

CHAIRMAN'S MESSAGE

Dear Fellow Stockholders:

In preparing this year's annual report, I reviewed the seven reports that have been issued since The Estée Lauder Companies went public in 1995. Each annual report is a chapter in the story of this thriving Company.

This year, we've turned a significant page in the history of the Company as we've reached our highest level of sales ever.

What is the glue that binds each chapter to the next and keeps us on a successful course? I believe the secret to our success as a 57-year old Company is staying true to the clear vision that launched this Company in 1946—to offer the finest quality products in the best stores in the world.

Mrs. Estée Lauder's original vision — of who we are and what we stand for — has proven to be resilient and timeless. Over the years, our Company has grown because we've remained true to those early core philosophies. We come into work each day with a passion to keep that vision vibrant.

DEFINING WHO WE ARE

From the beginning, we have understood what prestige means. A prestige business defines itself as much by what it doesn't do, as by what it does. Similarly, we are defined by where we don't advertise, as much as by where we do advertise, and by where we don't sell, as much as by where we do sell. Throughout our history, we have refined the delicate role of being a prestige player.



LEONARD A. LAUDER