

The Estée Lauder Companies Inc. is one of the world's leading manufacturers and marketers of quality skin care, makeup, fragrance and hair care products. The Company's products are sold in over 135 countries and territories under well-recognized brand names.

### KEY CHARACTERISTICS

- Diversified portfolio of brands
- Product category balance
- Geographic balance
- Product innovation competency
- Diverse distribution channels

### STRATEGIC IMPERATIVES / SELECT ACCOMPLISHMENTS

- Optimize our brand portfolio
  - Expanded fast-growing brands
  - Launched four new brands
- Strengthen product categories
  - Accelerated expansion of Aveda
  - Origins announced first organic line
- Strengthen and expand geographic presence
  - Significant growth in emerging markets
  - Established affiliates in Turkey, Brazil, India
- Diversify distribution
  - Bobbi Brown on QVC in the U.S. and U.K.
  - Expanded in European pharmacies
- Achieve operational and cost excellence
  - Aveda successfully implemented SAP pilot program
  - New European management structure

### FISCAL 2007 HIGHLIGHTS

- Surpassed \$7 billion in annual sales
- Returned \$1.1 billion in cash to stockholders through stock repurchases and dividends; raised dividend 25%
- Business outside the United States represented 54% of total Company sales
- ROIC reached 21.3%



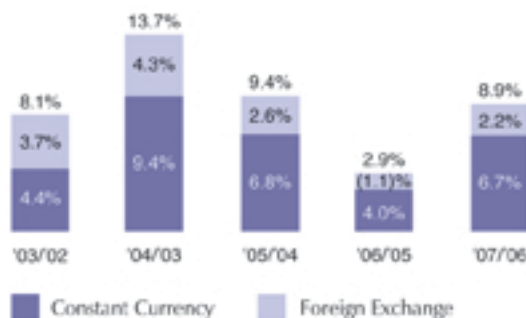
### LONG-TERM OUTLOOK

- 6% - 8% annual sales growth
- Realize significant cost savings
- Reinvest to drive sales, modernize operations and systems
- Continuous profitability improvement
- 10% - 12% annual earnings per share growth
- ROIC goal of 23% - 24% in fiscal 2010

### FOCUS ON INTERNATIONAL GROWTH

- Maximize international opportunities: greater market share acquisition, emerging markets
- Emphasis on multi-channel opportunities, geographic expansion
- Prestige / aspirational brands play well globally
- Strong brand recognition
- Leverage / build upon international organization

### NET SALES GROWTH CAGR 8.7%



Estée Lauder

Aramis

Clinique

Prescriptives

Lab Series

Origins

Tommy Hilfiger

M·A·C

Kiton

La Mer

Bobbi Brown

Donna Karan

Cosmetics

Aveda

Jo Malone

Bumble and bumble

Michael Kors Beauty

Darphin

American Beauty

Flirt!

Good Skin™

Grassroots

Sean John Fragrances

Missoni

Daisy Fuentes

Tom Ford Beauty

Mustang

Coach

Ojon

## Financial Highlights

Year Ended June 30

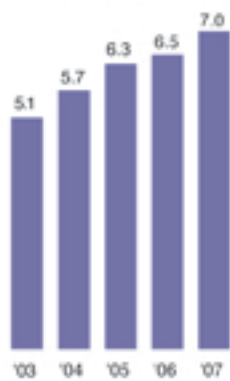
dollars in millions, except per share data

	2007	2006	2005
Net sales	\$7,038	\$6,464	\$6,280
Gross profit margin	74.8%	73.9%	74.5%
Operating income	750	620	727
Operating margin	10.7%	9.6%	11.6%
Net earnings from continuing operations	449	324	410
Net earnings	449	244	406
Diluted net earnings per share from continuing operations	2.16	1.49	1.80
Diluted net earnings per share	2.16	1.12	1.78
Cash flow from continuing operations	667	727	479

Fiscal 2006 includes a special operating expense charge of \$92.1 million related to the Company's cost savings initiative, and a special net charge of \$35.0 million related to certain tax matters, including the settlement with the Internal Revenue Service regarding its examination of the Company's consolidated Federal income tax returns for fiscal years 1998 through 2001. Combined, these special charges were \$93.0 million, after-tax, or \$.43 per diluted share. During fiscal 2006, the Company sold certain assets and operations of its reporting unit that marketed and sold Stila brand products. Fiscal 2005 includes a special tax charge of \$27.5 million, equal to \$.12 per diluted share, related to a plan to repatriate foreign earnings in fiscal 2006 under the provisions of the American Jobs Creation Act of 2004. All years presented have been restated for Stila as discontinued operations.

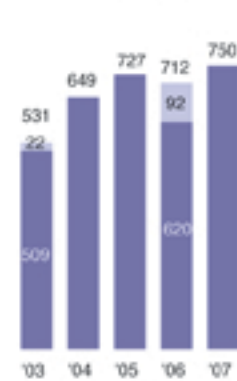
### Net Sales

\$ in billions



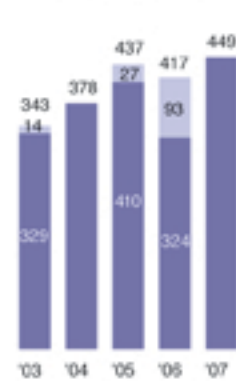
### Operating Income

\$ in millions

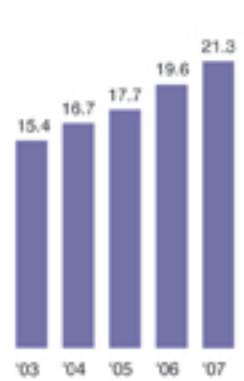


### Net Earnings from Continuing Operations

\$ in millions



### % Return on Invested Capital\*



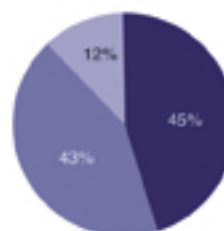
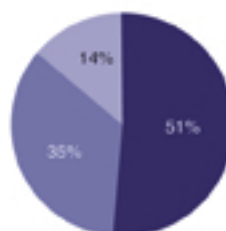
■ As reported ■ Restructuring and/or special charges

\* Excluding restructuring and/or special charges

### Fiscal 2007 Results by Geographic Region

Net Sales

Operating Income

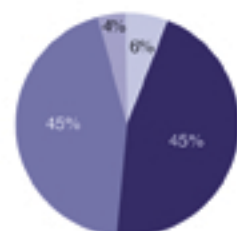
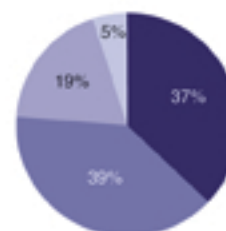


■ Americas ■ Europe / Middle East / Africa ■ Asia / Pacific

### Fiscal 2007 Results by Product Category

Net Sales

Operating Income



■ Skin Care ■ Makeup ■ Fragrance ■ Hair Care

### Contact Information

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