supersede all prior and contemporaneous agreements and understandings, oral or written, between the parties regarding the award. Except as expressly set forth herein, this Agreement (and any provision of this Agreement) may not be modified, changed, clarified, or interpreted by the parties, except in a writing specifying the modification, change, clarification or interpretation, and signed by a duly authorized Company officer.

16. Section 409A Compliance. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and any regulations, rulings, or guidance provided thereunder. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may the Participant, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. The Company reserves the unilateral right to amend this Agreement upon written notice to the Participant to prevent taxation under Section 409A of the Code.

17. Recoupment. Notwithstanding any other provision of this Agreement to the contrary, the Participant acknowledges and agrees that the Restricted Stock Units, any Shares acquired pursuant thereto and/or any amount received with respect to any sale of such Shares are subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's recoupment policy as in effect on the Grant Date and as such policy may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to the Restricted Stock Units and Shares. The Participant agrees and consents to the Company's application, implementation and enforcement of (a) the recoupment policy, and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation and expressly agrees that the Company may take such actions as are necessary to effectuate the recoupment policy (as applicable to the Participant) or applicable law without further consent or action being required by the Participant. For purposes of the foregoing, the Participant expressly and explicitly authorizes the Company to issue instructions, on his or her behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold his or her Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company upon the enforcement of the provision contained in this Section 17. To the extent that the terms of this Agreement and the recoupment policy conflict, the terms of the recoupment policy shall prevail.

18. Insider Trading/Market Abuse Laws. By the participating in the Plan, the Participant agrees to comply with the Company's Insider Trading Policy. Further, the Participant acknowledges that the Participant's country of employment (and country of residence, if different) may also have laws or regulations governing insider trading and that such laws or regulations may impose additional restrictions on the Participant's ability to participate in the Plan (e.g., acquiring or selling Shares) and that the Participant is solely responsible for complying with such laws or regulations.

19. Private Placement. The grant of the Restricted Stock Units is not intended to be a public offering of securities in the Participant's country of employment (and country of residence, if different). The Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under law), and this grant of Restricted Stock Units is not subject to the supervision of the local authorities.

20. Exchange Control, Tax and/or Foreign Asset/Account Reporting. The Participant acknowledges that there may be exchange control, tax, foreign asset and/or account reporting requirements that may affect the Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any Dividend Equivalents Rights paid with respect to the Restricted Stock Units or dividends paid on Shares acquired under the Plan) in a brokerage/bank account or legal entity outside the Participant's country of employment (and country of residence, if different). The Participant may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the tax or other authorities in the Participant's country of employment (and country of residence, if different). The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country of employment (and country of residence, if different) through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

21. Language. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control, unless otherwise prescribed by local law.

22. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

23. Addendum. The award shall be subject to any terms and conditions for the Participant's country of employment (and country of residence, if different) set forth an addendum attached hereto ("Addendum"). Moreover, if the Participant transfers residence and/or employment to another country reflected in an Addendum to this Agreement, the terms and conditions for such country will apply to the Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Restricted Stock Unit and the Plan(or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). Any applicable Addendum constitutes part of this Agreement.

24. Hedging Policy and Pledging Policy. Employees are subject to the Company's Hedging Policy that, among other things, prohibits employees from hedging outstanding equity grants. This means you may not hedge the equity award represented by this Agreement or any outstanding equity awards represented by previous agreements. Employees are also subject to the Company's Pledging Policy. The Hedging Policy and Pledging Policy are available on the Corporate Intranet.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer as of the Grant Date set forth in the Notice of Grant

The Estée Lauder Companies Inc.

By: ______________________________

Michael O'Hare
Executive Vice President,
Global Human Resources

ADDENDUM
COUNTRY-SPECIFIC PROVISIONS FOR NON-U.S. PARTICIPANTS

In addition to the terms and conditions set forth in the Agreement, the Restricted Stock Units awarded are subject to the following terms and conditions. If the Participant is employed in a country identified in this Addendum, the additional terms and conditions for such country will apply. If the Participant transfers to one of the countries identified in this Addendum, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Restricted Stock Units awarded and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer).

All defined terms contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement.

ARGENTINA

Securities Law Notification. Neither the Restricted Stock Units nor the underlying Shares are publicly offered or listed on any stock exchange in Argentina. The Company's grant of Restricted Stock Units is private and is not subject to the supervision of any Argentine governmental authority.

AUSTRALIA

Breach of Law. Notwithstanding anything to the contrary in the Agreement or the Plan, the Participant will not be entitled to, and shall not claim any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Corporations Act 2001 (Cth), any other provision of that Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits.

Tax Deferral. Restricted Stock Units awarded under the Agreement are intended to be subject to tax deferral under Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (subject to the conditions in that act).

Australian Offer Document. In addition to the Agreement and the Plan, the Participant must review the Australian Offer Document for additional important information pertaining to the Restricted Stock Units. By accepting the Restricted Stock Units, the Participant acknowledges and confirms that the Participant has reviewed these documents.

BRAZIL

Compliance with Law. By accepting the Restricted Stock Units, the Participant acknowledges and agrees to comply with applicable Brazilian laws to pay any and all applicable taxes associated with the vesting of the Restricted Stock Units, the receipt of any dividends or dividend equivalents, and the sale of Shares acquired under the Plan.

Labor Law Acknowledgment. The Participant expressly acknowledges and agrees, for all legal purposes, (a) the benefits provided under the Agreement and the Plan are the result of commercial transactions unrelated to the Participant's employment; (b) the Agreement and the Plan are not a part of the terms and conditions of the

Participant’s employment; and (c) the income from the Restricted Stock Units, if any, is not part of the Participant’s remuneration from employment.

CANADA

Settlement in Shares Only. Notwithstanding anything to the contrary in the Agreement or the Plan, if the Participant is a resident of Canada, all Restricted Stock Units shall be settled only in Shares (and may not be settled in cash). English Language. The parties to the Agreement acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. ***Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.***

CHILE

Private Placement. The following provision shall supplement Section 19 (Private Placement) of the Agreement:

The grant of the Restricted Stock Units hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement.

a) The starting date of the offer is the Grant Date (as defined in the Agreement), a) and this offer conforms to General Ruling no. 336 of the Chilean Superintendence of Securities and Insurance;

b) The offer deals with securities not registered in the registry of securities or in the registry of foreign securities of the Chilean Superintendence of Securities and Insurance, and therefore such securities are not subject to its oversight;

c) The Company is not obligated to provide public information in Chile regarding the foreign securities, as such securities are not registered with the Chilean Superintendence of Securities and Insurance; and

d) The foreign securities shall not be subject to public offering as long as they are not registered with the corresponding registry of securities in Chile.

a) *La fecha de inicio de la oferta será el de la fecha de otorgamiento (o* “*Grant Date*”*, según este término se define en el documento denominado* “*Agreement*”*) y esta oferta se acoge a la norma de Carácter General n° 336 de la Superintendencia de Valores y Seguros Chilena;*

b) *La oferta versa sobre valores no inscritos en el registro de valores o en el registro de valores extranjeros que lleva la Superintendencia de Valores y Seguros Chilena, por lo que tales valores no están sujetos a la fiscalización de ésta;*

c) *Por tratar de valores no inscritos no existe la obligación por parte del emisor de entregar en Chile información pública respecto de esos valores; y*

d) *Esos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente.*

CHINA

Foreign Exchange Control Laws. The following provisions shall govern the Participant's participation in the Plan if the Participant is a national of the People's Republic of China ("China") resident in mainland China, or if determined to be necessary or appropriate by the Company in its sole discretion:

The Participant agrees to hold the Shares received upon settlement of the Restricted Stock Units with the Company's designated broker. Upon a termination of employment or service for any reason, the Participant shall be required to sell all Shares issued pursuant to the Restricted Stock Units as soon as administratively possible (or such period as may be required by the State Administration of Foreign Exchange or the Company) of the termination date and repatriate the sales proceeds to China in the manner designated by the Company. For purposes of the foregoing, the Company shall establish procedures for effectuating the forced sale of the Shares (including procedures whereby the Company may issue sell instructions on behalf of the Participant), and the Participant hereby agrees to comply with such procedures and take any and all actions as the Company determines, in its sole discretion, are necessary or advisable for purposes of complying with local laws, rules and regulations in China.

The Participant understands and agrees that the repatriation of dividends and sales proceeds may need to be effected through a special exchange control account established by the Company or its subsidiaries, and the Participant hereby consents and agrees that dividends issued on Shares and sales proceeds from the sale of Shares acquired under the Plan may be transferred to such account by the Company on the Participant's behalf prior to being delivered to the Participant. Dividends and/or sales proceeds may be paid to the Participant in U.S. dollars or local currency at the Company's discretion. If dividends and/or sales proceeds are paid to the Participant in U.S. dollars, the Participant understands that the Participant will be required to set up a U.S. dollar bank account in China so that the dividends or proceeds may be deposited into this account. If dividends and/or sales proceeds are paid to the Participant in local currency, the Participant acknowledges that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the dividends and/or proceeds to local currency due to exchange control restrictions. The Participant agrees to bear any currency fluctuation risk between the time dividends are issued or Shares are sold and the net proceeds are converted into local currency and distributed to the Participant. The Participant further agrees to comply with any other requirements that may be imposed by the Company or its subsidiaries in China in the future in order to facilitate compliance with exchange control requirements in China. The Participant acknowledges and agrees that the processes and requirements set forth herein shall continue to apply following the Participant's termination of employment.

Neither the Company nor any of its subsidiaries shall be liable for any costs, fees, lost interest or dividends or other losses the Participant may incur or suffer resulting from the enforcement of the terms of this Addendum or otherwise from the Company's operation and enforcement of the Plan, the Agreement and the Restricted Stock Units in accordance with Chinese law including, without limitation, any applicable State Administration of Foreign Exchange rules, regulations and requirements.

COLOMBIA

Labor Law Acknowledgement. The Participant acknowledges that, pursuant to Article 128 of the Colombian Labor Code, the Plan and related benefits do not constitute a component of his or her "salary" for any legal purpose.

DENMARK

Stock Option Act. Notwithstanding any provisions in the Agreement to the contrary, if the Participant is determined to be an "Employee," as defined in section 2 of the Danish Act on the Use of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the "Stock Option Act"), the treatment of the Restricted Stock Units upon Termination shall be governed by Sections 4 and 5 of the Stock Option Act. However, if the provisions in the Agreement or the Plan governing the treatment of the Restricted Stock Unit upon a Termination are more favorable, the provisions of the Agreement or the Plan will govern.

FRANCE

English Language. The Participant acknowledges and agrees that it is the Participant's wish that the Agreement, this addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Stock Units, either directly or indirectly, be drawn up in English.

Langue anglaise. Le bénéficiaire admet et convient que c'est l'intention exprès du bénéficiaire que l'Accord, le Plan et tous les autres documents, remarque et les poursuites judiciaires entrées, données ou instituées conformément au Restricted Stock Units, être établi dans l'anglais. Si le bénéficiaire a reçu l'Accord, le Plan ou autres documents rattachés au Restricted Stock Units traduit dans une langue autre que l'anglais et si le sens de la version traduite est différent que la version anglaise, la version anglaise contrôlera

HONG KONG

IMPORTANT NOTICE. WARNING: The contents of the Agreement, this Addendum, the Plan, and all other materials pertaining to the Restricted Stock Units and/or the Plan have not been reviewed by any regulatory authority in Hong Kong. The Participant is hereby advised to exercise caution in relation to the offer thereunder. If the Participant has any doubts about any of the contents of the aforesaid materials, the Participant should obtain independent professional advice.

Settlement is Shares Only. Notwithstanding anything to the contrary in the Agreement or the Plan, if the Participant is a resident of Hong Kong, all Restricted Stock Units shall be settled only in Shares (and may not be settled in cash).

Nature of the Plan. The Company specifically intends that the Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Scheme Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purpose of ORSO, the grant of Restricted Stock Units shall be null and void.

INDIA

Repatriation Requirements. The Participant understand that he or she must repatriate any cash dividends paid on Shares acquired under the Plan and any proceeds from the sale of such Shares to India within a certain period of time after receipt of the proceeds. It is the Participant's sole responsibility to comply with applicable exchange control laws in India.

ISRAEL

Indemnification for Tax Liabilities. The Participant expressly consents and agrees to indemnify the Company and/or its subsidiaries and hold them harmless from any and all liability attributable to taxes, interest or penalties thereon, including without limitation, liabilities relating to the necessity to withhold any taxes from the settlement of the Restricted Stock Units or any other payments made to the Participant pursuant to the Restricted Stock Units.

ITALY

Data Privacy. The following provision shall replace Section 10 (Data Privacy) of the Agreement in its entirety:

The Participant understands that the Employer and/or the Company hold certain personal information about the Participant, including but not limited to, the Participant's name, home address, email address and telephone number, date of birth, national insurance number or other identification number, salary, nationality, job title, any Shares or directorship held in the Company, details of all awards or other entitlement to Shares awarded, cancelled, vested, unvested or outstanding in the Participant's favor ("Data"), for purpose of implementing, administering and managing the Plan. The Participant is aware that providing the Company with Data is necessary for the performance of the Agreement and that the Participant's refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect the Participant's ability to participate in the Plan.

The Controller of personal data processing is Estée Lauder Companies Inc., 767 Fifth Avenue, New York, New York 10153, U.S.A., its representative in Italy Estée Lauder S.r.l. with registered offices at Via Turati, 3, Milano, 20121 Italy. The Participant understands that Data may be transferred to third parties assisting in the implementation, administration and management of the Plan, including any transfer required to a broker or other third party with whom Shares acquired pursuant to this grant of Restricted Stock Units or cash from the sale of such Shares may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in the Participant's country, or elsewhere, including outside of the European Union and the recipient's country may have different data privacy laws and protections than the Participant's country. The processing activity, including the transfer of the Participant's personal data abroad, out of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require the Participant's consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. The Participant understands that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to D.lgs. 196/200

The Participant understands that Data will be held only as long as is required by law or as necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that, pursuant to art 7 of D.lgs 196/2003, the Participant has the right, including but not limited to, to access, delete, update, request the rectification of the Data and cease, for legitimate reasons, Data processing. Furthermore, the Participant is aware that Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address, Via Turati, 3, Milano, 20121 Italy.

MALAYSIA

Data Privacy. The following provision shall replace Section 10 (Data Privacy) of the Agreement in its entirety:

The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data, as described in this addendum and any other grant materials by and among, as applicable, the Company and Subsidiaries for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.
The Participant understands that the Company and subsidiaries may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, e-mail address, salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data"). The Data is supplied by the Company and also by the Participant through information collected in connection with the Agreement and the Plan.
The Participant understands that Data will be transferred to the current stock plan service providers or a stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management

Peserta dengan ini secara eksplisit dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi seperti yang diterangkan dalam Lampiran ini dan apa-apa bahan pemberian yang lain oleh dan di antara, seperti yang berkenaan, Syarikat dan Anak-anak Syarikat untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan penyertaan Peserta di dalam Pelan.
Peserta memahami bahawa Syarikat Anak-anak Syarikat mungkin memegang maklumat peribadi tertentu tentang Peserta, termasuk, tetapi tidak terhad kepada, nama Peserta, alamat rumah dan nombor telefon, tarikh lahir, nombor insurans sosial atau nombor pengenalan lain, e-mel, gaji, kewarganegaraan, jawatan, apa-apa Saham atau jawatan pengarah yang dipegang dalam Syarikat, butir-butir semua Anugerah, atau apa-apa hak lain atas Saham yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun yang belum dijelaskan bagi faedahanda, untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan tersebut ("Data"). Data tersebut dibekalkan oleh Syarikat dan juga oleh Peserta berkenaan dengan Perjanjian dan Pelan.
Peserta memahami bahawa Data ini akan dipindahkan kepada pembekal perkhidmatan pelan saham semasa atau pembekal perkhidmatan pelan saham yang mungkin

of the Plan. The Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that if the Participant resides outside the United States, the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Participant's local human resources representative at Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia. The Participant authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of the awards may be deposited. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that if the Participant resides outside the United States, the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data, limit the processing of Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Participant's local human resources representative. Further, the Participant understands that the Participant is providing the consent herein on a purely voluntary basis. If the Participant does not

dipilih oleh Syarikat pada masa depan, yang membantu Syarikat dengan pelaksanaan, pentadbiran dan pengurusan Pelan. Peserta memahami bahawa penerima-penerima Data mungkin berada di Amerika Syarikat atau mana-mana tempat lain, dan bahawa negara penerima-penerima (contohnya, Amerika Syarikat) mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara Peserta. Peserta memahami bahawa sekiranya Peserta menetap di luar Amerika Syarikat, Peserta boleh meminta satu senarai yang mengandungi nama-nama dan alamat-alamat penerima-penerima Data yang berpotensi dengan menghubungi wakil sumber manusia tempatan Peserta di Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia. Peserta memberi kuasa kepada Syarikat, pembekal perkhidmatan pelan saham dan mana-mana penerima-penerima kemungkinan lain yang mungkin akan membantu Syarikat (pada masa sekarang atau pada masa depan) dengan melaksanakan, mentadbir dan menguruskan Pelan untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, bagi tujuan melaksanakan, mentadbir dan menguruskan penyertaan Peserta di dalam Pelan, termasuk segala pemindahan Data tersebut sebagaimana yang dikehendaki kepada broker, egen eskrow atau pihak ketiga dengan siapa Saham diterima semasa peletakhakan Anugerah mungkin didepositkan. Peserta memahami bahawa Data hanya akan disimpan selagi ia adalah diperlukan untuk melaksanakan, mentadbir, dan menguruskan penyertaan Peserta dalam Pelan. Peserta memahami bahawa sekiranya Peserta menetap di luar Amerika Syarikat, Peserta boleh, pada bila-bila masa, melihat Data, meminta maklumat tambahan mengenai penyimpanan dan pemprosesan Data, meminta bahawa pindaan-pindaan dilaksanakan ke atas Data,

consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's employment status or service and career with the Company will not be adversely affected; the only adverse consequence of refusing or withdrawing the Participant's consent is that the Company may not be able to grant the Participant equity awards or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Participant's local human resources representative. Please take note that by electronically accepting this Agreement, the Participant has confirmed that the Participant explicitly, voluntarily and unambiguously consents to the collection, use and transfer of the Participant's personal data in accordance with the terms in this notification. However, if for any reason the Participant does not consent to the processing of the Participant's personal data, the Participant has the right to reject such consent by contacting the Participant's local human resources representative at Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia.

mengehadkan pemprosesan Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis tempatan wakil sumber manusia Peserta. Selanjutnya, Peserta memahami bahawa Peserta memberikan persetujuan di sini secara sukarela semata-mata. Sekiranya Peserta tidak bersetuju, atau sekiranya Peserta kemudian membatalkan persetujuan, status Peserta pekerjaan atau perkhidmatan dan kerjaya dengan Syarikat tidak akan terjejas; satu-satunya akibat buruk sekiranya Peserta tidak bersetuju atau menarik balik Peserta persetujuan adalah bahawa Syarikat tidak akan dapat memberikan Peserta anugerah ekuiti lain atau mentadbir atau mengekalkan anugerah-anugerah tersebut. Oleh itu, Peserta memahami bahawa keengganan atau penarikan balik persetujuan boleh menjejaskan keupayaan Peserta untuk mengambil bahagian dalam Pelan. Untuk maklumat lebih lanjut mengenai akibat-akibat keengganan Peserta untuk memberikan keizinan atau penarikan balik keizinan, Peserta memahami bahawa Peserta boleh menghubungi wakil sumber manusia tempatan. Sila ambil perhatian bahawa dengan menerima Perjanjian ini secara elektronik, Peserta mengesahkan bahawa Peserta secara eksplisit, sukarela, dan tanpa sebarang keraguan bersetuju dengan pengumpulan, penggunaan, dan pemindahan data peribadi Peserta mengikut terma-terma dalam notis ini. Walaubagaimanapun, jika atas apa-apa sebab-sebab tertentu Peserta tidak bersetuju dengan pemprosesan data peribadi, Peserta mempunyai hak untuk menolak persetujuan Peserta dengan menghubungi wakil sumber manusia tempatan di masukkan Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia.

MEXICO

Commercial Relationship. The Participant expressly recognizes acknowledges that the Participant's participation in the Plan and the Company's grant of Restricted Stock Units do not constitute an employment relationship between the Participant and the Company. The Participant has been granted the Restricted Stock Units as a consequence of the commercial relationship between the Company and his or her Employer ECLA S.A. de C.V. or Lauder Cosmeticos S.A. de C.V. ("Estée Lauder Mexico"), and Estée Lauder Mexico is the Participant's sole Employer. Based on the foregoing, (a) the Participant expressly recognizes that the Plan and the benefits the Participant may derive from the Participant's participation in the Plan do not establish any rights between the Participant and Estée Lauder Mexico, (b) the Plan and the benefits the Participant may derive from the Participant's participation in the Plan are not part of the employment conditions and/or benefits provided by Estée Lauder Mexico, and (c) any modifications or amendments of the Plan by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Participant's employment with Estée Lauder Mexico.

Extraordinary Item of Compensation. The Participant expressly recognizes and acknowledges that the Participant's participation in the Plan is a result of the discretionary and unilateral decision of the Company, as well as the Participant's free and voluntary decision to participate in the Plan in accordance with the terms and conditions of the Plan, the Agreement and this Addendum. As such, the Participant acknowledges and agrees that the Company, in its sole discretion, may amend and/or discontinue the Participant's participation in the Plan at any time and without any liability. The value of the Restricted Stock Units is an extraordinary item of compensation outside the scope of the Participant's employment contract, if any. The Restricted Stock Units are not part of the Participant's regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of the Company's subsidiary in Mexico that employs the Participant.

NETHERLANDS

Waiver of Termination Rights. The Participant waives any and all rights to compensation or damages as a result of a termination of employment or service, insofar as those rights result or may result from: (a) the loss or diminution in value of such rights or entitlements under the Plan; or (b) the Participant ceasing to have rights, or ceasing to be entitled to any Restricted Stock Unit awards under the Plan as a result of such termination.

NEW ZEALAND

Securities Law Notice.

Warning

This is an offer of Restricted Stock Units which, upon vesting and settlement in accordance with the terms of the Plan and the Agreement, will be converted into Shares. Shares give the Participant a stake in the ownership of the Company. The Participant may receive a return on the Shares acquired under the Plan if dividends are paid.

If the Company runs into financial difficulties and is wound up, the Participant will be paid only after all creditors and holders of preference shares have been paid. The Participant may lose some or all of his or her investment, if any.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, the Participant may not be given all the information usually required. The Participant also will have fewer other legal protections for this investment. On this basis, the Participant is advised to ask questions, read all documents carefully, and seek independent financial advice before committing.

The Shares are quoted on the New York Stock Exchange ("NYSE"). This means that if the Participant acquires Shares under the Plan, the Participant may be able to sell the Shares on the NYSE if there are interested buyers. The price will depend on the demand for the Shares.

For information on risk factors impacting the Company's business that may affect the value of the Shares, the Participant should refer to the risk factors discussion on the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's "Investor Relations" website at www.elcompanies.com/investors.

PANAMA

<u>Securities Law Notice</u>. The grant of the Restricted Stock Units and the issuance of Shares at vesting are not subject to registration under Panamanian law as they are not intended for the public, but solely for the Participant's benefit.

PERU

<u>Labor Law Acknowledgement</u>. In accepting the Restricted Stock Units, the Participant acknowledges that the Restricted Stock Units are granted *ex gratia* for the purpose of rewarding the Participant as set forth in the Plan.

<u>Securities Law Notice</u>. The grant of the Restricted Stock Units is considered a private offering in Peru; therefore, neither the grant of Restricted Stock Units, nor the issuance of Shares at vesting of the Restricted Stock Units, is subject to securities registration in Peru. For more information concerning the offer, the Participant should refer to the Plan, this Agreement and any other grant documents made available to the Participant by the Company. For more information regarding the Company, the Participant should refer to the Company's most recent annual report on Form 10-K and quarterly report on Form 10-Q available at www.sec.gov, as well as on the Company's "Investor Relations" website at www.elcompanies.com/investors.

PORTUGAL

<u>Language Consent</u>. The Participant hereby expressly declares that he or she has full knowledge of the English language and has read, understood and freely accepted and agreed with the terms and conditions established in the Plan and this Agreement.

Conhecimento da Língua. Pela presente, o Participante declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo (Agreement em inglés).

ROMANIA

Termination. The following provision shall supplement Section 4 (Termination of Employment) of the Agreement:

Termination of employment shall include the situation where the Participant's employment contract is terminated by operation of law on the date the Participant reaches the standard retirement age and has completed the minimum contribution record for receipt of state retirement pension or the relevant authorities award the Participant an early-retirement pension of any type.

English Language. The Participant hereby expressly agrees that this Agreement, the Plan as well as all documents, notices and proceedings entered into, relating directly or indirectly hereto, be drawn up or communicated only in the English language. *Angajatul consimte în mod expres prin prezentul ca acest Contract, Planul precum şi orice alte documente, notificări, înştiinţări legate direct sau indirect de acest Contract să fie redactate sau efectuate doar în limba engleză.*

RUSSIA

Securities Law Notification. The Agreement, the Plan and all other materials that the Participant may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. Absent any requirement under local law, the issuance of securities pursuant to the Plan has not and will not be registered in Russia; hence, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

Repatriation Requirements. The Participant expressly agrees to promptly repatriate proceeds resulting from the sale of Shares acquired under the Plan to a foreign currency account at an authorized bank in Russia if legally required at the time the Shares are sold and to comply with all applicable local foreign exchange rules and regulations. Neither the Company nor any of its subsidiaries shall be liable for any fines or penalties resulting from the Participant's failure to comply with applicable law. Russian residents are advised to contact their personal advisor regarding their obligation resulting from their participation in the Plan as significant penalties may apply in the case of non-compliance with exchange control requirements and because such exchange control requirements may change.

Data Privacy. This provision shall supplement Section 10 (Data Privacy) of the Agreement:

The Participant hereby acknowledges that the Participant has read and understood the terms regarding collection, processing and transfer of Data contained in Section 10 (Data Privacy) of the Agreement and, by participating in the Plan, the Participant agrees to provide an executed data privacy consent to the Employer or the Company (or any other agreements or consent that may be required by the Employer or the Company) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in Russia, either now or in the future. The Participant understand that the Participant may not be able to participate in the Plan if the Participant fails to execute any such consent or agreement.

SINGAPORE

Qualifying Person Exemption. The grant of the Restricted Stock Units under the Plan is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (the "SFA"). The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore and is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. The Participant should note that, as a result, the Restricted Stock Units are subject to section 257 of the SFA and the Participant will not be able to make: (a) any subsequent sale of the Shares underlying the Restricted Stock Units in Singapore; or (b) any offer of such subsequent sale of the Shares subject to the Restricted Stock Units in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA.

SOUTH AFRICA

Securities Law Notice. Neither the Restricted Stock Units nor the underlying Shares shall be publicly offered or listed on any stock exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority.

Withholding Taxes. The following provision supplements Section 6 (Withholding Taxes) of the Agreement:

By accepting the Restricted Stock Units, the Participant agrees to notify his or her Employer of the amount of any gain realized upon vesting of the Restricted Stock Units. If the Participant fails to advise the Employer of the gain realized upon vesting of the Restricted Stock Units, the Participant may be liable for a fine. The Participant will be responsible for paying any difference between the actual tax liability and the amount withheld.

Exchange Control Obligations. The Participant is solely responsible for complying with applicable exchange control regulations and rulings (the "Exchange Control Regulations") in South Africa. As the Exchange Control Regulations change frequently and without notice, the Participant should consult the Participant's legal advisor prior to the acquisition or sale of Shares under the Plan to ensure compliance with current Exchange Control Regulations. Neither the Company nor any of its subsidiaries shall be liable for any fines or penalties resulting from the Participant's failure to comply with applicable laws, rules or regulations.

SPAIN

Securities Law Notice. No "offer of securities to the public," within the meaning of Spanish law, has taken place or will take place in the Spanish territory in connection with the Restricted Stock Unit. The Plan, the Agreement (including this Addendum) and any other documents evidencing the grant of the Restricted stock Units have not, nor will they be, registered with the *Comisión Nacional del Mercado de* 25 *Valores* (the Spanish securities regulator) and none of those documents constitute a public offering prospectus.

Acknowledgement of Discretionary Nature of the Plan; No Vested Rights. By accepting the Restricted Stock Units, the Participant consents to participation in the Plan and acknowledges receipt of a copy of the Plan.

The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion granted Restricted Stock Units under the Plan to individuals who may be Participants of the Company or its subsidiaries throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its subsidiaries on an ongoing basis. Consequently, the Participant understands that the Restricted Stock Units are granted on the assumption and condition that the Restricted Stock Units and the Shares acquired upon settlement of the Restricted Stock Units shall not become a part of any employment contract (either with the Company or any of its subsidiaries) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Participant understands that this grant would not be made to the Participant but for the assumptions and conditions referenced above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason the Restricted Stock Units shall be null and void.

The Participant understands and agrees that, as a condition of the Restricted Stock Units, unless otherwise provided in Section 4 (Termination of Employment) of the Agreement, any unvested Restricted Stock Units as of the date the Participant ceases active employment will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of termination of employment or service. The Participant acknowledges that the Participant has read and specifically accepts the conditions referred to in the Agreement regarding the impact of a termination on the Restricted Stock Units.

Termination for Cause. Notwithstanding anything to the contrary in the Plan or the Agreement, “Cause” shall be as defined as set forth in the Agreement, regardless of whether the termination is considered a fair termination (i.e., “despido procedente”) under Spanish legislation.

SWITZERLAND

Securities Law Notification. The grant of the Restricted Stock Units and the issuance of any Shares is not intended to be a public offering in Switzerland. Neither this Addendum nor any other materials relating to the Restricted Stock Units constitute a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations. Neither this document nor any other offering or marketing materials relating to the Restricted Stock Units have been or will be filed with, or approved or supervised by, any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority (FINMA)).

TURKEY

Securities Law Notification. The sale of Shares acquired under the Plan is not permitted within Turkey. The Shares are currently traded on the New York Stock Exchange (“NYSE”), which is located outside of Turkey, under the symbol “EL” and the Shares may be sold through the NYSE.

UNITED ARAB EMIRATES

Securities Law Notification. The Agreement, the Plan and other incidental communication materials concerning the Restricted Stock Units are intended for distribution only to Participants of the Company or its subsidiaries. The Dubai Technology and Media Free Zone Authority, Emirates Securities and Commodities Authority and/or the Central Bank has no responsibility for reviewing or verifying any documents in connection with the Restricted Stock Units. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved these communications nor taken steps to verify the information set out in them, and have no responsibility for them. Further, the Shares underlying the Restricted Stock Units may be illiquid and/or subject to restrictions on their resale. Participant should conduct his or her own due diligence on the

Restricted Stock Units and the Shares. If Participant is in any doubt about any of the contents of the grant or other incidental documents, he or she should obtain independent professional advice.

UNITED KINGDOM

Withholding Taxes. The following provision shall supplement Section 6 (Withholding Taxes) of the Agreement:

If payment or withholding of the income tax due in connection with the awarded Restricted Stock Units is not made within ninety (90) days after the end of the U.K. tax year in which the event giving rise to the income tax liability occurred or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected income tax shall constitute a loan owed by the Participant to his or her Employer, effective as of the Due Date. The Participant agrees that the loan will bear interest at the then-current official rate of Her Majesty's Revenue & Customs ("HMRC"), it shall be immediately due and repayable, and the Company or the Employer may recover it at any time thereafter by any of the means referred to in Section 6 (Withholding Taxes) of the Agreement. Notwithstanding the foregoing, if the Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), he or she shall not be eligible for a loan from the Company to cover the income tax liability. In the event that the Participant is a director or executive officer and the income tax is not collected from or paid by him or her by the Due Date, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and national insurance contributions ("NICs") will be payable. The Participant will be responsible for paying and reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime, and for reimbursing the Company or the Employer (as applicable) the value of any Participant NICs due on this additional benefit.

Exclusion of Claim. The Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant's ceasing to have rights under or to be entitled to the Restricted Stock Units, whether or not as a result of termination of employment or service (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the Restricted Stock Units. Upon the grant of the Restricted Stock Units, the Participant shall be deemed to have waived irrevocably any such entitlement.

VENEZUELA

Securities Law Notification. The Restricted Stock Units granted under the Plan and the Shares issued under the Plan are offered as a personal, private, exclusive transaction and are not subject to Venezuelan securities regulations. This offering does not qualify as a public offering under the laws of the Bolivarian Republic of Venezuela and, therefore, it is not required to request the previous authorization of the National Superintendent of Securities.

Investment Representation. As a condition of the Restricted Stock Units, the Participant acknowledges and agrees that any Shares the Participant may acquire upon the vesting of the Restricted Stock Units are acquired as and intended to be an investment rather than the resale of the Shares and conversion of Shares into foreign currency.

NOTICE OF GRANT
UNDER
THE ESTÉE LAUDER COMPANIES INC.
AMENDED AND RESTATED FISCAL 2002 SHARE INCENTIVE PLAN (The "Plan")

This is to confirm that you were awarded a grant of Restricted Stock Units at the most recent meeting of the Stock Plan Subcommittee of the Compensation Committee of the Board of Directors representing the right upon vesting of such units to receive shares of Class A Common Stock of The Estée Lauder Companies Inc. (the "Shares"), subject to the terms of the Plan and the Restricted Stock Unit Agreement. This award was made in recognition of the significant contributions you have made as a key employee of the Company, and to motivate you to achieve future successes by aligning your interests more closely with those of our stockholders. This Restricted Stock Unit award is granted under and governed by the terms and conditions of the Plan and the Restricted Stock Unit Agreement (the "Agreement") made part hereof. The Agreement and Summary Plan Description can be viewed via your online account. Please read these documents and keep them for future reference. The specific terms of your award are as follows:

Participant:	**Name**
Employee Number:	#
Number of Restricted Stock Units:	**#**
Grant Date:	**XXX**
Vesting Commencement Date:	**XXX**

Grant Plan: The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan

Vesting Schedule: Subject to Participant's continuous employment, this Restricted Stock Unit grant shall vest as to the number of Shares set forth below:

Shares	**Vesting Date**
#	**XXX**
#	**XXX**
#	**XXX**

Vesting Period: The Vesting Commencement Date through and including the applicable date set forth in the Vesting Schedule

Questions regarding the award can be directed to **XXX.**

If you wish to accept this grant, **please sign this Notice of Grant and return immediately to:**

Compensation Department
28 West 23rd Street, 8th Floor
New York, New York 10010

The undersigned hereby accepts, and agrees to, all terms and provisions of the Agreement, including those contained in this Notice of Grant.

By ______________________________ Date ______________________________

Each of the Stock Plan Subcommittee of the Compensation Committee and the Compensation Committee of the Board of Directors of The Estée Lauder Companies Inc. reserves the right to change provisions of this Agreement to comply with the American Jobs Creation Act of 2004.

Restricted Stock Unit Agreement
for Employees other than Executive Officers Under
The Estée Lauder Companies Inc.
Amended and Restated Fiscal 2002 Share Incentive Plan (the "Plan")

This **RESTRICTED STOCK UNIT AGREEMENT** ("Agreement") provides for the granting by The Estée Lauder Companies Inc., a Delaware corporation (the "Company"), to the participant, an employee of the Company or one of its subsidiaries (the "Participant"), of Stock Units under the Plan representing a notional account equal to a corresponding number of shares of the Company's Class A Common Stock, par value $0.01 (the "Shares"), subject to the terms below (the "Restricted Stock Units"). The name of the "Participant," the "Grant Date" (or "Award Date"), the "Number of Restricted Stock Units," the "Vesting Schedule," and the "Vesting Period" are stated in the "Notice of Grant" attached or posted electronically together with this Agreement and are incorporated by reference. The other terms of this award are stated in this Agreement and in the Plan. Terms not defined in this Agreement are defined in the Plan, as amended. The Plan is referred to as the "Grant Plan" in the electronic Notice of Grant.

1. Award Grant. The Company hereby awards to the Participant an award of Restricted Stock Units in respect of the number of Shares set forth in the Notice of Grant.

2. Vesting. The Restricted Stock Units granted to the Participant will vest and become payable in accordance with the Vesting Schedule set forth in the Notice of Grant. This schedule indicates the vesting date upon which the Participant will be entitled to receive Shares. Except as otherwise provided in this Agreement, any Restricted Stock Units that are unvested when the Participant terminates employment with the Company or any of its subsidiaries will be forfeited.

3. Payment of Awards.

(a) Each Restricted Stock Unit represents the right to receive one (1) Share when the Restricted Stock Unit vests.

(b) In addition, each Restricted Stock Unit carries a Dividend Equivalent Right, payable in Shares, the amount of which is based on the number of Shares that could be purchased with the dividend amount. The Dividend Equivalent Rights shall be payable at the same time as payment of Restricted Stock Units in accordance with this Section 3 and Section 4. Notwithstanding anything to the contrary herein, if, prior to the vesting in full of this Restricted Stock Unit award, the Participant becomes required to file reports under Section 16 of the U.S. Securities Exchange Act of 1934 in connection with Company securities, then any Dividend Equivalent Rights earned after such date shall accrue and be payable in cash at the same time as payment of Restricted Stock Units in Shares in accordance with this Section 3 and Section 4. Dividend Equivalent Rights are deemed part of the related Restricted Stock Units under this Agreement.

(c) In the event of a Change in Control that constitutes a "change in control event" within the meaning of Section 409A of the Code, the Company may, in its sole discretion and in accordance with Treasury Regulation § 1.409A-3(j)(4)(ix)(B), vest and settle the Restricted Stock Units and terminate this Agreement. In such event, settlement of the Restricted Stock Units shall be made within two (2) weeks following the Change in Control. In the event that Restricted Stock Units are not settled pursuant to the immediately preceding sentence, such Restricted Stock Units shall be assumed by an acquirer in which case, vesting will be subject to Sections 2 and 4. If the Shares cease to be outstanding immediately after the Change in Control (e.g., due to a merger with and into another entity), then the consideration to be received per Share will equal the consideration paid to each shareholder per Share generally upon the Change in Control.

(d) Any dividends or other distributions on Shares received after vesting of the Restricted Stock Units, after applicable withholding, that are held in an account for the Participant at the agent engaged by the Company for the purposes of holding the Shares for the Participant upon Vesting (the "Agent"), will be automatically reinvested by default, in accordance with the Agent's applicable procedures, in additional whole and/or fractional Shares. If the Participant does not wish to have dividends or other distributions reinvested or if the Participant would like to change a current election, the Participant must notify the Agent prior to the record date for such dividend or distribution (or such earlier date as may be required by the Agent).

4. Termination of Employment. If the Participant's employment terminates during the Vesting Period, all unvested Restricted Stock Units will be forfeited except as follows, subject to Section 3:

(a) Death. If the Participant dies, unvested Restricted Stock Units will vest on the date of death pro rata based on the number of full months the Participant was paid salary during the Vesting Period after the last vesting date (i.e., the proration equals a fraction, the numerator of which is the number of full calendar months of service completed during the Vesting Period after the last vesting date through the Participant's death and the denominator of which is the number of full calendar months after the last vesting date that are remaining in the Vesting Period). For this purpose, "last vesting date" is the Grant Date if the first vesting date has not yet occurred. Payment of the vested Restricted Stock Units will occur on the seventy-fifth (75th) day following the Participant's death and in accordance with any applicable laws or Company procedures regarding the payments. Notwithstanding anything to the contrary contained in this section 4(a), if the Participant dies during active employment after the attainment of age fifty-five (55) and the completion of ten (10) or more years of service, or after the attainment of age sixty-five (65) and the completion of five (5) or more years of service, without formally retiring under the terms of the Estée Lauder Inc. Retirement Growth Account Plan (or an affiliate or a successor plan or program of similar purpose), unvested Restricted Stock Units will continue to vest and be paid in accordance with the Vesting Schedule to the Participant's beneficiaries.

(b) Retirement. If the Participant formally retires under the terms of The Estée Lauder Companies Retirement Growth Account Plan (or an affiliate or a successor plan or program of similar purpose), the unvested Restricted Stock Units will continue to vest and be paid in accordance with the Vesting Schedule. Vesting and payment in respect of any unvested Restricted Stock Unit after retirement will be subject to satisfaction of the conditions precedent that the Participant neither (i) accepts an offer to work for, or otherwise agrees to actively participate in or render services to any business on behalf of any competitor of the Company, any of its subsidiaries, or affiliates (whether as an employee, consultant or otherwise); nor (ii) conducts himself or herself in a manner adversely affecting the Company. The term "competitor" means any business that is engaged in, or is preparing to become engaged in, the makeup, skin care, hair care, toiletries or fragrance business or other business in which the Company is engaged or preparing to become engaged, or that otherwise competes with, or is preparing to compete with, the Company. Notwithstanding anything to the contrary contained in this section 4(b), if the Participant terminates employment by reason of retirement within six (6) months of the Grant Date, the Restricted Stock Units shall not vest and shall become null and void on the last day of active employment (last day worked).

(c) Disability. If the Participant becomes totally and permanently disabled (as determined under the Company's long-term disability program, or an affiliate or a successor plan or program of similar purpose), the unvested Restricted Stock Units will vest pro rata for each full month in which the Participant is paid salary during the Vesting Period (determined under the proration methodology in Section 4(a)) on the next vesting date during the Vesting Period. The vested Restricted Stock Units will be paid on the next vesting date during the Vesting Period. Notwithstanding anything to the contrary contained in this Section 4(c), if the Participant becomes totally and permanently disabled (as determined under the Company's long-term disability program) during active employment after the attainment of age fifty-five (55) and the completion of ten (10) or more years of service, or after the attainment of age sixty-five (65) and the completion of five (5) or more years of service, without formally retiring under the terms of the Estée Lauder Inc. Retirement Growth Account Plan (or an affiliate or a successor plan or program of similar purpose), unvested Restricted Stock Units will continue to vest and be paid in accordance with the Vesting Schedule.

(d) Termination of Employment Without Cause. If the Participant's employment is terminated by the Company or relevant subsidiary without Cause (as defined below), any unvested Restricted Stock Units will vest pro rata for each full month in which the Participant is paid salary during the Vesting Period after the last vesting date (determined under the proration methodology in Section 4(a)) on the next vesting date during the Vesting Period. Such prorated Restricted Stock Units will be paid in accordance with the Vesting Schedule and payment will be subject to satisfaction of the conditions precedent that the Participant neither (i) accepts an offer to work for, or otherwise agrees to actively participate in or render services to any business on behalf of any competitor of the Company, any of its subsidiaries, or affiliates (whether as an employee, consultant or otherwise); nor (ii) conducts himself or herself in a manner adversely affecting the Company. The term "competitor" means any business that is engaged in, or is preparing to become engaged in, the makeup, skin care, hair care, toiletries or fragrance business or other business in which the Company is engaged or preparing to become engaged, or that otherwise competes with, or is preparing to compete with, the Company. Notwithstanding anything to the contrary contained in this Section 4(d), if the Participant's employment is terminated without Cause within six (6) months of the Grant Date, the Restricted Stock Units shall not vest and shall become null and void on the last day of active employment (last day worked).

(e) Resignation. If the Participant voluntarily terminates his or her employment (e.g., by voluntarily resigning) other than due to retirement or disability, which are subject to Sections 4(b) and 4(c) above, respectively, all Restricted Stock Units that are not vested as of the effective date of resignation will be forfeited.

(f) Termination of Employment with Cause. If the Participant is terminated for Cause, all Restricted Stock Units that are not vested as of the effective date of the termination will be forfeited. For this purpose, “Cause” means any breach by the Participant of any of his or her material obligations under any Company policy or procedure, including, without limitation, the Code of Conduct. Notwithstanding the foregoing, in the case of a Participant who has an employment agreement that includes a definition of “Cause,” “Cause” for purposes of this Section 4(f) shall have the same meaning as defined in such employment agreement in effect between the Participant and the Company or its U.S. subsidiary, including an employment agreement entered into after the Grant Date.

(g) Termination after a Change in Control. If, on or after a Change in Control, the Participant terminates for Good Reason (as defined below), dies, becomes disabled, formally retires, or is terminated at the instance of the Company or relevant subsidiary without Cause, in each case as described in this Section 4, the unvested Restricted Stock Units will immediately vest in full and, solely if such Change in Control constitutes a “change in control event” within the meaning of Section 409A of the Code and such termination occurs within two (2) years of such “change in control event,” will be immediately paid. Otherwise, such Restricted Stock Units will immediately vest, but will only be paid at such times as they would otherwise be paid in accordance with this Agreement. For this purpose, “Good Reason” means the occurrence of any of the following, without the express written consent of the Participant:

(i) the assignment to the Participant of any duties inconsistent in any material adverse respect with the Participant’s position, authority or responsibilities immediately prior to the Change in Control, or any other material adverse change in such position, including title, authority or responsibilities;

(ii) any failure by the Company to pay any amounts for compensation or benefits owed to the Participant or a material reduction of the overall amounts of compensation and benefits in effect prior to the Change in Control, other than an insubstantial or inadvertent failure remedied by the Company promptly after receipt of notice thereof given by the Participant;

(iii) the Company’s requiring the Participant to be based at any office or location more than fifty (50) miles (eighty (80) Kilometers) from that location at which he performed his or her services for the Company immediately prior to the Change in Control, except for travel reasonably required in the performance of the Participant’s responsibilities; or

(iv) any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor, unless such assumption occurs by operation of law.

5. No Rights of Stock Ownership. This grant of Restricted Stock Units does not entitle the Participant to any interest in or to any voting or other rights normally attributable to Share ownership.

6. Withholding Taxes. Regardless of any action the Company or the Participant's employer (the "Employer") takes with respect to any or all income tax, social security (or social insurance), payroll tax, fringe benefits tax, payment on account or other tax-related items related to the participation in the Plan and this Agreement and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by the Participant is and remains his or her responsibility and may exceed the amount actually withheld by the Company or the Employer. Furthermore, the Participant acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired under the Plan and the receipt of any dividends and/or any Dividend Equivalent Rights, and (ii) do not commit to and are under no obligation to structure the terms of the grant of the Restricted Stock Units or any aspect of the Participant's participation in the Plan to reduce or eliminate his or her liability for Tax-Related Items or achieve any particular tax result. If the Participant is or becomes subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable event, or tax withholding event, as applicable, the Participant agrees to pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding obligations of the Company and/or the Employer. In this regard, the Participant authorizes the Company and/or the Employer, or his or her respective agents, at the Company's discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid by the Company and/or the Employer; (ii) withholding from proceeds of the sale of the Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization); and/or (iii) withholding in whole Shares to be issued upon settlement of the Restricted Stock Units, provided that the Company only withholds the amount of whole Shares necessary to satisfy the statutory withholding requirements, not to exceed the maximum withholding tax rate in the Participant's applicable jurisdiction. If the Company satisfies the withholding obligation for the Tax-Related Item by withholding a number of Shares as described herein, the Participant will be deemed to have been issued the full number of Shares due to Participant at vesting, notwithstanding that a number of Shares is held back solely for purpose of paying the Tax-Related Items.

Finally, the Participant further agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of his or her participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

7. Nonassignability. This award may not be assigned, pledged, or transferred, except, if the Participant dies, to a designated beneficiary or by will or by the laws of descent and distribution. The foregoing restrictions do not apply to transfers under a court order, including, but not limited to, any domestic relations order.

8. Effect Upon Employment. The Participant's right to continue to serve the Company or any of its subsidiaries as an officer, employee, or otherwise, is not enlarged or otherwise affected by an award hereunder. Nothing in this Agreement or the Plan gives the Participant any right to continue in the employ of the Company or any of its subsidiaries to interfere in any way with any right the Company or any of its subsidiaries may have to terminate his or her employment at any time. Payment of Shares is not secured by a trust, insurance contract or other funding medium, and the Participant does not have any interest in any fund or specific asset of the Company by reason of this award or the account established on his or her behalf. A Restricted Stock Unit award confers no rights as a shareholder of the Company until Shares are actually delivered to the Participant.

9. Electronic Notice, Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by email or other electronic means. The Participant hereby consents to receive such documents by email or other electronic delivery and agrees to access information concerning the Plan through an on-line or electronic system established and maintained by the Company or by another third party designated by the Company.

10. Data Privacy. As a condition of this Restricted Stock Unit grant, the Participant hereby expressly consents to the collection, use, disclosure, transfer and other processing of his or her personal data as set out in this Section 10 and as otherwise required by applicable law.

The Company, any of its subsidiaries, affiliates, or agents, the Employer, and the Company's stock plan service provider will process personal data of the Participant for the purposes of implementing, managing and administering the Participant's grant of Restricted Stock Units and the Plan. Such personal data, in electronic or other form, may include the Participant's name, home address, telephone number, email address, date of birth, social insurance number or other national identification number, beneficiary information (including beneficiary name, address social insurance number or other national identification number, and date of birth), hire date, salary and deductions, banking details, tax certification information, any shares or directorships held in the Company, details of all equity grants or any other entitlement to Shares awarded, canceled, vested, unvested, or outstanding in the Participant's favor.

For the purposes set out above, personal data may be transferred to countries other than the country in which the Participant resides, including to the United States and Australia. As required by applicable law, when personal data is transferred to a country outside of the country in which the Participant resides, measures will be put in place to ensure that the personal data is protected as required by law. These measures may include European Union Standard Contractual Clauses.

The Participant's personal data will be retained for as long as necessary to implement, manage and administer the Participant's grant of Restricted Stock Units and participation in the Plan. The Participant may request to access, modify or delete his or her personal data, request additional information about the processing of his or her personal data, or refuse or withdraw consent to the processing of his or her personal data by contacting the local human resources representative in writing.

Refusal or withdrawal of consent may affect the Participant's ability to participate in the Plan but will not affect the Participant's employment status or service and career with the Company.

11. Discretionary Nature and Acceptance of Award. The Participant agrees to be bound by the terms of this Agreement and acknowledges, understands and agrees that:

a. The Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement;

b. The award is exceptional, voluntary and occasional, and does not create any contractual or other right to receive future awards, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been awarded in the past;

c. All decisions with respect to future Restricted Stock Units or other awards, if any, will be at the sole discretion of the Company;

d. The Participant's participation in the Plan is voluntary;

e. The Restricted Stock Units and any Shares acquired under the Plan, and the income and value of the same, are not intended to replace any pension rights or compensation;

f. The Participant's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Company or the Employer to terminate the Participant's employment at any time;

g. This award will be deemed accepted unless it is declined by way of written notice by the Participant within thirty (30) days of the Grant Date to the Equity Based Compensation Department of the Company located at 767 Fifth Avenue, New York, NY 10153;

h. The Restricted Stock Units are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or any of its subsidiaries, and which is outside the scope of the Participant's employment or service contract, if any;

i. The Restricted Stock Units and any Shares acquired under the Plan, and the income and value of the same, are not part of the Participant's normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal end of service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Employer, the Company or any of its subsidiaries;

j. In the event the Participant is not an employee of the Company, the Restricted Stock Units and the Participant's participation in the Plan will not be interpreted to form an employment or service contract or relationship with the Company or any subsidiary of the Company;

k. The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

l. In consideration of the award, no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units or diminution in value of the Restricted Stock Units, or Shares acquired upon vesting of the Restricted Stock Units, resulting from termination of the Participant's employment (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed, or the terms of the Participant's employment), and in consideration of the award, the Participant irrevocably releases the Employer, the Company and any of its subsidiaries from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by acknowledging and agreeing to or signing the Notice of Grant, the Participant shall be deemed irrevocably to have waived his or her right to pursue or seek remedy for any such claim or entitlement against the Employer, the Company or subsidiary;

m. For purposes of the Restricted Stock Units, the Participant's employment or service relationship will be considered terminated as of the date the Participant is no longer actively providing services to the Employer, the Company or any of its subsidiaries as determined by the Administrator in its sole discretion (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any);

n. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan or the Participant's acquisition or sale of the underlying Shares; and

o. The Participant is hereby advised to consult with Participant's own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

12. Failure to Enforce Not a Waiver. The Company's failure to enforce at any time any provision of this Agreement does not constitute a waiver of that provision or of any other provision of this Agreement.

13. Governing Law. This Agreement is governed by and is to be construed according to the laws of the State of New York, that apply to agreements made and performed in that state, without regard to its choice of law provisions. For purposes of litigating any dispute that arises under the Restricted Stock Units or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of New York, and agree that such litigation will be conducted in the courts of New York County, New York, or the federal courts for the United States for the Southern District of New York, and no other courts, where the Restricted Stock Units are made and/or to be performed.

14. Partial Invalidity. The invalidity or illegality of any provision of this Agreement will be deemed not to affect the validity of any other provision. Furthermore, it is the parties' intent that any order striking any portion of this Agreement and/or the Plan should modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties hereunder.

15. Entire Agreement. This Agreement and the Plan constitute the entire agreement between the Participant and the Company regarding the award and supersede all prior and contemporaneous agreements and understandings, oral or written, between the parties regarding the award. Except as expressly set forth herein, this Agreement (and any provision of this Agreement) may not be modified, changed, clarified, or interpreted by the parties, except in a writing specifying the modification, change, clarification, or interpretation, and signed by a duly authorized Company officer.

16. Section 409A Compliance. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and any regulations, rulings, or guidance provided thereunder. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may the Participant, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. The Company reserves the unilateral right to amend this Agreement upon written notice to the Participant in order to prevent taxation under Section 409A of the Code.

17. Recoupment. Notwithstanding any other provision of this Agreement to the contrary, the Participant acknowledges and agrees that the Restricted Stock Units, any Shares acquired pursuant thereto and/or any amount received with respect to any sale of such Shares are subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company’s recoupment policy as in effect on the Grant Date and as such policy may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to the Restricted Stock Units and Shares. The Participant agrees and consents to the Company’s application, implementation and enforcement of (a) the recoupment policy, and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation and expressly agrees that the Company may take such actions as are necessary to effectuate the recoupment policy (as applicable to the Participant) or applicable law without further consent or action being required by the Participant. For purposes of the foregoing, the Participant expressly and explicitly authorizes the Company to issue instructions, on his or her behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold his or her Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company upon the enforcement of the provisions contained in this Section 17. To the extent that the terms of this Agreement and the recoupment policy conflict, the terms of the recoupment policy shall prevail.

18. Insider Trading/Market Abuse Laws. By participating in the Plan, the Participant agrees to comply with the Company’s Insider Trading Policy. Further, the Participant acknowledges that the Participant’s country of employment (and country of residence, if different) may also have laws or regulations governing insider trading and that such laws or regulations may impose additional restrictions on the Participant’s ability to participate in the Plan (e.g., acquiring or selling Shares) and that the Participant is solely responsible for complying with such laws or regulations.

19. Private Placement. The grant of the Restricted Stock Units is not intended to be a public offering of securities in the Participant’s country of employment (and country of residence, if different). The Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under law), and this grant of Restricted Stock Units is not subject to the supervision of the local authorities.

20. Exchange Control, Tax and/or Foreign Asset/Account Reporting. The Participant acknowledges that there may be exchange control, tax, foreign asset and/or account reporting requirements that may affect the Participant’s ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any Dividend Equivalents Rights paid with respect to the Restricted Stock Units or dividends paid on Shares acquired under the Plan) in a brokerage/bank account or legal entity outside the Participant’s country of employment (and country of residence, if different). The Participant may be required to report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the tax or other authorities in the Participant's country of employment (and country of residence, if different). The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country of employment (and country of residence, if different) through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

21. Language. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control, unless otherwise prescribed by local law.

22. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

23. Addendum. The award shall be subject to any terms and conditions for the Participant's country of employment (and country of residence, if different) set forth in an addendum attached hereto ("Addendum"). Moreover, if the Participant transfers residence and/or employment to another country reflected in an Addendum to this Agreement, the terms and conditions for such country will apply to the Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the Restricted Stock Unit and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer). Any applicable Addendum constitutes part of this Agreement.

24. Hedging Policy and Pledging Policy. Employees are subject to the Company's Hedging Policy that, among other things, prohibits employees from hedging outstanding equity grants. This means you may not hedge the equity award represented by this Agreement or any outstanding equity awards represented by previous agreements. Employees are also subject to the Company's Pledging Policy. The Hedging Policy and Pledging Policy are available on the Corporate Intranet.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer as of the Grant Date set forth in the Notice of Grant.

The Estée Lauder Companies Inc.

By: ______________________________

Michael O'Hare
Executive Vice President,
Global Human Resources

ADDENDUM
COUNTRY-SPECIFIC PROVISIONS FOR NON-U.S. PARTICIPANTS

In addition to the terms and conditions set forth in the Agreement, the Restricted Stock Units awarded are subject to the following terms and conditions. If the Participant is employed in a country identified in this Addendum, the additional terms and conditions for such country will apply. If the Participant transfers to one of the countries identified in this Addendum, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable to comply with local laws, rules and/or regulations or to facilitate the operation and administration of the Restricted Stock Units awarded and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate the Participant's transfer).

All defined terms contained in this Addendum shall have the same meaning as set forth in the Plan and the Agreement.

ARGENTINA

Securities Law Notification. Neither the Restricted Stock Units nor the underlying Shares are publicly offered or listed on any stock exchange in Argentina. The Company's grant of Restricted Stock Units is private and is not subject to the supervision of any Argentine governmental authority.

AUSTRALIA

Breach of Law. Notwithstanding anything to the contrary in the Agreement or the Plan, the Participant will not be entitled to, and shall not claim any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Corporations Act 2001 (Cth), any other provision of that Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits.

Tax Deferral. Restricted Stock Units awarded under the Agreement are intended to be subject to tax deferral under Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (subject to the conditions in that act).

Australian Offer Document. In addition to the Agreement and the Plan, the Participant must review the Australian Offer Document for additional important information pertaining to the Restricted Stock Units. By accepting the Restricted Stock Units, the Participant acknowledges and confirms that the Participant has reviewed these documents.

BRAZIL

Compliance with Law. By accepting the Restricted Stock Units, the Participant acknowledges and agrees to comply with applicable Brazilian laws to pay any and all applicable taxes associated with the vesting of the Restricted Stock Units, the receipt of any dividends or dividend equivalents, and the sale of Shares acquired under the Plan.

Labor Law Acknowledgment. The Participant expressly acknowledges and agrees, for all legal purposes, (a) the benefits provided under the Agreement and the Plan are the result of commercial transactions unrelated to the Participant's employment; (b) the Agreement and the Plan are not a part of the terms and conditions of the Participant's employment; and (c) the income from the Restricted Stock Units, if any, is not part of the Participant's remuneration from employment.

CANADA

Settlement in Shares Only. Notwithstanding anything to the contrary in the Agreement or the Plan, if the Participant is a resident of Canada, all Restricted Stock Units shall be settled only in Shares (and may not be settled in cash).

English Language. The parties to the Agreement acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. ***Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.***

CHILE

Private Placement. The following provision shall supplement Section 19 (Private Placement) of the Agreement:

The grant of the Restricted Stock Units hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement.

a) The starting date of the offer is the Grant Date (as defined in the Agreement), a) and this offer conforms to General Ruling no. 336 of the Chilean Superintendence of Securities and Insurance;

b) The offer deals with securities not registered in the registry of securities or in the registry of foreign securities of the Chilean Superintendence of Securities and Insurance, and therefore such securities are not subject to its oversight;

c) The Company is not obligated to provide public information in Chile regarding the foreign securities, as such securities are not registered with the Chilean Superintendence of Securities and Insurance; and

d) The foreign securities shall not be subject to public offering as long as they are not registered with the corresponding registry of securities in Chile.

a) *La fecha de inicio de la oferta será el de la fecha de otorgamiento (o* "*Grant Date*"*, según este término se define en el documento denominado* "*Agreement*"*) y esta oferta se acoge a la norma de Carácter General n° 336 de la Superintendencia de Valores y Seguros Chilena; La oferta versa sobre valores no inscritos en el registro de valores o en el*

b) *registro de valores extranjeros que lleva la Superintendencia de Valores y Seguros Chilena, por lo que tales valores no están sujetos a la fiscalización de ésta;*

c) *Por tratar de valores no inscritos no existe la obligación por parte del emisor de entregar en Chile información pública respecto de esos valores; y*

d) *Esos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente.*

CHINA

Foreign Exchange Control Laws. The following provisions shall govern the Participant's participation in the Plan if the Participant is a national of the People's Republic of China ("China") resident in mainland China, or if determined to be necessary or appropriate by the Company in its sole discretion:

The Participant agrees to hold the Shares received upon settlement of the Restricted Stock Units with the Company's designated broker. Upon a termination of employment or service for any reason, the Participant shall be required to sell all Shares issued pursuant to the Restricted Stock Units as soon as administratively possible (or such period as may be required by the State Administration of Foreign Exchange or the Company) of the termination date and repatriate the sales proceeds to China in the manner designated by the Company. For purposes of the foregoing, the Company shall establish procedures for effectuating the forced sale of the Shares (including procedures whereby the Company may issue sell instructions on behalf of the Participant), and the Participant hereby agrees to comply with such procedures and take any and all actions as the Company determines, in its sole discretion, are necessary or advisable for purposes of complying with local laws, rules and regulations in China.

The Participant understands and agrees that the repatriation of dividends and sales proceeds may need to be effected through a special exchange control account established by the Company or its subsidiaries, and the Participant hereby consents and agrees that dividends issued on Shares and sales proceeds from the sale of Shares acquired under the Plan may be transferred to such account by the Company on the Participant's behalf prior to being delivered to the Participant. Dividends and/or sales proceeds may be paid to the Participant in U.S. dollars or local currency at the Company's discretion. If dividends and/or sales proceeds are paid to the Participant in U.S. dollars, the Participant understands that the Participant will be required to set up a U.S. dollar bank account in China so that the dividends or proceeds may be deposited into this account. If dividends and/or sales proceeds are paid to the Participant in local currency, the Participant acknowledges that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the dividends and/or proceeds to local currency due to exchange control restrictions. The Participant agrees to bear any currency fluctuation risk between the time dividends are issued or Shares are sold and the net proceeds are converted into local currency and distributed to the Participant. The Participant further agrees to comply with any other requirements that may be imposed by the Company or its subsidiaries in China in the future in order to facilitate compliance with exchange control requirements in China. The Participant acknowledges and agrees that the processes and requirements set forth herein shall continue to apply following the Participant's termination of employment.

Neither the Company nor any of its subsidiaries shall be liable for any costs, fees, lost interest or dividends or other losses the Participant may incur or suffer resulting from the enforcement of the terms of this Addendum or otherwise from the Company's operation and enforcement of the Plan, the Agreement and the Restricted Stock Units in accordance with Chinese law including, without limitation, any applicable State Administration of Foreign Exchange rules, regulations and requirements.

COLOMBIA

Labor Law Acknowledgment. The Participant acknowledges that, pursuant to Article 128 of the Colombian Labor Code, the Plan and related benefits do not constitute a component of his or her "salary" for any legal purpose.

DENMARK

Stock Option Act. Notwithstanding any provisions in the Agreement to the contrary, if the Participant is determined to be an "Employee," as defined in section 2 of the Danish Act on the Use of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the "Stock Option Act"), the treatment of the Restricted Stock Units upon Termination shall be governed by Sections 4 and 5 of the Stock Option Act. However, if the provisions in the Agreement or the Plan governing the treatment of the Restricted Stock Unit upon a Termination are more favorable, the provisions of the Agreement or the Plan will govern.

FRANCE

English Language. The Participant acknowledges and agrees that it is the Participant's wish that the Agreement, this addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Stock Units, either directly or indirectly, be drawn up in English.

Langue anglaise. Le bénéficiaire admet et convient que c'est l'intention exprès du bénéficiaire que l'Accord, le Plan et tous les autres documents, remarque et les poursuites judiciaires entrées, données ou instituées conformément au Restricted Stock Units, être établi dans l'anglais. Si le bénéficiaire a reçu l'Accord, le Plan ou autres documents rattachés au Restricted Stock Units traduit dans une langue autre que l'anglais et si le sens de la version traduite est différent que la version anglaise, la version anglaise contrôlera

HONG KONG

IMPORTANT NOTICE. WARNING: The contents of the Agreement, this Addendum, the Plan, and all other materials pertaining to the Restricted Stock Units and/or the Plan have not been reviewed by any regulatory authority in Hong Kong. The Participant is hereby advised to exercise caution in relation to the offer thereunder. If the Participant has any doubts about any of the contents of the aforesaid materials, the Participant should obtain independent professional advice.

Settlement in Shares Only. Notwithstanding anything to the contrary in the Agreement or the Plan, if the Participant is a resident of Hong Kong, all Restricted Stock Units shall be settled only in Shares (and may not be settled in cash).

Nature of the Plan. The Company specifically intends that the Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Scheme Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purpose of ORSO, the grant of Restricted Stock Units shall be null and void.

INDIA

Repatriation Requirements. The Participant understands that he or she must repatriate any cash dividends paid on Shares acquired under the Plan and any proceeds from the sale of such Shares to India within a certain period of time after receipt of the proceeds. It is the Participant's sole responsibility to comply with applicable exchange control laws in India.

ISRAEL

Indemnification for Tax Liabilities. The Participant expressly consents and agrees to indemnify the Company and/or its subsidiaries and hold them harmless from any and all liability attributable to taxes, interest or penalties thereon, including without limitation, liabilities relating to the necessity to withhold any taxes from the settlement of the Restricted Stock Units or any other payments made to the Participant pursuant to the Restricted Stock Units.

ITALY

Data Privacy. The following provision shall replace Section 10 (Data Privacy) of the Agreement in its entirety:

The Participant understands that the Employer and/or the Company hold certain personal information about the Participant, including but not limited to, the Participant's name, home address, email address and telephone number, date of birth, national insurance number or other identification number, salary, nationality, job title, any Shares or directorship held in the Company, details of all awards or other entitlement to Shares awarded, cancelled, vested, unvested or outstanding in the Participant's favor ("Data"), for purpose of implementing, administering and managing the Plan. The Participant is aware that providing the Company with Data is necessary for the performance of the Agreement and that the Participant's refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect the Participant's ability to participate in the Plan.

The Controller of personal data processing is Estée Lauder Companies Inc., 767 Fifth Avenue, New York, New York 10153, U.S.A., its representative in Italy Estée Lauder S.r.l. with registered offices at Via Turati, 3, Milano, 20121 Italy. The Participant understands that Data may be transferred to third parties assisting in the implementation, administration and management of the Plan, including any transfer required to a broker or other third party with whom Shares acquired pursuant to this grant of Restricted Stock Units or cash from the sale of such Shares may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in the Participant's country, or elsewhere, including outside of the European Union and the recipient's country may have different data privacy laws and protections than the Participant's country. The processing activity, including the transfer of the Participant's personal data abroad, out of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require the Participant's consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. The Participant understands that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to D.lgs. 196/200

The Participant understands that Data will be held only as long as is required by law or as necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that, pursuant to art 7 of D.lgs 196/2003, the Participant has the right, including but not limited to, to access, delete, update, request the rectification of the Data and cease, for legitimate reasons, Data processing. Furthermore, the Participant is aware that Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address, Via Turati, 3, Milano, 20121 Italy.

MALAYSIA

Data Privacy. The following provision shall replace Section 10 (Data Privacy) of the Agreement in its entirety:

The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data, as described in this addendum and any other grant materials by and among, as applicable, the Company and Subsidiaries for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company and subsidiaries may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, e-mail address, salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data"). The Data is supplied by the Company and also by the Participant through information collected in connection with the Agreement and the Plan.

The Participant understands that Data will be transferred to the current stock plan service providers or a stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the

Peserta dengan ini secara eksplisit dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi seperti yang diterangkan dalam Lampiran ini dan apa-apa bahan pemberian yang lain oleh dan di antara, seperti yang berkenaan, Syarikat dan Anak-anak Syarikat untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan penyertaan Peserta di dalam Pelan.

Peserta memahami bahawa Syarikat Anak-anak Syarikat mungkin memegang maklumat peribadi tertentu tentang Peserta, termasuk, tetapi tidak terhad kepada, nama Peserta, alamat rumah dan nombor telefon, tarikh lahir, nombor insurans sosial atau nombor pengenalan lain, e-mel, gaji, kewarganegaraan, jawatan, apa-apa Saham atau jawatan pengarah yang dipegang dalam Syarikat, butir-butir semua Anugerah, atau apa-apa hak lain atas Saham yang

dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun yang belum dijelaskan bagi faedahanda, untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan tersebut ("Data"). Data tersebut dibekalkan oleh Syarikat dan juga oleh Peserta berkenaan dengan Perjanjian dan Pelan.

Peserta memahami bahawa Data ini akan dipindahkan kepada pembekal perkhidmatan pelan saham semasa atau pembekal

implementation, administration and management of the Plan. The Participant understands that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that if the Participant resides outside the United States, the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Participant's local human resources representative at Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia. The Participant authorizes the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of the awards may be deposited. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that if the Participant resides outside the United States, the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data, limit the processing of Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Participant's local human resources representative. Further, the Participant understands that the Participant is providing the consent herein on a purely voluntary basis. If the Participant does not

perkhidmatan pelan saham yang mungkin dipilih oleh Syarikat pada masa depan, yang membantu Syarikat dengan pelaksanaan, pentadbiran dan pengurusan Pelan. Peserta memahami bahawa penerima-penerima Data mungkin berada di Amerika Syarikat atau mana-mana tempat lain, dan bahawa negara penerima-penerima (contohnya, Amerika Syarikat) mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara Peserta. Peserta memahami bahawa sekiranya Peserta menetap di luar Amerika Syarikat, Peserta boleh meminta satu senarai yang mengandungi nama-nama dan alamat-alamat penerima-penerima Data yang berpotensi dengan menghubungi wakil sumber manusia tempatan Peserta di Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia. Peserta memberi kuasa kepada Syarikat, pembekal perkhidmatan pelan saham dan mana-mana penerima-penerima kemungkinan lain yang mungkin akan membantu Syarikat (pada masa sekarang atau pada masa depan) dengan melaksanakan, mentadbir dan menguruskan Pelan untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, bagi tujuan melaksanakan, mentadbir dan menguruskan penyertaan Peserta di dalam Pelan, termasuk segala pemindahan Data tersebut sebagaimana yang dikehendaki kepada broker, egen eskrow atau pihak ketiga dengan siapa Saham diterima semasa peletakhakan Anugerah mungkin didepositkan. Peserta memahami bahawa Data hanya akan disimpan selagi ia adalah diperlukan untuk melaksanakan, mentadbir, dan menguruskan penyertaan Peserta dalam Pelan. Peserta memahami bahawa sekiranya Peserta menetap di luar Amerika Syarikat, Peserta boleh, pada bila-bila masa, melihat Data, meminta maklumat tambahan mengenai penyimpanan dan pemprosesan Data, meminta bahawa pindaan-pindaan dilaksanakan ke atas Data, *consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's employment status or service and career with the Company will not be adversely affected; the only adverse consequence of refusing or withdrawing the Participant's consent is that the Company may not be able to grant the Participant equity awards or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Participant's local human resources representative.*

Please take note that by electronically accepting this Agreement, the Participant has confirmed that the Participant explicitly, voluntarily and unambiguously consents to the collection, use and transfer of the Participant's personal data in accordance with the terms in this notification. However, if for any reason the Participant does not consent to the processing of the Participant's personal data, the Participant has the right to reject such consent by contacting the Participant's local human resources representative at Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia.

mengehadkan pemprosesan Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis tempatan wakil sumber manusia Peserta. Selanjutnya, Peserta memahami bahawa Peserta memberikan persetujuan di sini secara sukarela semata-mata. Sekiranya Peserta tidak bersetuju, atau sekiranya Peserta kemudian membatalkan persetujuan, status Peserta pekerjaan atau perkhidmatan dan kerjaya dengan Syarikat tidak akan terjejas; satu-satunya akibat buruk sekiranya Peserta tidak bersetuju atau menarik balik Peserta persetujuan adalah bahawa Syarikat tidak akan dapat memberikan Peserta anugerah ekuiti lain atau mentadbir atau mengekalkan anugerah-anugerah tersebut. Oleh itu, Peserta memahami bahawa keengganan atau penarikan balik persetujuan boleh menjejaskan keupayaan Peserta untuk mengambil bahagian dalam Pelan. Untuk maklumat lebih lanjut mengenai akibat-akibat keengganan Peserta untuk memberikan keizinan atau penarikan balik keizinan, Peserta memahami bahawa Peserta boleh menghubungi wakil sumber manusia tempatan.

Sila ambil perhatian bahawa dengan menerima Perjanjian ini secara elektronik, Peserta mengesahkan bahawa Peserta secara eksplisit, sukarela, dan tanpa sebarang keraguan bersetuju dengan pengumpulan, penggunaan, dan pemindahan data peribadi Peserta mengikut terma-terma dalam notis ini. Walaubagaimanapun, jika atas apa-apa sebab-sebab tertentu Peserta tidak bersetuju dengan pemprosesan data peribadi, Peserta mempunyai hak untuk menolak persetujuan Peserta dengan menghubungi wakil sumber manusia tempatan di masukkan Estée Lauder Malaysia Sdn. Bhd, Suite 18.01, Level 18, Centrepoint South, The Boulevard, Mid Valley City, Lingkaran Syed Putra, Kuala lumpur 59200, Malaysia.

MEXICO

Commercial Relationship. The Participant expressly recognizes and acknowledges that the Participant's participation in the Plan and the Company's grant of Restricted Stock Units do not constitute an employment relationship between the Participant and the Company. The Participant has been granted the Restricted Stock Units as a consequence of the commercial relationship between the Company and his or her Employer ECLA S.A. de C.V. or Lauder Cosmeticos S.A. de C.V. ("Estée Lauder Mexico"), and Estée Lauder Mexico is the Participant's sole Employer. Based on the foregoing, (a) the Participant expressly recognizes that the Plan and the benefits the Participant may derive from the Participant's participation in the Plan do not establish any rights between the Participant and Estée Lauder Mexico, (b) the Plan and the benefits the Participant may derive from the Participant's participation in the Plan are not part of the employment conditions and/or benefits provided by Estée Lauder Mexico, and (c) any modifications or amendments of the Plan by the Company, or a termination of the Plan by the Company, shall not constitute a change or impairment of the terms and conditions of the Participant's employment with Estée Lauder Mexico.

Extraordinary Item of Compensation. The Participant expressly recognizes and acknowledges that the Participant's participation in the Plan is a result of the discretionary and unilateral decision of the Company, as well as the Participant's free and voluntary decision to participate in the Plan in accordance with the terms and conditions of the Plan, the Agreement and this Addendum. As such, the Participant acknowledges and agrees that the Company, in its sole discretion, may amend and/or discontinue the Participant's participation in the Plan at any time and without any liability. The value of the Restricted Stock Units is an extraordinary item of compensation outside the scope of the Participant's employment contract, if any. The Restricted Stock Units are not part of the Participant's regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of the Company's subsidiary in Mexico that employs the Participant.

NETHERLANDS

Waiver of Termination Rights. The Participant waives any and all rights to compensation or damages as a result of a termination of employment or service, insofar as those rights result or may result from: (a) the loss or diminution in value of such rights or entitlements under the Plan; or (b) the Participant ceasing to have rights, or ceasing to be entitled to any Restricted Stock Unit awards under the Plan as a result of such termination.

NEW ZEALAND

Securities Law Notice.

Warning

This is an offer of Restricted Stock Units which, upon vesting and settlement in accordance with the terms of the Plan and the Agreement, will be converted into Shares. Shares give the Participant a stake in the ownership of the Company. The Participant may receive a return on the Shares acquired under the Plan if dividends are paid.

If the Company runs into financial difficulties and is wound up, the Participant will be paid only after all creditors and holders of preference shares have been paid. The Participant may lose some or all of his or her investment, if any.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors make an informed decision. The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, the Participant may not be given all the information usually required. The Participant also will have fewer other legal protections for this investment. On this basis, the Participant is advised to ask questions, read all documents carefully, and seek independent financial advice before committing.

The Shares are quoted on the New York Stock Exchange ("NYSE"). This means that if the Participant acquires Shares under the Plan, the Participant may be able to sell the Shares on the NYSE if there are interested buyers. The price will depend on the demand for the Shares.

For information on risk factors impacting the Company's business that may affect the value of the Shares, the Participant should refer to the risk factors discussion on the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's "Investor Relations" website at www.elcompanies.com/investors.

PANAMA

Securities Law Notice. The grant of the Restricted Stock Units and the issuance of Shares at vesting are not subject to registration under Panamanian law as they are not intended for the public, but solely for the Participant's benefit.

PERU

Labor Law Acknowledgement. In accepting the Restricted Stock Units, the Participant acknowledges that the Restricted Stock Units are granted *ex gratia* for the purpose of rewarding the Participant as set forth in the Plan.

Securities Law Notice. The grant of the Restricted Stock Units is considered a private offering in Peru; therefore, neither the grant of Restricted Stock Units, nor the issuance of Shares at vesting of the Restricted Stock Units, is subject to securities registration in Peru. For more information concerning the offer, the Participant should refer to the Plan, this Agreement and any other grant documents made available to the Participant by the Company. For more information regarding the Company, the Participant should refer to the Company's most recent annual report on Form 10-K and quarterly report on Form 10-Q available at www.sec.gov, as well as on the Company's "Investor Relations" website at www.elcompanies.com/investors.

PORTUGAL

Language Consent. The Participant hereby expressly declares that he or she has full knowledge of the English language and has read, understood and freely accepted and agreed with the terms and conditions established in the Plan and this Agreement.

Conhecimento da Língua. Pela presente, o Participante declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo (Agreement em inglés).

ROMANIA

Termination. The following provision shall supplement Section 4 (Termination of Employment of the Agreement:

Termination of employment shall include the situation where the Participant's employment contract is terminated by operation of law on the date the Participant reaches the standard retirement age and has completed the minimum contribution record for receipt of state retirement pension or the relevant authorities award the Participant an early-retirement pension of any type.

English Language. The Participant hereby expressly agrees that this Agreement, the Plan as well as all documents, notices and proceedings entered into, relating directly or indirectly hereto, be drawn up or communicated only in the English language. *Angajatul consimte în mod expres prin prezentul ca acest Contract, Planul precum şi orice alte documente, notificări, înştiinţări legate direct sau indirect de acest Contract să fie redactate sau efectuate doar în limba engleză.*

RUSSIA

Securities Law Notification. The Agreement, the Plan and all other materials that the Participant may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. Absent any requirement under local law, the issuance of securities pursuant to the Plan has not and will not be registered in Russia; hence, the securities described in any Plan related documents may not be used for offering or public circulation in Russia.

Repatriation Requirements. The Participant expressly agrees to promptly repatriate proceeds resulting from the sale of Shares acquired under the Plan to a foreign currency account at an authorized bank in Russia if legally required at the time the Shares are sold and to comply with all applicable local foreign exchange rules and regulations. Neither the Company nor any of its subsidiaries shall be liable for any fines or penalties resulting from the Participant's failure to comply with applicable law. Russian residents are advised to contact their personal advisor regarding their obligation resulting from their participation in the Plan as significant penalties may apply in the case of non-compliance with exchange control requirements and because such exchange control requirements may change.

Data Privacy. This provision shall supplement Section 10 (Data Privacy) of the Agreement:

The Participant hereby acknowledges that the Participant has read and understood the terms regarding collection, processing and transfer of Data contained in Section 10 (Data Privacy) of the Agreement and, by participating in the Plan, the Participant agrees to provide an executed data privacy consent to the Employer or the Company (or any other agreements or consent that may be required by the Employer or the Company) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in Russia, either now or in the future. The Participant understand that the Participant may not be able to participate in the Plan if the Participant fails to execute any such consent or agreement.

SINGAPORE

Qualifying Person Exemption. The grant of the Restricted Stock Units under the Plan is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (the "SFA"). The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore and is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. The Participant should note that, as a result, the Restricted Stock Units are subject to section 257 of the SFA and the Participant will not be able to make: (a) any subsequent sale of the Shares underlying the Restricted Stock Units in Singapore; or (b) any offer of such subsequent sale of the Shares subject to the Restricted Stock Units in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA.

SOUTH AFRICA

Securities Law Notice. Neither the Restricted Stock Units nor the underlying Shares shall be publicly offered or listed on any stock exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority.

Withholding Taxes. The following provision shall supplement Section 6 (Withholding Taxes) of the Agreement:

By accepting the Restricted Stock Units, the Participant agrees to notify his or her Employer of the amount of any gain realized upon vesting of the Restricted Stock Units. If the Participant fails to advise the Employer of the gain realized upon vesting of the Restricted Stock Units, the Participant may be liable for a fine. The Participant will be responsible for paying any difference between the actual tax liability and the amount withheld.

Exchange Control Obligations. The Participant is solely responsible for complying with applicable exchange control regulations and rulings (the "Exchange Control Regulations") in South Africa. As the Exchange Control Regulations change frequently and without notice, the Participant should consult the Participant's legal advisor prior to the acquisition or sale of Shares under the Plan to ensure compliance with current Exchange Control Regulations. Neither the Company nor any of its subsidiaries shall be liable for any fines or penalties resulting from the Participant's failure to comply with applicable laws, rules or regulations.

SPAIN

Securities Law Notice. No "offer of securities to the public," within the meaning of Spanish law, has taken place or will take place in the Spanish territory in connection with the Restricted Stock Unit. The Plan, the Agreement (including this Addendum) and any other documents evidencing the grant of the Restricted stock Units have not, nor will they be, registered with the *Comisión Nacional del Mercado de Valores* (the Spanish securities regulator) and none of those documents constitute a public offering prospectus.

Acknowledgement of Discretionary Nature of the Plan; No Vested Rights. By accepting the Restricted Stock Units, the Participant consents to participation in the Plan and acknowledges receipt of a copy of the Plan.

The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion granted Restricted Stock Units under the Plan to individuals who may be Participants of the Company or its subsidiaries throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its subsidiaries on an ongoing basis. Consequently, the Participant understands that the Restricted Stock Units are granted on the assumption and condition that the Restricted Stock Units and the Shares acquired upon settlement of the Restricted Stock Units shall not become a part of any employment contract (either with the Company or any of its subsidiaries) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Participant understands that this grant would not be made to the Participant but for the assumptions and conditions referenced above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason the Restricted Stock Units shall be null and void.

The Participant understands and agrees that, as a condition of the Restricted Stock Units, unless otherwise provided in Section 4 (Termination of Employment) of the Agreement, any unvested Restricted Stock Units as of the date the Participant ceases active employment will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of termination of employment or service. The Participant acknowledges that the Participant has read and specifically accepts the conditions referred to in the Agreement regarding the impact of a termination on the Restricted Stock Units.

Termination for Cause. Notwithstanding anything to the contrary in the Plan or the Agreement, "Cause" shall be as defined as set forth in the Agreement, regardless of whether the termination is considered a fair termination (i.e., "despido procedente") under Spanish legislation.

SWITZERLAND

Securities Law Notification. The grant of the Restricted Stock Units and the issuance of any Shares is not intended to be a public offering in Switzerland. Neither this Addendum nor any other materials relating to the Restricted Stock Units constitute a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations. Neither this document nor any other offering or marketing materials relating to the Restricted Stock Units have been or will be filed with, or approved or supervised by, any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority (FINMA)).

TURKEY

Securities Law Notification. The sale of Shares acquired under the Plan is not permitted within Turkey. The Shares are currently traded on the New York Stock Exchange ("NYSE"), which is located outside of Turkey, under the symbol "EL" and the Shares may be sold through the NYSE.

UNITED ARAB EMIRATES

Securities Law Notification. The Agreement, the Plan and other incidental communication materials concerning the Restricted Stock Units are intended for distribution only to Participants of the Company or its subsidiaries. The Dubai Technology and Media Free Zone Authority, Emirates Securities and Commodities Authority and/or the Central Bank has no responsibility for reviewing or verifying any documents in connection with the Restricted Stock Units. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved these communications nor taken steps to verify the information set out in them, and have no responsibility for them. Further, the Shares underlying the Restricted Stock Units may be illiquid and/or subject to restrictions on their resale. Participant should conduct his or her own due diligence on the Restricted Stock Units and the Shares. If Participant is in any doubt about any of the contents of the grant or other incidental documents, he or she should obtain independent professional advice.

UNITED KINGDOM

Withholding Taxes. The following provision shall supplement Section 6 (Withholding Taxes) of the Agreement:

If payment or withholding of the income tax due in connection with the awarded Restricted Stock Units is not made within ninety (90) days after the end of the U.K. tax year in which the event giving rise to the income tax liability occurred or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected income tax shall constitute a loan owed by the Participant to his or her Employer, effective as of the Due Date. The Participant agrees that the loan will bear interest at the then-current official rate of Her Majesty's Revenue & Customs ("HMRC"), it shall be immediately due and repayable, and the Company or the Employer may recover it at any time thereafter by any of the means referred to in Section 6 (Withholding Taxes) of the Agreement. Notwithstanding the foregoing, if the Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), he or she shall not be eligible for a loan from the Company to cover the income tax liability. In the event that the Participant is a director or executive officer and the income tax is not collected from or paid by him or her by the Due Date, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and national insurance contributions ("NICs") will be payable. The Participant will be responsible for paying and reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime, and for reimbursing the Company or the Employer (as applicable) the value of any Participant NICs due on this additional benefit.

Exclusion of Claim. The Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant's ceasing to have rights under or to be entitled to the Restricted Stock Units, whether or not as a result of termination of employment or service (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the Restricted Stock Units. Upon the grant of the Restricted Stock Units, the Participant shall be deemed to have waived irrevocably any such entitlement.

VENEZUELA

Securities Law Notification. The Restricted Stock Units granted under the Plan and the Shares issued under the Plan are offered as a personal, private, exclusive transaction and are not subject to Venezuelan securities regulations. This offering does not qualify as a public offering under the laws of the Bolivarian Republic of Venezuela and, therefore, it is not required to request the previous authorization of the National Superintendent of Securities.

Investment Representation. As a condition of the Restricted Stock Units, the Participant acknowledges and agrees that any Shares the Participant may acquire upon the vesting of the Restricted Stock Units are acquired as and intended to be an investment rather than the resale of the Shares and conversion of Shares into foreign currency.

NOTICE OF GRANT
UNDER
THE ESTÉE LAUDER COMPANIES INC.
AMENDED AND RESTATED FISCAL 2002 SHARE INCENTIVE PLAN (The "Plan")

This is to confirm that you were awarded a grant of Restricted Stock Units at the most recent meeting of the Stock Plan Subcommittee of the Compensation Committee of the Board of Directors representing the right upon vesting of such units to receive shares of Class A Common Stock of The Estée Lauder Companies Inc. (the "Shares"), subject to the terms of the Plan and the Restricted Stock Unit Agreement. This award was made in recognition of the significant contributions you have made as a key employee of the Company, and to motivate you to achieve future successes by aligning your interests more closely with those of our stockholders. This Restricted Stock Unit award is granted under and governed by the terms and conditions of the Plan and the Restricted Stock Unit Agreement (the "Agreement") made part hereof. The Agreement and Summary Plan Description can be viewed via your online account. Please read these documents and keep them for future reference. The specific terms of your award are as follows:

Participant:	**Name**
Employee Number:	#
Number of Restricted Stock Units:	**#**
Grant Date:	**XXX**
Vesting Commencement Date:	**XXX**

Grant Plan: The Estée Lauder Companies Inc. Amended and Restated Fiscal 2002 Share Incentive Plan

Vesting Schedule: Subject to Participant's continuous employment, this Restricted Stock Unit grant shall vest as to the number of Shares set forth below:

Shares	**Vesting Date**
#	**XXX**
#	**XXX**
#	**XXX**

Vesting Period: The Vesting Commencement Date through and including the applicable date set forth in the Vesting Schedule

Questions regarding the award can be directed to **XXX.**

If you wish to accept this grant, **please sign this Notice of Grant and return immediately to:**

Compensation Department
28 West 23rd Street, 8th Floor
New York, New York 10010

The undersigned hereby accepts, and agrees to, all terms and provisions of the Agreement, including those contained in this Notice of Grant.

By ____________________________________ Date ____________________________

EXHIBIT 21.1

THE ESTÉE LAUDER COMPANIES INC.

SIGNIFICANT SUBSIDIARIES

All significant subsidiaries are wholly-owned by The Estée Lauder Companies Inc. and/or one or more of its wholly-owned subsidiaries.

Name	Jurisdiction in which Organized
ELCA Cosmetics GmbH	Switzerland
ELC Management LLC	Delaware
Estee Lauder Cosmetics Limited	United Kingdom
Estee Lauder Europe, Inc.	Delaware
Estee Lauder Inc.	Delaware
Estee Lauder International, Inc.	Delaware
Estee Lauder Luxembourg S.a.R.L.	Luxembourg
Estee Lauder BV	Belgium
Estee Lauder (Shanghai) Commercial Company Ltd.	China
Estee Lauder AG Lachen	Switzerland
NEDP Holding S.a.R.L.	Luxembourg
Too Faced Cosmetics, LLC	Delaware

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
The Estée Lauder Companies Inc.:

We consent to the incorporation by reference in the registration statement numbers 33-99554, 333-49606, 333-72684, 333-126820, 333-131527, 333-147262, 333-161452, 333-170534, 333-208133 on Form S-8 and registration statement numbers 333-225076 and 333-204381 on Form S-3 of The Estée Lauder Companies Inc. and subsidiaries of our reports dated August 23, 2019, with respect to the consolidated balance sheets of The Estée Lauder Companies Inc. and subsidiaries as of June 30, 2019 and 2018, and the related consolidated statements of earnings, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended June 30, 2019, and the related notes and financial statement schedule (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of June 30, 2019, which reports appear in the June 30, 2019 annual report on Form 10-K of The Estée Lauder Companies Inc. and subsidiaries.

Our report on the consolidated financial statements refers to a change in the method of accounting for revenue and related costs effective July 1, 2018 due to the adoption of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers.*

/s/ KPMG LLP

New York, New York
August 23, 2019

EXHIBIT 24.1

POWER-OF-ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints William P. Lauder, Fabrizio Freda and Tracey T. Travis, and each of them, such person's true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, for such person and in such person's name, place and stead, in any and all capacities to sign the Annual Report on Form 10-K for the fiscal year ended June 30, 2019 of The Estée Lauder Companies Inc. and any and all amendments thereto, and to file the same with all exhibits thereto, and the other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

This power of attorney may only be revoked by a written document executed by the undersigned that expressly revokes this power by referring to the date and subject hereof.

Signature	Title (s)	Date
/s/ FABRIZIO FREDA Fabrizio Freda	President, Chief Executive Officer and a Director (Principal Executive Officer)	August 23, 2019
/s/ WILLIAM P. LAUDER William P. Lauder	Executive Chairman and a Director	August 23, 2019
/s/ LEONARD A. LAUDER Leonard A. Lauder	Director	August 23, 2019
/s/ CHARLENE BARSHEFSKY Charlene Barshefsky	Director	August 23, 2019
/s/ ROSE MARIE BRAVO Rose Marie Bravo	Director	August 23, 2019
/s/ WEI SUN CHRISTIANSON Wei Sun Christianson	Director	August 23, 2019
/s/ PAUL J. FRIBOURG Paul J. Fribourg	Director	August 23, 2019
/s/ IRVINE O. HOCKADAY, JR. Irvine O. Hockaday, Jr.	Director	August 23, 2019
/s/ JENNIFER HYMAN Jennifer Hyman	Director	August 23, 2019
/s/ JANE LAUDER Jane Lauder	Director	August 23, 2019
/s/ RONALD S. LAUDER Ronald S. Lauder	Director	August 23, 2019
/s/ RICHARD D. PARSONS Richard D. Parsons	Director	August 23, 2019
/s/ LYNN FORESTER DE ROTHSCHILD Lynn Forester de Rothschild	Director	August 23, 2019
/s/ BARRY S. STERNLICHT Barry S. Sternlicht	Director	August 23, 2019
/s/ JENNIFER TEJADA Jennifer Tejada	Director	August 23, 2019
/s/ RICHARD F. ZANNINO Richard F. Zannino	Director	August 23, 2019
/s/ TRACEY T. TRAVIS Tracey T. Travis	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	August 23, 2019

EXHIBIT 31.1

Certification

I, Fabrizio Freda certify that:

1. I have reviewed this annual report on Form 10-K of The Estée Lauder Companies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 23, 2019

/s/ Fabrizio Freda
Fabrizio Freda
President and Chief Executive Officer

EXHIBIT 31.2

Certification

I, Tracey T. Travis certify that:

1. I have reviewed this annual report on Form 10-K of The Estée Lauder Companies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 23, 2019

/s/ Tracey T. Travis
Tracey T. Travis
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

Certification
Pursuant to 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002)

Pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), the undersigned officer of The Estée Lauder Companies Inc., a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge, that:

The Annual Report on Form 10-K for the year ended June 30, 2019 (the “Report”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78m or 78o(d)), and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 23, 2019

/s/ Fabrizio Freda
Fabrizio Freda
President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and for no other purpose.

EXHIBIT 32.2

Certification
Pursuant to 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002)

Pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), the undersigned officer of The Estée Lauder Companies Inc., a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge, that:

The Annual Report on Form 10-K for the year ended June 30, 2019 (the “Report”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78m or 78o(d)), and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 23, 2019

/s/ Tracey T. Travis
Tracey T. Travis
Executive Vice President and Chief
Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and for no other purpose.