

ESTEE LAUDER COMPANIES INC
Form DEF 14A
September 24, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
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THE ESTÉE LAUDER COMPANIES INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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The Estée Lauder Companies Inc.
767 Fifth Avenue
New York, New York 10153

William P. Lauder
Executive Chairman

September 24, 2014

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders. It will be held in New York City on Friday, November 14, 2014, at 10:00 a.m., local time, at the JW Marriott Essex House New York, where we will ask you to vote on the election of five nominees as directors to serve until the 2017 Annual Meeting of Stockholders, to vote on the ratification of the Audit Committee's appointment of KPMG LLP as independent auditors for the 2015 fiscal year, and to vote to approve executive compensation on an advisory basis.

Please vote your shares using the Internet or telephone, or by requesting a printed copy of the proxy materials and completing and returning by mail the proxy card you will receive in response to your request. Instructions on each of these voting methods are outlined in the enclosed Proxy Statement. Please vote as soon as possible.

I look forward to seeing you at the Annual Meeting.

**YOUR VOTE IS IMPORTANT. PLEASE PROMPTLY SUBMIT YOUR PROXY
BY INTERNET, TELEPHONE, OR MAIL.**

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THE ESTÉE LAUDER COMPANIES INC.
767 Fifth Avenue
New York, New York 10153
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Date and Time:

Friday, November 14, 2014, at 10:00 a.m., local time

Place:

JW Marriott Essex House New York
Grand Salon
160 Central Park South
New York, New York

Items of Business:

1. To elect the five nominees as directors to serve until the 2017 Annual Meeting of Stockholders;
2. To ratify the Audit Committee's appointment of KPMG LLP as independent auditors for the 2015 fiscal year; and
3. To provide an advisory vote to approve executive compensation.

We also will transact such other business as may properly come before the meeting and any adjournments or postponements of the meeting.

By Order of the Board of Directors

SPENCER G. SMUL
*Senior Vice President,
Deputy General Counsel
and Secretary*

New York, New York
September 24, 2014

THE BOARD OF DIRECTORS URGES YOU TO VOTE BY INTERNET OR BY TELEPHONE OR BY REQUESTING A PRINTED COPY OF THE PROXY MATERIALS AND COMPLETING AND RETURNING BY MAIL THE PROXY CARD YOU WILL RECEIVE IN RESPONSE TO YOUR REQUEST.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2014 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON NOVEMBER 14, 2014: The Company's Proxy Statement for the 2014 Annual Meeting of Stockholders and the Annual Report to Stockholders for the fiscal year ended June 30, 2014 are available at

www.envisionreports.com/EL.

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement before voting.

2014 Annual Meeting of Stockholders

Date and Time: November 14, 2014 at 10:00 a.m.

Place: JW Marriott Essex House New York
Grand Salon
160 Central Park South
New York, New York

Voting Matters

Items of Business	Board Recommendation	Proxy Statement Disclosure
1. Election of Class III Directors	FOR each director nominee	Page 8
2. Ratification of Appointment of KPMG LLP as Independent Auditors	FOR	Page 87
3. Advisory Vote to Approve Executive Compensation	FOR	Page 88

Director Nominees

The following table provides information about the Class III Director Nominees standing for election to serve until the 2017 Annual Meeting of Stockholders. Information about all the Directors can be found in this Proxy Statement beginning on page 8.

Nominee	Current Position	Committee Membership
Charlene Barshefsky	Senior International Partner, WilmerHale	Nominating and Board Affairs Committee
Wei Sun Christianson	Managing Director and Co-Chief Executive Officer of Asia Pacific and Chief Executive Officer of China at Morgan Stanley	Nominating and Board Affairs Committee
Fabrizio Freda	President and Chief Executive Officer of The Estée Lauder Companies Inc.	None
Jane Lauder	Global Brand President, Clinique	None
Leonard A. Lauder	Chairman Emeritus of The Estée Lauder Companies Inc.	None

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As noted in the "Compensation Discussion and Analysis" below, our overall Company performance is attributable to the ongoing determination and collective talents and efforts of our executive officers, other members of management, and all of our employees. We continue to successfully execute against our long-term strategy and, in fiscal 2014, achieved several record results and milestones, including \$10.79 billion in adjusted net sales, 16.1% in adjusted operating margin, and over \$1.5 billion in cash flow from operations. Highlights of our recent performance include:

Financial Metric	Fiscal 2014	Change over Prior Year	3-Year	5-Year
			Compound Annual Growth Rate (or Basis Point Improvement)	Compound Annual Growth Rate (or Basis Point Improvement)
Net Sales	\$10.97 billion	7.7%	7.6%	8.4%
Net Sales as adjusted ⁽¹⁾	\$10.79 billion	6.0%	7.0%	8.0%
Operating Margin	16.7%	+170bp	+430bp	+1,100bp
Operating Margin as adjusted ⁽¹⁾	16.1%	+90bp	+310bp	+910bp
Diluted EPS	\$3.06	18.6%	20.7%	40.9%
Diluted EPS as adjusted ⁽¹⁾	\$2.95	11.5%	16.9%	33.0%
Return on Invested Capital ⁽²⁾	24.8%	+60bp	+270bp	+1,430bp
Cash Flow from Operations	\$1.54 billion	25.2%	14.3%	17.1%
TSR	14.2%		13.6%	37.0%
TSR S&P 500 Composite	24.6%		16.6%	18.8%

(1) Adjusted results exclude the impact of returns, charges, and adjustments associated with restructuring activities, the acceleration of sales orders in fiscal 2014 by some retailers in advance of the Company's July 2014 implementation of its Strategic Modernization Initiative in certain global locations, a charge related to the fiscal 2014 remeasurement of net monetary assets in Venezuela, and a charge for interest expense on debt extinguishment in fiscal 2013. See Annex A for reconciliation information about these non-GAAP financial measures.

(2) Excludes returns, charges, and adjustments associated with restructuring activities in each period.

In fiscal 2014, we also raised the common stock dividend 11%, repurchased 9.6 million shares for \$667 million, and used \$510 million of cash flow from operations for capital expenditures. Over the five-year period ended June 30, 2014, the total market value of the Company increased by 342% or approximately \$22 billion.

The following summarizes certain executive compensation decisions that affected compensation in, or relating to, fiscal 2014:

The Compensation Committee authorized increases in compensation for fiscal 2014 for the President and Chief Executive Officer and certain other Named Executive Officers ("NEOs"), in recognition of strong and sustained individual and Company performance. On average, fiscal 2014 target compensation for the NEOs increased less than 3%.

Mr. Freda's base salary remained at \$1.75 million, his bonus opportunity was increased to \$4.0 million, and his equity target was increased to \$6.75 million, resulting in target direct annual compensation of \$12.5 million for fiscal 2014, an increase of 4.2% from fiscal 2013.

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Our NEOs achieved fiscal 2014 payout percentages under the Executive Annual Incentive Plan ranging from 113.7% to 125% out of a possible maximum of 150% of target bonus opportunities.

The stock-based compensation awarded to our NEOs in fiscal 2014 was based on target grant levels and an assessment of each officer's performance and his or her expected future contributions. The Stock Plan Subcommittee (the "Subcommittee") shifted the allocation of the total value of annual equity grants for executive officers to increase the weighting on performance share units ("PSUs"), while maintaining a balance among motivating the executive officers, rewarding performance, mitigating risk, and helping the executive officers increase their equity ownership. The current equity mix is equally weighted between stock options, restricted stock units, and PSUs. Previously, they had been weighted 50%, 25%, and 25%, respectively.

As a result of the strong performance over the three-year period ended June 30, 2014, the PSUs granted to our executive officers resulted in an aggregate payout of 145.3% of target.

In August 2014, the Subcommittee approved the payout for the market share unit ("MSU") granted to Mr. Freda in February 2011. Based on our Company's stock price, which increased by over 60% during the performance period, Mr. Freda received the maximum number of shares (320,000) under this incentive award.

For more complete information about our executive compensation philosophy and approach, please see additional information below in "Executive Compensation" including "Compensation Discussion and Analysis."

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THE ESTÉE LAUDER COMPANIES INC.
767 Fifth Avenue
New York, New York 10153

September 24, 2014

**PROXY STATEMENT
FOR ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD NOVEMBER 14, 2014**

Annual Meeting and Voting

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of The Estée Lauder Companies Inc. (the "Company," "we," or "us"), a Delaware corporation, to be voted at the Annual Meeting of Stockholders to be held in the Grand Salon at the JW Marriott Essex House New York, 160 Central Park South, New York, New York, on Friday, November 14, 2014, at 10:00 a.m., local time, and at any adjournment or postponement of the meeting. The approximate date on which this Proxy Statement and form of proxy are first being sent or given to stockholders, or being made available through the Internet for those stockholders receiving their proxy materials electronically, is September 30, 2014.

Admission to the Meeting

Admission to the meeting will require a ticket. If you are a stockholder of record and plan to attend, please check the appropriate box on the proxy card, or so indicate when you vote by telephone or Internet, and an admission ticket will be mailed to you. Please bring photo identification if you attend the meeting. If you are a stockholder whose shares are held through an intermediary, such as a bank or broker, and you plan to attend, please request an admission ticket by writing to the Investor Relations Department at The Estée Lauder Companies Inc., 767 Fifth Avenue, New York, New York 10153. Evidence of your ownership of shares of our Common Stock on September 15, 2014 (the "Record Date"), which you can obtain from your bank, broker, or other intermediary, must accompany your letter.

Who May Vote?

Only stockholders of record of shares of Class A Common Stock or Class B Common Stock at the close of business on the Record Date are entitled to vote at the Annual Meeting or at any adjournment or postponement of the meeting. Each owner of record of Class A Common Stock on the Record Date is entitled to one vote for each share of Class A Common Stock. Each owner of record of Class B Common Stock on the Record Date is entitled to ten votes for each share of Class B Common Stock. On September 15, 2014, there were 233,009,447 shares of Class A Common Stock and 148,196,137 shares of Class B Common Stock issued and outstanding.

Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the proxy materials?

In accordance with rules adopted by the Securities and Exchange Commission (the "SEC"), we have elected to furnish to our stockholders this Proxy Statement and our Fiscal 2014 Annual Report by providing access to these documents on the Internet rather than mailing printed copies. Accordingly, a Notice of Internet Availability of Proxy Materials (the "Notice") is being mailed to our stockholders of record and beneficial owners (other than those who previously requested printed copies or electronic

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delivery of our proxy materials), which will direct stockholders to a website where they can access our proxy materials and view instructions on how to vote online or by telephone. If you would prefer to receive a paper copy of our proxy materials, please follow the instructions included in the Notice.

How do I cast my vote if I am a stockholder of record?

If you are a stockholder of record (which means your shares are registered directly in your name with the Company's transfer agent, Computershare, Inc., or you have a physical stock certificate), you can vote your shares in one of two ways: either by proxy or in person at the Annual Meeting. If you choose to vote by proxy, you may do so by using the Internet or the telephone, or by requesting a printed copy of our proxy materials and completing and returning by mail the proxy card you will receive in response to your request.

Whichever method you use, each valid proxy received in time will be voted at the Annual Meeting in accordance with your instructions. To ensure that your proxy is voted, it should be received by the close of business on November 13, 2014. If you submit a proxy without giving instructions, your shares will be voted as recommended by the Board of Directors.

How do I cast my vote if my shares are held in "street name"?

If you are a beneficial owner of shares held in a stock brokerage account or by a bank or other nominee (i.e. in "street name"), you are invited to attend the Annual Meeting. However, since you are not a stockholder of record, you may not vote these shares in person at the Annual Meeting unless you bring with you a legal proxy from the stockholder of record. A legal proxy may be obtained from your broker, bank, or nominee.

If you do not wish to vote in person or you will not be attending the Annual Meeting, you may vote over the Internet by following the instructions provided in the Notice, or, if you requested to receive printed proxy materials, you will receive voting instructions from your broker, bank, or nominee describing the available processes for voting your stock.

If your shares are held for you by a broker, your broker must vote those shares in accordance with your instructions. If you do not give voting instructions to your broker, your broker may vote your shares for you on any discretionary items of business to be voted upon at the Annual Meeting, i.e. the ratification of the appointment of KPMG LLP (Item 2).

Important Consideration for "street name" holders. You must instruct your broker if you want your shares to be counted in the election of directors at the Annual Meeting (Item 1) and the advisory vote to approve executive compensation (Item 3). New York Stock Exchange rules prevent your broker from voting your shares on these matters without your instructions. Please follow the instructions provided by your broker so that your vote can be counted.

May I change my vote?

All proxies delivered pursuant to this solicitation are revocable at any time before they are exercised at the option of the persons submitting them by giving written notice to the Secretary of the Company at the mailing address set forth below, by submitting a later-dated proxy (either by mail, telephone, or Internet) or by voting in person at the Annual Meeting. The mailing address of our principal executive offices is 767 Fifth Avenue, New York, New York 10153.

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What constitutes a quorum?

The holders of a majority of the votes entitled to be cast by the stockholders entitled to vote generally, present in person or by proxy, shall constitute a quorum for the transaction of business at the Annual Meeting. Abstentions, broker non-votes, and votes withheld are included in the count to determine a quorum.

What if a quorum is not represented at the Annual Meeting?

In the event that a quorum does not exist, the Executive Chairman or the holders of a majority of the votes entitled to be cast by the stockholders who are present in person or by proxy may adjourn the meeting. At a subsequent meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

How many votes are required to approve a proposal?

The following table notes for each proposal: (i) the vote required of Class A Common Stock and Class B Common Stock (voting together) for approval; (ii) whether abstentions count as votes cast; and (iii) whether broker discretionary voting is allowed.

Proposal	Vote required	Do abstentions count as votes cast?	Is broker discretionary voting allowed?
Item 1: Election of Class III Directors	Plurality of Votes Cast*	Not Applicable	No
Item 2: Ratify approval of KPMG LLP's appointment	Majority of Votes Cast	No	Yes
Item 3: Advisory vote to approve Executive Compensation	Majority of Votes Cast**	No	No

*
In the election of directors (Item 1), shares present at the Annual Meeting that are not voted for a particular nominee, broker non-votes, and shares present by proxy where the stockholder withholds authority to vote for the nominee will not be counted toward the nominee's achievement of a plurality.

**
The advisory vote to approve executive compensation (Item 3) is not binding on the Company. However, the Compensation Committee and the Stock Plan Subcommittee, which are responsible for designing and administering the Company's executive compensation program, value the opinions expressed by stockholders. See "Compensation Discussion and Analysis Advisory Vote on Executive Compensation" below.

Abstentions and broker non-votes, while not counted as votes cast for the proposals, will have the practical effect of reducing the number of votes in favor of such proposals.

How will my shares be voted?

All proxies properly submitted pursuant to this solicitation and not revoked will be voted at the Annual Meeting in accordance with the directions given. In the election of directors to serve until the Annual Meeting of Stockholders in 2017 (Item 1), stockholders may vote in favor of, or withhold their votes from, each nominee. Regarding the ratification of the appointment of KPMG LLP (Item 2) and the

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advisory vote to approve executive compensation (Item 3), stockholders may vote in favor of the proposal, may vote against the proposal, or may abstain from voting. Stockholders should specify their choices on the enclosed proxy card or pursuant to the instructions thereon for telephone or Internet voting. If no specific choices are indicated, the shares represented by a properly submitted proxy will be voted:

1. FOR the election of each nominee as director;
2. FOR the ratification of the appointment of KPMG LLP as independent auditors; and
3. FOR the advisory resolution to approve executive compensation.

If you have returned your signed and completed proxy card, and other matters are properly presented at the Annual Meeting of Stockholders for consideration, the proxy holders appointed by the Board of Directors (the persons named in your proxy card if you are a stockholder of record) will have the discretion to vote on those matters for you.

Who will count the vote?

Representatives of Computershare, Inc. will tabulate the votes and act as inspectors of election.

May I see a list of stockholders entitled to vote as of the Record Date?

A list of registered stockholders as of the close of business on September 15, 2014 will be available for examination by any stockholder for any purpose germane to the meeting during normal business hours from November 4, 2014 through November 13, 2014 at the office of Spencer G. Smul, Senior Vice President, Deputy General Counsel and Secretary of the Company, at 767 Fifth Avenue, New York, New York 10153.

Can I access the Notice of Annual Meeting, Proxy Statement, Annual Report, and Form 10-K on the Internet?

Our Proxy Statement (including Notice of Annual Meeting) and Fiscal 2014 Annual Report to Stockholders are available at www.envisionreports.com/EL.

These proxy materials are also available, along with the Annual Report on Form 10-K for the fiscal year ended June 30, 2014, in "Reports and Filings" of the "Investor Relations" section of our website at www.elcompanies.com. Instead of receiving future copies of our Proxy Statement (including Notice of Annual Meeting) and Annual Report by mail, stockholders can access these materials online. Opting to receive your proxy materials online will save us the cost of producing and mailing documents to your home or business and will also give you an electronic link to the proxy voting site.

Stockholders of record can enroll in Investor Centre at www.computershare.com/investor for online access to future proxy materials.

If you hold your shares in a bank or brokerage account, you also may have the opportunity to receive copies of these documents electronically. Please check the information provided in the proxy materials mailed to you by your bank or broker regarding the availability of this service.

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ELECTION OF DIRECTORS
(Item 1)

Board of Directors

Currently, the Board of Directors is comprised of fifteen directors. The directors are divided into three classes, each serving for a period of three years.

The stockholders elect one class of the members of the Board of Directors annually. The directors whose terms will expire at the 2014 Annual Meeting of Stockholders are Charlene Barshefsky, Wei Sun Christianson, Fabrizio Freda, Jane Lauder, and Leonard A. Lauder, each of whom has been nominated to stand for re-election as a director at the 2014 Annual Meeting, to hold office until the 2017 Annual Meeting and until his or her successor is elected and qualified. In the unanticipated event that one or more of these nominees is unable or declines to serve for any reason, the Board of Directors may reduce the number of directors or take action to fill the vacancy or vacancies. In addition to the director biographies below, see "Additional Information Regarding the Board of Directors – Director Qualifications" below.

The Board recommends a vote FOR each nominee as a director to hold office until the 2017 Annual Meeting. Proxies received by the Board will be so voted unless a contrary choice is specified in the proxy.

NOMINEES FOR ELECTION TO TERM EXPIRING 2017 (CLASS III)

Charlene Barshefsky

Director since 2001

Age 64

Ambassador Barshefsky is Senior International Partner at the law firm of WilmerHale in Washington, D.C. Prior to joining the law firm, she was the United States Trade Representative from 1997 to 2001, and Deputy United States Trade Representative and Acting United States Trade Representative from 1993 to 1996. Ambassador Barshefsky is also a director of American Express Company, Starwood Hotels & Resorts Worldwide, Inc., and Intel Corporation. In addition, she is a member of the Council on Foreign Relations and a Trustee of the Howard Hughes Medical Institute.

Ambassador Barshefsky is a member of the Nominating and Board Affairs Committee.

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Wei Sun Christianson
Director since 2011
Age 58

Ms. Christianson is a Managing Director and Co-Chief Executive Officer of Asia Pacific and Chief Executive Officer of China at Morgan Stanley based in Beijing. In addition to her regional role, Ms. Christianson is responsible for all aspects of Morgan Stanley's operations in China and is a member of Morgan Stanley's Management Committee. Prior to rejoining Morgan Stanley in 2006, she was the Chairman of China for Citigroup Global Markets (Asia Ltd.) and previously served as Chairman of China and Country Manager for Credit Suisse First Boston. Ms. Christianson held an earlier position at Morgan Stanley beginning in 1998 as Executive Director and Beijing Representative. She was previously an Associate Director of the Corporate Finance Department at the Hong Kong Securities and Finance Commission (SFC) where she was instrumental in developing the regulatory framework for the public listing of Mainland Chinese securities in Hong Kong. She also worked as an attorney in the New York offices of Orrick, Herrington & Sutcliffe LLP. Ms. Christianson also serves on the Board of Trustees at Amherst College.

Ms. Christianson is a member of the Nominating and Board Affairs Committee.

Fabrizio Freda
Director since 2009
Age 57

Mr. Freda has served as President and Chief Executive Officer of the Company since July 2009. During this period, he has continued to lead the implementation of our long-term strategy that has resulted in a substantial increase in our market capitalization. From March 2008 through June 2009, he was President and Chief Operating Officer where he oversaw the Clinique, Bobbi Brown, La Mer, Jo Malone, Aveda, and Bumble and bumble brands, and the Aramis and Designer Fragrances division. He also was responsible for the Company's International Division, as well as Global Operations, Research and Development, Packaging, Quality Assurance, Merchandise Design, Corporate Store Design, and Retail Store Operations. Prior to joining the Company, Mr. Freda served in a number of positions of increasing responsibility at The Procter & Gamble Company ("P&G"), where he was responsible for various operating, marketing, and key strategic efforts for over 20 years. From 2001 through 2007, Mr. Freda was President, Global Snacks, at P&G. Mr. Freda also spent more than a decade in the Health and Beauty Care division at P&G. From 1986 to 1988 he directed marketing and strategic planning for Gucci SpA. Mr. Freda is also a member of the Board of Directors of BlackRock, Inc., a global investment manager.

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<p>Jane Lauder</p> <p>Director since 2009</p> <p>Age 41</p>	<p>Ms. Lauder has served as Global Brand President, Clinique, since April 2014. Immediately prior to that, she was Global President, General Manager of the Origins, Ojon, and Darphin brands. From July 2008 until July 2010, she was Senior Vice President/General Manager of the Origins brand. From July 2006 until July 2008, she was Senior Vice President, Global Marketing for Clinique. From 2003 through July 2006, Ms. Lauder was Vice President of Marketing for BeautyBank, where she spearheaded the creation and launch of the skin care and cosmetics line, American Beauty, as well as Flirt! From 2001 through 2003, she was Vice President of Marketing for the Stila brand. Ms. Lauder began her career with the Company in 1996 at Clinique.</p>
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<p>Leonard A. Lauder</p> <p>Director since 1958</p> <p>Age 81</p>	<p>Mr. Lauder is Chairman Emeritus of the Company. He was Chairman of the Board of Directors from 1995 through June 2009 and served as the Company's Chief Executive Officer from 1982 through 1999 and President from 1972 until 1995. Mr. Lauder formally joined the Company in 1958 after serving as an officer in the United States Navy. Since joining, he has held various positions, including executive officer positions other than those described above. He is Chairman Emeritus of the Board of Trustees of the Whitney Museum of American Art, a Charter Trustee of The University of Pennsylvania, a Trustee of The Aspen Institute, and the co-founder and Co-Chairman of the Alzheimer's Drug Discovery Foundation. He also served as a member of the White House Advisory Committee on Trade Policy and Negotiations under President Reagan.</p>
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INCUMBENT DIRECTORS TERM EXPIRING 2015 (CLASS I)

<p>Rose Marie Bravo, CBE</p> <p>Director since 2003</p> <p>Age 63</p>	<p>Ms. Bravo is a retail and marketing consultant. She was Vice Chairman of Burberry Group Plc from July 2006 to July 2007. Prior to that, she was Burberry's Chief Executive from 1997 to July 2006. Prior to her appointment at Burberry, Ms. Bravo was President of Saks Fifth Avenue from 1992, with responsibility for merchandising, marketing, and product development. From 1974 to 1992, Ms. Bravo held a number of positions at R.H. Macy & Co., culminating as Chairman and Chief Executive Officer of the U.S. retailer I. Magnin from 1987 to 1992. Ms. Bravo is also a member of the Board of Directors of Tiffany & Co. and of Williams-Sonoma, Inc. She also serves on the Board of Directors of Phoenix House Foundation.</p>
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Ms. Bravo is a member of the Compensation Committee and Stock Plan Subcommittee.

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Paul J. Fribourg
Director since 2006
Age 60

Mr. Fribourg is the Chairman and Chief Executive Officer of Continental Grain Company, which is an international agribusiness and investment company with investments in the poultry and pork businesses, since July 1997. Mr. Fribourg joined Continental Grain Company (formerly known as ContiGroup Companies, Inc.) in 1976 and worked in various positions there with increasing responsibility in both the United States and Europe. Mr. Fribourg is also a director of Loews Corporation, Burger King Worldwide, Inc., and Apollo Global Management, LLC. Additionally, within the past five years, he served as a director of Smithfield Foods, Inc. He also serves as a member of Rabobank's International North American Agribusiness Advisory Board, and as a Board member and member of the Executive Committee of Castleton Commodities International LLC. He has been a member of the Council on Foreign Relations since 1985.

Mr. Fribourg is a member of the Audit Committee, the Compensation Committee, and the Stock Plan Subcommittee.

Melody Hobson
Director since 2005
Age 45

Ms. Hobson serves as the President of Ariel Investments, LLC (Chicago-based investment management firm and adviser to the mutual funds offered by the Ariel Investment Trust) since 2000, and as President and Director of its governing member, Ariel Capital Management Holdings, Inc. She also serves as President (since 2002) and Chairman of the Board of Trustees (Chairman since 2006, trustee since 1993) of the Ariel Investment Trust (registered investment company). Ms. Hobson is also Chairman of the Board of DreamWorks Animation SKG, Inc. and a member of the Board of Directors of Starbucks Corporation. Additionally, within the past five years, she served as a director of Groupon, Inc. Ms. Hobson also works with a variety of civic and professional institutions, including serving as Chairman of After School Matters, and as board member of the Chicago Public Education Fund and the Sundance Institute.

Ms. Hobson is a member of the Audit Committee.

Irvine O. Hockaday, Jr.
Director since 2001
Age 78

Mr. Hockaday is the former President and Chief Executive Officer of Hallmark Cards, Inc. He retired in December 2001. Prior to joining Hallmark in 1983, he was President and Chief Executive Officer of Kansas City Southern Industries, Inc. Mr. Hockaday was a member of the Hallmark Board of Directors from 1978 until January 2002. He is a director of Aratana Therapeutics, Inc. Additionally, within the past five years, Mr. Hockaday served as a director of Crown Media Holdings, Inc., Ford Motor Company, and Sprint Nextel Corporation.

Mr. Hockaday is Presiding Director and Chair of the Audit Committee.

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Barry S. Sternlicht	Mr. Sternlicht is Chairman and Chief Executive Officer of Starwood Capital Group, the private investment firm he formed in 1991 that is focused on global real estate, hotel management, oil and gas, energy infrastructure, and securities trading. He also serves as Chairman of Starwood Property Trust, Inc., a commercial mortgage REIT, Starwood Waypoint Residential Trust, and TRI Pointe Homes. Mr. Sternlicht is a member of the Board of Directors of Restoration Hardware Holdings, Inc. and Riviera Holdings Corporation. He is Chairman of the Board of Soci��t�� du Louvre and Baccarat S.A. Additionally, he serves as Chairman of the Board of The Robin Hood Foundation, and is on the board of the Dreamland Film & Performing Arts Center and the Executive Advisory Board of Americans for the Arts. Mr. Sternlicht is a trustee of Brown University and serves on the boards of numerous other civic organizations and charities. From 1995 through early 2005, Mr. Sternlicht was Chairman and CEO of Starwood Hotels & Resorts Worldwide, Inc., a company he founded in 1995.
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Director since 2004
Age 53

Mr. Sternlicht is a member of the Nominating and Board Affairs Committee.

INCUMBENT DIRECTORS TERM EXPIRING 2016 (CLASS II)

Aerin Lauder	Ms. Lauder is the Creative Director and Chairman of Aerin LLC, a luxury lifestyle brand that she formed in April 2011. She also serves as Style and Image Director for the Est��e Lauder brand. From July 2004 through April 2011, Ms. Lauder was Senior Vice President, Creative Director for the Est��e Lauder brand. From April 2001 through June 2004, she was Vice President of Global Advertising for the brand. From 1997 through April 2001, she was Executive Director, Creative Marketing, helping to define and enhance the Est��e Lauder brand image. From 1995 to 1997, she was Director, Creative Product Development for the Est��e Lauder brand. Ms. Lauder joined the Company in 1992 as a member of the Prescriptives marketing team. She is a member of the Education Committee for the Board of Trustees at The Metropolitan Museum of Art and is a member of the International Council of the Museum of Modern Art.
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Director since 2004
Age 44

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William P. Lauder
Director since 1996
Age 54

Mr. Lauder is Executive Chairman of the Company and, in such role, he is Chairman of the Board of Directors. He was Chief Executive Officer of the Company from March 2008 through June 2009 and President and Chief Executive Officer from July 2004 through February 2008. From January 2003 through June 2004, he was Chief Operating Officer. From July 2001 through 2002, he was Group President, responsible for the worldwide business of the Clinique and Origins brands and the Company's retail store and online operations. From 1998 to 2001, he was President of Clinique Laboratories, LLC. Prior to 1998, he was President of Origins Natural Resources Inc., and he had been the senior officer of that division since its inception in 1990. Prior thereto, he served in various positions since joining the Company in 1986. He is a member of the Board of Directors of Jarden Corporation. Additionally, within the past five years, Mr. Lauder served as a director of GLG Partners, Inc. and True Temper Sports, Inc. He also currently serves as Chairman of the Board of the Fresh Air Fund and a member of the Boards of Trustees of The University of Pennsylvania and The Trinity School in New York City, the Boards of Directors of the 92nd Street Y and the Partnership for New York City, and the Advisory Board of Zelnick Media.

Mr. Lauder is a member of the Nominating and Board Affairs Committee.

Richard D. Parsons
Director since 1999
Age 66

Mr. Parsons is a senior advisor to Providence Equity Partners LLC since 2009. From 1996 until 2012, he was a director of Citigroup Inc. and served as its Chairman from February 2009 to April 2012. From May 2003 until his retirement in December 2008, he served as Chairman of the Board of Time Warner Inc. From May 2002 until December 2007, he served as Chief Executive Officer of Time Warner Inc. From January 2001 until May 2002, Mr. Parsons was Co-Chief Operating Officer of AOL Time Warner. From 1995 until the merger with America On-Line Inc., he was President of Time Warner Inc. From 1990 through 1994, he was Chairman and Chief Executive Officer of Dime Bancorp, Inc. Additionally, within the past five years, Mr. Parsons served as a director of The Madison Square Garden Company. He is currently a member of the Board of Lazard Ltd. In May 2014, Mr. Parsons was named Interim CEO of the Los Angeles Clippers. Among his numerous community activities, he is Chairman of the Apollo Theatre Foundation, and serves on the Boards of The American Museum of Natural History and The Museum of Modern Art.

Mr. Parsons is Chair of the Compensation Committee and is a member of the Nominating and Board Affairs Committee.

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Lynn Forester de Rothschild	Lady de Rothschild has been, since June 2002, the Chief Executive of E.L. Rothschild LLC, a private investment company with investments in media, information technology, agriculture, and real estate worldwide. Holdings include The Economist Group (UK), real estate and financial services. Lady de Rothschild has been a director of The Economist Newspaper Limited since October 2002. From 2004 to 2007, she was also Co-Chair of FieldFresh Pvt. Ltd., a 50-50 joint venture with Bharti Enterprises, established to develop the agricultural sector in India. From 1989 to 2002, she was President and Chief Executive Officer of FirstMark Holdings, Inc., which owned various telecommunications companies worldwide. She was Executive Vice President for Development at Metromedia Telecommunications, Inc. from 1984 to 1989, and an associate at the law firm of Simpson, Thacher and Bartlett LLP in New York City until 1984. She is a trustee or board member of the Peterson Institute for International Economics, FAI (Fondo per L'Ambiente Italiano), the ERANDA Foundation (de Rothschild family foundation), the Alfred Herrhausen Society for International Dialogue of Deutsche Bank, the International Advisory Board of Columbia University School of Law, and the Alzheimer Drug Discovery Foundation. Lady de Rothschild is a member of the Council on Foreign Relations (USA), Chatham House (UK), the International Advisory Council of Asia House (UK), the International Institute of Strategic Studies (UK), and the Foreign Policy Association (USA).
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Lady de Rothschild is Chair of the Nominating and Board Affairs Committee.

Richard F. Zannino	Mr.&nb
Director since 2010	
Age 55	