ESTEE LAUDER COMPANIES INC
Form 424B2
February 08, 2017

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Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Amount of Registration Fee[(1)]
1.800% Senior Notes due 2020	$500,000,000	99.986%	$499,930,000	$57,941.89
3.150% Senior Notes due 2027	$500,000,000	99.963%	$499,815,000	$57,928.56
4.150% Senior Notes due 2047	$500,000,000	99.739%	$498,695,000	$57,798.75

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

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Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-204381

PROSPECTUS SUPPLEMENT
(To prospectus dated May 21, 2015)

$1,500,000,000

The Estée Lauder Companies Inc.

$500,000,000 1.800% Senior Notes due 2020
$500,000,000 3.150% Senior Notes due 2027
$500,000,000 4.150% Senior Notes due 2047

We are offering $500,000,000 of our 1.800% senior notes due 2020 (the "2020 notes"), $500,000,000 of our 3.150% senior notes due 2027 (the "2027 notes") and $500,000,000 of our 4.150% senior notes due 2047 (the "2047 notes" and, together with the 2020 notes and the 2027 notes, the "notes").

The 2020 notes will bear interest at the rate of 1.800% per year, the 2027 notes will bear interest at the rate of 3.150% per year and the 2047 notes will bear interest at the rate of 4.150% per year. Interest on the 2020 notes will be payable on February 7 and August 7 of each year, beginning on August 7, 2017. Interest on the 2027 notes and the 2047 notes will be payable on March 15 and September 15 of each year, beginning on September 15, 2017. The 2020 notes will mature on February 7, 2020, the 2027 notes will mature on March 15, 2027 and the 2047 notes will mature on March 15, 2047.

We may redeem the notes of each series in whole or in part at any time or from time to time at the applicable redemption prices discussed under the caption "Description of the Senior Notes Optional Redemption."

The notes will be senior unsecured obligations of our company and will rank equally in right of payment with all of our other unsecured and unsubordinated obligations from time to time outstanding.

Investing in the notes involves risks. See "Risk Factors" beginning on page S-10.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per 2020 Note	Total	Per 2027 Note	Total	Per 2047 Note	Total
Public Offering Price(1)	99.986%	$499,930,000	99.963%	$499,815,000	99.739%	$498,695,000
Underwriting Discount	0.250%	$1,250,000	0.450%	$2,250,000	0.875%	$4,375,000
Proceeds to The Estée Lauder Companies Inc. (before expenses)	99.736%	$498,680,000	99.513%	$497,565,000	98.864%	$494,320,000

(1) Plus accrued interest, if any, from February 9, 2017 to the date of delivery, if settlement occurs after that date.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company and its participants, including Clearstream and Euroclear, on or about February 9, 2017.

Joint Book-Running Managers

BofA Merrill Lynch **Citigroup** **J.P. Morgan**
BNP PARIBAS **MUFG**

Co-Managers

Goldman, Sachs & Co. **HSBC** **ICBC Standard Bank**

RBC Capital Markets **SOCIETE GENERALE** **US Bancorp**
BBVA **The Williams Capital Group, L.P.**

February 6, 2017

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may file relating to this offering. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus relating to this offering is accurate as of any date other than the date on the front of those documents.

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Prospectus Supplement

Prospectus

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INFORMATION ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is part of an automatic shelf registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC, as a "well-known seasoned issuer" as defined in Rule 405 under the Securities Act of 1933, as amended, or the Securities Act. By using a shelf registration statement, we may sell, at any time and from time to time, in one or more offerings, the securities described in this prospectus supplement and the accompanying prospectus. As allowed by the SEC rules, this prospectus supplement does not contain all of the information included in the registration statement. For further information, we refer you to the registration statement, including its exhibits. Statements contained in this prospectus supplement and the accompanying prospectus about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC's rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see that agreement or document for a complete description of these matters.

You should read this prospectus supplement, the accompanying prospectus and any free writing prospectus relating to this offering, together with any additional information you may need to make your investment decision. You should also read and carefully consider the information in the documents we have referred you to in "Where You Can Find More Information" below. Information incorporated by reference after the date of this prospectus supplement is considered a part of this prospectus supplement and may add, update or change information contained in this prospectus supplement. Any information in such subsequent filings that is inconsistent with this prospectus supplement will supersede the information in the accompanying prospectus or any earlier prospectus supplement. You should rely only on the information incorporated by reference or provided in this prospectus supplement, the accompanying prospectus and any free writing prospectus relating to this offering. You should not assume the information in this prospectus supplement, the accompanying prospectus, any free writing prospectus or any document incorporated by reference herein or therein is accurate as of any date other than the date on the front of those documents. We have not authorized anyone else to provide you with other information.

Unless otherwise indicated, references to "we," "us," "our," "the company" and "our company" are to The Estée Lauder Companies Inc. and its subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can inspect and copy these reports, proxy statements and other information at the public reference facilities of the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC (www.sec.gov). Our filings with the SEC are also available in the "Investor Relations" section of our website on the Internet at www.elcompanies.com. However, except for our filings with the SEC that are incorporated by reference into this prospectus supplement or the accompanying prospectus, the information on or accessible through our website is not a part of this prospectus supplement or the accompanying prospectus. In addition, you can inspect reports and other information we file at the office of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have filed a registration statement and related exhibits with the SEC under the Securities Act. The registration statement contains additional information about us and the securities we may issue. You may review a copy of the registration statement and the documents incorporated by reference herein at the SEC's Public Reference Room in Washington D.C., as well as through the SEC's website listed above.

INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" information into this prospectus supplement, which means that we can disclose important information to you by referring to those documents. We hereby "incorporate by reference" the documents listed below, which means that we are disclosing important information to you by referring you to those documents. The information that we file later with the SEC will automatically update and in some cases supersede this information. Specifically, we incorporate by reference the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules, including current reports on Form 8-K furnished under Item 2.02 and Item 7.01 (including any financial statements or exhibits relating thereto furnished pursuant to Item 9.01)):

- Our Annual Report on Form 10-K for the fiscal year ended June 30, 2016 (including the information in Part III incorporated by reference from our Definitive Proxy Statement on Schedule 14A, filed on September 23, 2016);

- Our Quarterly Reports on Form 10-Q for the fiscal quarters ended September 30, 2016 and December 31, 2016, respectively;

- Our Current Reports on Form 8-K filed on July 15, 2016, August 19, 2016 (only Item 8.01), October 4, 2016, November 2, 2016 (only Item 8.01), November 14, 2016, November 15, 2016, December 19, 2016 and February 2, 2017 (only Item 8.01); and

- Future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of this prospectus supplement and before the termination of this offering.

Upon your oral or written request, we will provide you with a copy of any of these filings at no cost. Requests should be directed to Investor Relations Department, The Estée Lauder Companies Inc., 767 Fifth Avenue, New York, New York 10153, Telephone No. 1-800-308-2334.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

We and our representatives from time to time make written or oral forward-looking statements, including statements contained in this prospectus supplement and the documents we incorporate by reference in this prospectus supplement and other filings with the SEC, in our press releases and in our reports to stockholders. The words and phrases "will likely result," "expect," "believe," "planned," "may," "should," "could," "anticipate," "estimate," "project," "intend," "forecast" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include our expectations regarding sales, earnings or other future financial performance and liquidity, product introductions, entry into new geographic regions, information systems initiatives, new methods of sale, our long-term strategy, restructuring and other charges and resulting cost savings, and future operations or operating results. 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, and other factors 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 the timing or the scope, of advertising, sampling and merchandising programs;

(6) shifts in the preferences of consumers as to where and how they shop for the types of products and services we sell;

(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 nearly all of our supply of a particular type of product (i.e., focus factories) 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;

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(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 attack, retaliation or similar threats;

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

(18) additional factors as described in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended June 30, 2016.

Forward-looking statements involve risks, uncertainties and assumptions. We therefore caution you against relying on any forward-looking statements. We assume no responsibility to update forward-looking statements made herein or otherwise.

SUMMARY

This summary highlights certain information concerning our business and this offering. It does not contain all of the information that may be important to you and to your investment decision. The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein and therein. You should carefully read this entire prospectus supplement and should consider, among other things, the matters set forth and incorporated by reference in "Risk Factors" before deciding to invest in the notes.

The Company

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 over 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 and Aveda. We are also the global licensee for fragrances and/or cosmetics sold under various designer brand names, including Tommy Hilfiger, Donna Karan New York, DKNY, Michael Kors and Tom Ford. Each brand is distinctly positioned within the market for cosmetics and other beauty products.

We are a pioneer in the cosmetics industry and believe we are a leader in the 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 upscale department stores, specialty multi-brand retailers, upscale perfumeries and pharmacies and prestige salons and spas. In addition, our products are sold in freestanding stores, our own and authorized retailer websites, 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, enables our brands to be among the best selling product lines at the stores and heightens the aspirational quality of our brands.

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 January 26, 2017, shares of Class A Common Stock and Class B Common Stock having approximately 87% of the outstanding voting power of the Common Stock.

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The Offering

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The sections entitled "Description of the Senior Notes" of this prospectus supplement and "Description of Securities" in the accompanying prospectus contain more detailed descriptions of the terms and conditions of the notes and the indenture governing the notes. In this subsection, "we," "us" and "our" refer only to The Estée Lauder Companies Inc. and not to any of our subsidiaries.

Issuer	The Estée Lauder Companies Inc.
Notes Offered	$1,500,000,000 aggregate principal amount of notes consisting of:
	$500,000,000 aggregate principal amount of 1.800% Senior Notes due 2020;
	$500,000,000 aggregate principal amount of 3.150% Senior Notes due 2027; and
	$500,000,000 aggregate principal amount of 4.150% Senior Notes due 2047.
Maturity Dates	February 7, 2020 for the 2020 notes; March 15, 2027 for the 2027 notes; and March 15, 2047 for the 2047 notes.
Interest Rates	We will pay interest on the 2020 notes at an annual rate of 1.800%. We will pay interest on the 2027 notes at an annual rate of 3.150%. We will pay interest on the 2047 notes at an annual rate of 4.150%.
Interest Payment Dates	We will make interest payments on the 2020 notes semi-annually in cash, in arrears, on February 7 and August 7 of each year, commencing August 7, 2017 and ending on the maturity date of the 2020 notes. We will make interest payments on the 2027 notes and the 2047 notes semi-annually in cash, in arrears, on March 15 and September 15 of each year, commencing September 15, 2017 and ending on the maturity date of the 2027 notes and the 2047 notes, respectively. Interest will accrue from the issue date of the notes.
Ranking	The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our other unsecured and unsubordinated obligations from time to time outstanding. The notes will be senior in right of payment to any subordinated indebtedness which states in its terms that it is subordinate to our senior debt securities.

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Optional Redemption	We may redeem the notes of each series, in whole or in part, at our option at any time with respect to the 2020 notes; and prior to (i) December 15, 2026 (three months prior to the maturity date of the 2027 notes) with respect to the 2027 notes; and (ii) September 15, 2046 (six months prior to the maturity date of the 2047 notes) with respect to the 2047 notes, in each case, at a redemption price equal to the applicable Make-Whole Price as described in "Description of the Senior Notes Optional Redemption." In addition, we may redeem the 2027 notes and the 2047 notes, in whole or in part, at our option at any time on or after (i) December 15, 2026 (three months prior to the maturity date of the 2027 notes) with respect to the 2027 notes; and (ii) September 15, 2046 (six months prior to the maturity date of the 2047 notes) with respect to the 2047 notes, in each case, at a redemption price equal to 100% of the principal amount of the notes of such series to be redeemed, plus accrued and unpaid interest thereon to, but excluding, the redemption date.
Sinking Fund	None.
Certain Covenants	The indenture governing the notes contains certain covenants that, among other things, limit our and our subsidiaries' ability, subject to certain exceptions, to: incur debt secured by liens; engage in sale/leaseback transactions; merge or consolidate with another entity; or sell or convey substantially all of our assets to another person. See "Description of the Senior Notes Certain Covenants" herein and "Description of Securities Merger, Consolidation and Sale of Assets" in the accompanying prospectus.
Purchase of Notes Upon a Change of Control Repurchase Event	If we experience a Change of Control (defined herein) and the notes of the applicable series are rated below Investment Grade (defined herein) by Standard & Poor's and Moody's Investors Service, Inc., we will offer to repurchase all of the notes of such series at a price equal to 101% of the principal amount plus accrued and unpaid interest to the repurchase date. See "Description of the Senior Notes Certain Covenants Purchase of Notes Upon a Change of Control Repurchase Event."
Form of Notes	The notes will be issued in book-entry form and will be represented by global certificates in denominations of $2,000 and integral multiples of $1,000, deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company.

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Further Issues	We may issue from time to time, without giving notice to or seeking the consent of the holders of any series of notes, additional notes having the same ranking and the same interest rate, maturity and other terms as any such series of the notes offered hereby, except for the public offering price, the issue date and, potentially, the initial interest payment date. Any additional notes having such similar terms, together with the applicable series of notes being offered hereby, will constitute a single series of debt securities for all purposes under the indenture; provided that if such additional notes are not fungible with the applicable series of notes offered hereby for U.S. federal income tax purposes, such additional notes will have a separate CUSIP number.
Use of Proceeds	We intend to use the net proceeds of this offering for general corporate purposes, including to repay outstanding commercial paper as it matures and to refinance our $300.0 million aggregate principal amount of 5.55% Senior Notes due May 15, 2017. See "Use of Proceeds."
No Public Market	We have not applied and do not intend to apply for listing of the notes on any securities exchange or any automated quotation system.
Governing Law	New York.
Risk Factors	See "Risk Factors" and the other information in this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016, which is incorporated by reference into this prospectus supplement.

For more information about the notes, see "Description of the Senior Notes."

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Summary Historical Consolidated Financial Data

The following information has been derived from our consolidated financial statements as of and for the six-month periods ended December 31, 2016 and 2015 and as of and for each of the years in the three-year period ended June 30, 2016. You should read this information along with our consolidated financial statements and the related notes incorporated in this prospectus supplement and the accompanying prospectus by reference and "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated in this prospectus supplement by reference. See "Where You Can Find More Information" and "Incorporation by Reference." The results of interim periods are not necessarily indicative of results that may be expected for the full year.

	Six Months Ended December 31,		Year Ended June 30,		
	2016[(a)]	2015	2016[(a)]	2015	2014[(a)]
	(Unaudited)	(Unaudited)			
	(In millions)				
Consolidated Statement of Earnings Data:					
Net sales[(b)]	$ 6,073	$ 5,959	$ 11,262	$ 10,780	$ 10,969
Net earnings attributable to The Estée Lauder Companies Inc.[(b)(c)(d)]	722	756	1,115	1,089	1,204
Balance Sheet Data:					
Total assets[(e)]	$ 11,212	$ 8,570	$ 9,223	$ 8,227	$ 7,860
Total debt[(d)(e)]	4,033	1,969	2,242	1,625	1,334

(a) Results for the six-month period ended December 31, 2016 included $46 million, after tax, related to charges associated with restructuring and other activities. Fiscal 2016 results included $91 million, after tax, related to charges associated with restructuring and other activities. Fiscal 2014 results included $(2) million, after tax, related to total adjustments associated with restructuring and other activities.

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

(c) During the third quarter of fiscal 2015, we recorded a $5 million charge, on a before and after tax basis, related to the remeasurement of net monetary assets in Venezuela. During the third quarter of fiscal 2014, we recorded a $38 million charge, on a before and after tax basis, related to the remeasurement of net monetary assets in Venezuela.

(d) 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 June 2015, we issued $300 million of 4.375% Senior Notes due June 15, 2045 in a public offering. We have used the net proceeds of the offerings for general corporate purposes.

(e) For the year ended June 30, 2016, we retrospectively adopted new accounting guidance issued by the Financial Accounting Standards Board that requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. As a result, we restated the December 31, 2015 and June 30, 2015 and 2014 consolidated balance sheets to reclassify $12 million, $13 million and $9 million, respectively, from Other assets to Long-term debt.

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RISK FACTORS

Before you decide to invest in the notes, you should consider the factors set forth below as well as the risk factors discussed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016, which is incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" and "Incorporation by Reference."

A public trading market for the notes may not develop.

We have not applied and do not intend to apply for listing of the notes on any securities exchange or any automated quotation system. As a result, a market for the notes may not develop or, if one does develop, it may not be sustained. If an active market for the notes fails to develop or cannot be sustained, the trading price and liquidity of the notes could be adversely affected.

The market price of the notes may be volatile.

The market price of the notes will depend on many factors that may vary over time and some of which are beyond our control, including:

- our financial condition, operating performance and future prospects;
- the amount of indebtedness we and our subsidiaries have outstanding;
- our credit ratings with major credit rating agencies, including with respect to each series of the notes;
- market interest rates;
- economic, financial, geopolitical, regulatory and judicial events that affect us, the industries and markets in which we are doing business and the financial markets generally;
- the market for similar securities;
- competition; and
- general economic conditions.

As a result of these factors, you may only be able to sell your notes at a price below what you believe to be appropriate, including a price below the price you paid for them.

An increase in interest rates could result in a decrease in the relative value of the notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline. Consequently, if you purchase these notes and market interest rates increase, the market value of your notes may decline. We cannot predict the future level of market interest rates.

Ratings of each series of the notes may not reflect all of the risks of an investment in the notes.

We expect that each series of the notes will be rated by two nationally recognized statistical rating organizations. The ratings of the notes will primarily reflect our financial strength and will change in accordance with the rating of our financial strength. Any rating is not a recommendation to purchase, sell, or hold the notes. These ratings do not correspond to market price or suitability for a particular investor. In addition, ratings at any time may be lowered or withdrawn in their entirety.

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The notes do not restrict our ability to incur additional debt or prohibit us from taking other actions that could negatively impact holders of the notes.

We are not restricted under the terms of the indenture governing the notes or the terms of the notes from incurring additional indebtedness or from having our subsidiaries incur any debt.

In addition, the notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our ability to recapitalize, incur additional debt, secure existing or future debt, or take a number of other actions that are not limited by the terms of the indenture and the notes, including repaying indebtedness or repurchasing common stock or paying dividends, could have the effect of diminishing our ability to make payments on the notes when due.

Our financial performance and other factors could adversely impact our ability to make payments on the notes.

Our ability to make scheduled payments with respect to our indebtedness, including the notes, will depend on our financial and operating performance, which, in turn, are subject to prevailing economic conditions and to financial, business, and other factors beyond our control.

The notes will be unsecured and subordinated to our secured debt to the extent of our assets securing such debt, which makes the claims of holders of secured debt senior to the claims of holders of the notes.

The notes will be unsecured. As of December 31, 2016, we did not have any significant secured debt outstanding. The holders of any secured debt that we may have may foreclose on our assets securing our debt, reducing the cash flow from the foreclosed property available for payment of unsecured debt. The holders of any secured debt that we may have also would have priority over unsecured creditors in the event of our liquidation to the extent of our assets securing such debt. In the event of our bankruptcy, liquidation, or similar proceeding, the holders of secured debt that we may have would be entitled to proceed against their collateral, and that collateral will not be available for payment of unsecured debt, including the notes. As a result, the notes will be effectively subordinated to any secured debt that we may have.

The notes are effectively subordinated to the liabilities of our subsidiaries, which may reduce our ability to use the assets of our subsidiaries to make payments on the notes.

We conduct substantially all of our business through our subsidiaries and, as a result of this structure, our subsidiaries may be restricted by contractual provisions or applicable laws from providing us with the cash that we need to pay our debt service obligations, including payments on the notes. The notes are not guaranteed by our subsidiaries and therefore the notes will be effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries. In addition, the terms of our notes do not preclude our subsidiaries from incurring debt. In any bankruptcy, liquidation, or similar proceeding involving us or one of our subsidiaries, your claim as a holder of the notes will be effectively junior to the claims of the holders of any indebtedness or preferred stock of our subsidiaries. In the event of such bankruptcy, liquidation, or similar proceeding, our subsidiaries may not have sufficient assets to make payments to us, which may prevent us from making payments on the notes. As of December 31, 2016, our subsidiaries had approximately $15 million of outstanding indebtedness (excluding intercompany debt and liabilities).

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USE OF PROCEEDS

We will receive approximately $1,488 million in net proceeds from this offering, after deducting underwriting discounts and estimated offering expenses.

We intend to use the net proceeds of this offering for general corporate purposes, including to repay outstanding commercial paper as it matures and to refinance our $300 million aggregate principal amount of 5.55% Senior Notes due May 15, 2017. As of January 31, 2017, we had $1.8 billion of short-term commercial paper outstanding, due at various dates through March 2017, at an average interest rate of 0.78%. A significant portion of our outstanding commercial paper was incurred primarily to fund our acquisition of Too Faced in December 2016. Pending any specific application, we may initially invest funds in short-term marketable securities.

RATIO OF EARNINGS TO FIXED CHARGES

Pro Forma As Adjusted[1]			
Six Months Ended December 31, 2016	Year Ended June 30, 2016	Six Months Ended December 31, 2016	Year Ended June 30,