

# CONVENING NOTICE ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETING

TUESDAY, APRIL 17<sup>TH</sup>, 2012 AT 10 A.M.

PALAIS DES CONGRES  
75017 PARIS - FRANCE



L'ORÉAL

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*This is a free translation into English of the Convening Notice issued in the French language and is provided solely for the convenience of English speaking readers.*

# 1

## Agenda of the Annual General Meeting of Tuesday, April 17<sup>th</sup>, 2012

### Ordinary part

1. Approval of the 2011 parent company financial statements
2. Approval of the 2011 consolidated financial statements
3. Allocation of the Company's net income for 2011 and declaration of the dividend
4. Appointment of Mr. Jean-Victor Meyers as Director
5. Appointment of Mr. Paul Bulcke as Director
6. Appointment of Ms. Christiane Kuehne as Director
7. Renewal of the tenure as Director of Mr. Jean-Pierre Meyers
8. Renewal of the tenure as Director of Mr. Bernard Kasriel
9. Authorisation for the Company to buy back its own shares

### Extraordinary part

10. Authorisation given to the Board of Directors to reduce the share capital by cancellation of the shares held, pursuant to Articles L. 225-208 and L. 225-209 of the French Commercial Code
11. Amendments to Articles of Association
12. Powers for formalities

# 2

## Chairman and Chief Executive Officer's message

Dear Shareholder,

I have pleasure in inviting you to attend L'Oréal's Annual General Meeting which will be held on Tuesday, April 17th, 2012 at 10 a.m. at the Palais des Congrès, Porte Maillot in Paris.

2011 performances demonstrate the relevance of our strategic thrusts and provide further confirmation of the key role played by research, innovation and creativity in our industry. 2011 was also another year of solid construction for our operating profit and the strong growth in results means that we are more confident than ever in the L'Oréal Group's ability to achieve sustainable and profitable growth.

Every year, the Annual General Meeting is a privileged occasion for the provision of information and dialogue between L'Oréal and its shareholders. It also offers you the opportunity to express your views and actively participate in decisions concerning the L'Oréal Group.

I hope that you will be able to attend this Annual General Meeting personally. However, if you are unable to be present, you have the possibility to vote via Internet or by post, or give a proxy to the Chairman of the Meeting or any other person you choose. You will also be able to watch the recorded webcast of the main speeches of the Annual General Meeting on our website [www.loreal-finance.com](http://www.loreal-finance.com).

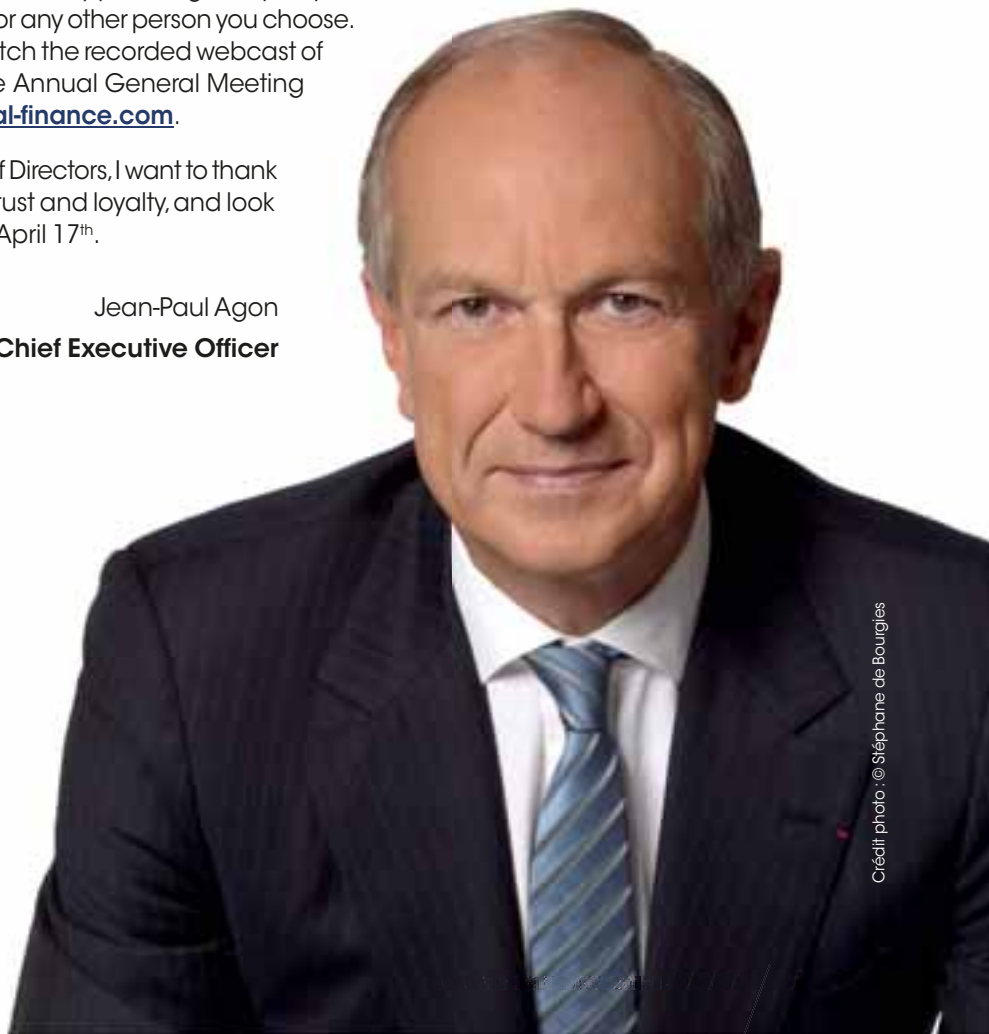
In the name of the Board of Directors, I want to thank each one of you for your trust and loyalty, and look forward to seeing you on April 17<sup>th</sup>.

Jean-Paul Agon  
**Chairman and Chief Executive Officer**

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**“Based on our 2011 results,  
we are tackling 2012 with  
confidence.”**

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### ◆ Key figures 2011

#### Sustained growth in sales and solid increase in profits

Consolidated sales	20.3 billion euros (+4.3%)
Operating profit	3.3 billion euros (+7.7%)
Net earnings per share *	4.32 euros (+7.8%)
Dividend **	2.00 euros per share (+11%)

\* Diluted net earnings per share, based on net profit excluding non-recurring items attributable to the group.

\*\* Proposed at the Annual General Meeting of April 17<sup>th</sup>, 2012.

### ◆ Comments

The Board of Directors of L'Oréal met on February 13<sup>th</sup>, 2012 under the chairmanship of Mr. Jean-Paul Agon and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2011.

Commenting on the annual results, Mr. Jean-Paul Agon, Chairman and Chief Executive Officer of L'Oréal, said:

*"2011 was a solid year of development, which has made the Group even stronger. In a cosmetics market whose global trend was favourable, L'Oréal achieved sustained sales growth and confirmed its position as the world leader in beauty.*

*All Divisions are expanding. L'Oréal Luxury in particular posted a very good year, especially thanks to Lancôme, Giorgio Armani and Kiehl's.*

*Internationalisation is continuing across all Divisions. The Group is pursuing its conquest of the New Markets, with Asia and Latin America leading the way, and is making clear progress in North America. 2012 will be a symbolic year, as the New Markets are set to become the Group's number one geographic zone.*

*These performances demonstrate the relevance of our strategic thrusts and provide further confirmation of the key role played by research, innovation and creativity in our industry.*

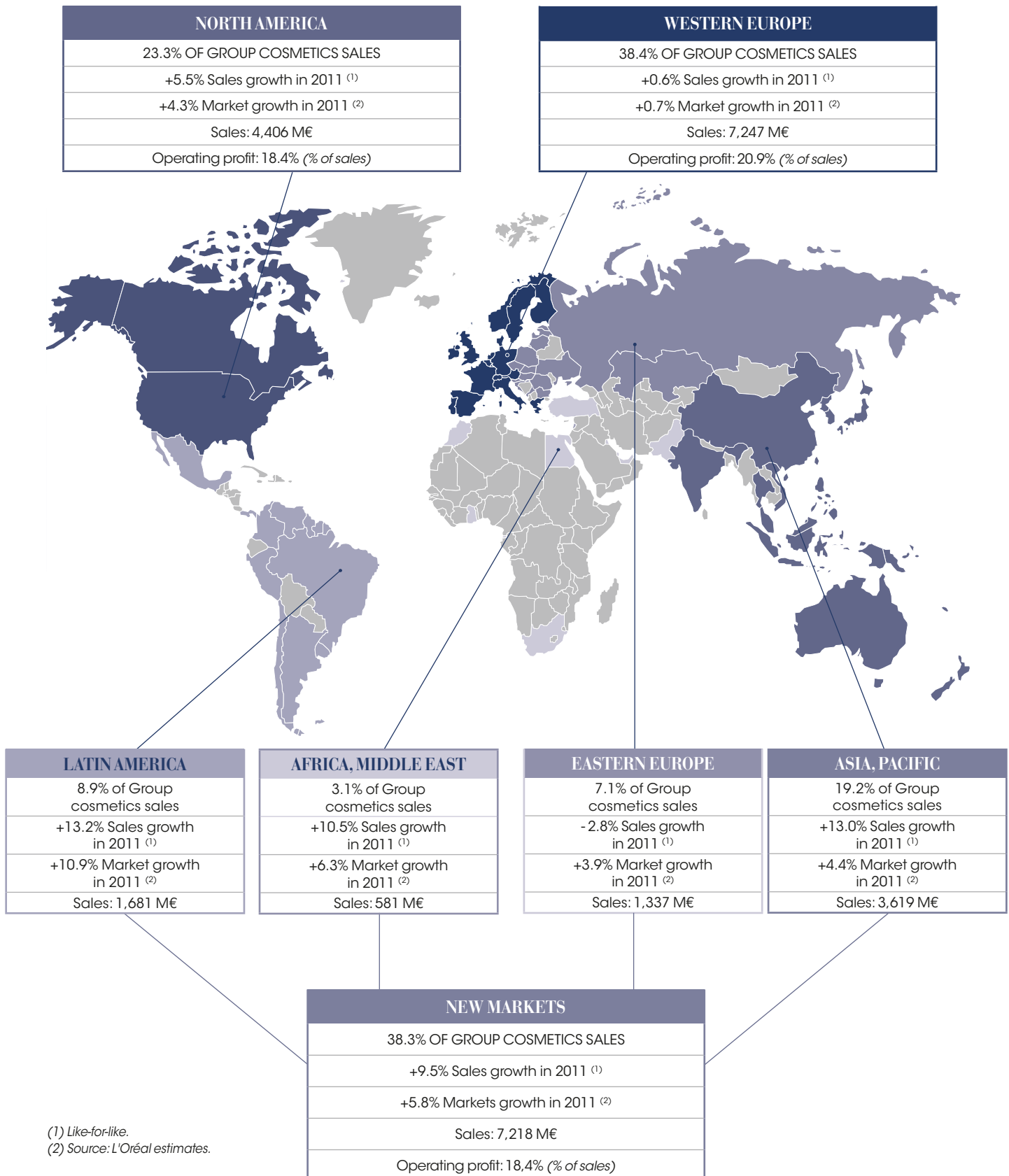
*2011 was also another year of solid construction for our operating profit. The strong growth in results reflects the virtuous dynamics set in motion: operational efficiency has advanced in all fields of activity, enabling us to prepare well for the future, and the profitability of the New Markets zone increased substantially.*

*The good quality of these results means that we are more confident than ever in the Group's ability to achieve sustainable and profitable growth. We are well equipped to succeed in our strategy of universalising beauty and to achieve another year of sales and profit growth in 2012."*

The Board of Directors has decided to propose to the Annual General Meeting of April 17<sup>th</sup>, 2012 the payment of a dividend of 2 euros per share, an increase of +11% compared with 2010.

*"Through its proposal to pay a dividend of 2 euros, the Board of Directors is expressing its confidence in the Group's outlook and its strong potential for development", said Mr. Jean-Paul Agon, at the end of the Board meeting.*

## ◆ International and cosmetics market



## ◆ 2011 Sales

**Like-for-like**, i.e. based on a comparable structure and identical exchange rates, the sales trend of the L'Oréal Group was +5.1%.

**The net impact of changes in consolidation** amounted to +0.6%.

**Currency fluctuations** had a negative impact of -1.4%.

**Growth at constant exchange rates** was +5.7%.

**Based on reported figures**, the Group's sales, at December 31<sup>st</sup>, 2011, amounted to 20.343 billion euros, an increase of +4.3%.

## Sales by operational Division and geographic zone

	At December 31 <sup>st</sup> , 2011		
	€m	Growth	
		Like-for-like	Reported
<b>By operational Division</b>			
Professional Products	2,813.8	2.5%	3.6%
Consumer Products	9,835.2	4.5%	3.2%
L'Oréal Luxury	4,800.1	8.2%	6.5%
Active Cosmetics	1,421.7	3.2%	2.6%
<b>Cosmetics total</b>	<b>18,870.8</b>	<b>5.0%</b>	<b>4.0%</b>
<b>By geographic zone</b>			
Western Europe	7,246.6	0.6%	0.9%
North America	4,406.2	5.5%	2.7%
New Markets, of which:	7,218.0	9.5%	8.3%
- Asia, Pacific	3,619.5	13.0%	13.4%
- Eastern Europe	1,336.9	-2.8%	-4.4%
- Latin America	1,680.9	13.2%	10.8%
- Africa, Middle-East	580.7	10.5%	4.1%
<b>Cosmetics total</b>	<b>18,870.8</b>	<b>5.0%</b>	<b>4.0%</b>
<b>The Body Shop</b>	<b>767.6</b>	<b>4.2%</b>	<b>1.7%</b>
<b>Dermatology <sup>(1)</sup></b>	<b>704.7</b>	<b>8.4%</b>	<b>17.1%</b>
<b>Group total</b>	<b>20,343.1</b>	<b>5.1%</b>	<b>4.3%</b>

(1) Group share, i.e. 50%.

## Cosmetics sales

### Professional Products

In a generally sluggish market, the Professional Products Division achieved 2011 growth of +2.5% like-for-like and +3.6% based on reported figures. Growth based on constant exchange rates, including the impact of acquisitions, came out at +5.1%. Initiatives in hair colourants and haircare enabled the Division to win market share in all zones.

◆ Haircare growth was driven by the success of hair oils, with *Mythic Oil* from *L'Oréal Professionnel*, *Elixir Ultime* from *Kérastase* and *Argan-6 oil* by *Redken*. In hair colourants, *L'Oréal Professionnel* is continuing to roll out *INOA*, and is reinventing tone-on-tone colour with *Dialight* and *Diarichesse*. *Redken* has created *Color Fusion Extra Lift*, a formula with unique lightening power, and *Matrix* is expanding in Asia thanks to *SoColor* (90ml) and *Wonderbrown*.

### Consumer Products

The Consumer Products Division achieved growth of +4.5% like-for-like and +3.2% based on reported figures at end-2011. *Maybelline* posted another year of strong growth and *L'Oréal Paris* is accelerating.

◆ *L'Oréal Paris* is launching strong initiatives in all categories. The renewal of the *Elvive* range and the success of *Elvive Triple Resist enriched with Arginine*, are galvanising the haircare segment in Europe. *Maybelline* is performing extremely well on all continents, with its *Falsies Flared* and *Colossal Cat Eyes* mascaras, *Fit Me* foundation, and *Color Stay* lipsticks.

*Garnier* is continuing its initiatives, particularly in skincare with its BB cream, *Miracle Skin Perfector*, in Europe, and *Dark Spot Corrector* in the United States.

### L'Oréal Luxury

Bolstered by a lively market trend and the dynamism of its major brands, L'Oréal Luxury recorded 2011 sales up by +8.2% like-for-like and +6.5% based on reported figures. In all regions, the Division has major stand-out innovations, with *Visionnaire* from *Lancôme* taking pride of place.

◆ *Lancôme* posted a year of strong growth, with the high-profile launch of *Visionnaire*, the first-ever fundamental skin corrector, protected by 20 patents and the winner of the Prix d'Excellence Marie-Claire. L'Oréal Luxury enjoyed an excellent year in facial skincare, with strong performances from *Lancôme*, the rapid expansion of *Kiehl's* on all continents, and the introduction of *Régénéissance* skincare by *Giorgio Armani*, along with the initiatives of *Biotherm*. *Yves Saint Laurent* is bringing out its new skincare line, *Forever Youth Liberator*.

# Brief presentation of the L'Oréal Group in 2011 and key annual indicators

## Active Cosmetics

In 2011, the Active Cosmetics Division grew by +3.2% like-for-like and +2.6% based on reported figures. With strong dynamism in Latin America, the United States and Africa, Middle East, the Division is strengthening its position as number one in the worldwide dermocosmetics market.

◆ The Division's sales are increasing, thanks to the dynamism not only of *La Roche Posay*, but also of *SkinCeuticals* and *Roger&Gallet*. *La Roche Posay* is growing on all continents, thanks in particular to *Tolériane Ultra*, skincare for highly sensitive and allergy-prone skin, and *Cicaplast Baume B5* in the scarring segment. *Vichy* is maintaining its world number one position, and carried out two major launches in Europe: *Lift Activ Sérum 10* in anti-ageing skincare, and *Dercos Aminexil* in anti-hairloss haircare.

## Multi-Division summary by geographic zone

### Western Europe

In a very slightly positive market, L'Oréal recorded a growth rate of +0.6% like-for-like, with good growth rates in France, Germany and the United Kingdom, and in Travel Retail. Sales have been galvanised in this zone by *Maybelline* make-up and by L'Oréal Luxury. The situation remains more difficult in Southern Europe, and particularly in Greece and Portugal.

### North America

In North America, L'Oréal grew faster than the market, and recorded 2011 growth of +5.5% like-for-like. The Luxury, Consumer Products and Active Cosmetics Divisions all posted sustained growth. The Consumer Products Division is significantly outperforming the market trend, thanks in particular to *Maybelline* and *Garnier*. The recently acquired *Essie* brand had a very good year. Growth in the Professional Products Division is less substantial, but is nevertheless ahead of the professional market trend.

### New Markets

At December 31st, 2011, the New Markets posted growth of +9.5% like-for-like and +8.3% based on reported figures. Excluding Japan, the New Markets recorded growth of +10.6% like-for-like, driven by the constant dynamism of Asia.

◆ **Asia, Pacific:** L'Oréal achieved annual growth in Asia-Pacific of +13.0% like-for-like and +13.4% based on reported figures. If Japan is excluded, growth in this zone amounted to +16.1% like-for-like and +15.5% based on reported figures. Despite the disasters which hit Japan, Australia, New Zealand and Thailand during the year, the Group is continuing to improve its positions throughout the zone, driven by markets whose dynamism remains intact. The Group is advancing thanks to the very good scores of L'Oréal Luxury in Greater China and South Korea with *Lancôme*, *Kiehl's*, *Shu Uemura* and *Biotherm*. Consumer Products are also contributing to this dynamism thanks to L'Oréal Paris and *Maybelline*. L'Oréal is thus asserting its status as a skincare and make-up expert in all countries in this zone. Haircare made a good start in the emerging markets of South-East Asia.

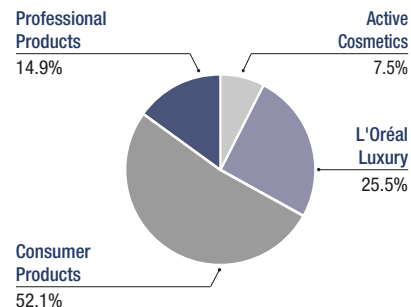
◆ **Eastern Europe:** At end-2011, the Group is at -2.8% like-for-like in Eastern Europe. In a dismal economic context which is affecting all the countries in this zone, the Group's Divisions recorded contrasting levels of performance. The Professional Products Division and L'Oréal Luxury are improving their penetration. In the Consumer Products Division, a programme of carefully adapted initiatives is under way, for *Garnier* in particular.

◆ **Latin America:** In 2011, L'Oréal achieved growth of +13.2% like-for-like in Latin America. Argentina, Mexico and Central America are the growth drivers in this zone. Brazil is still posting a solid trend. All the Group's Divisions recorded good performances, particularly the Active Cosmetics Division. The very good results of *Maybelline* make-up in the Consumer Products Division are worth noting.

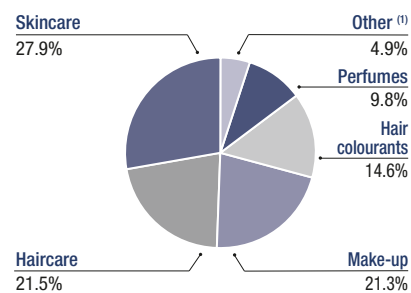
◆ **Africa, Middle East:** At December 31<sup>st</sup>, 2011, Africa - Middle East achieved growth of +10.5% like-for-like. In this zone, growth is being driven by the countries of the Levant, the Gulf and Turkey, and by two recently created subsidiaries, Pakistan and Egypt. However, the situation

## 2011 consolidated sales of the cosmetics branch

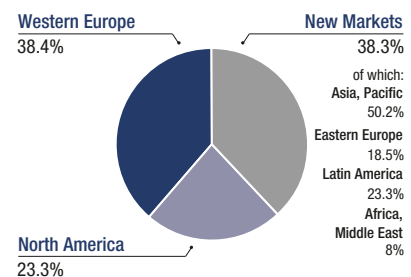
### By Division



### By business segment



### By geographic zone



(1) "Other" hygiene products, sales made by American distributors with brands outside of the Group, and Clarisonic sales.

## The Body Shop sales

In 2011, The Body Shop achieved solid sales growth at +4.2% like-for-like, with a sharp acceleration in the in the 4th quarter. Retail sales <sup>(1)</sup> also increased by +3.8%.

The Body Shop is further enhancing its militant approach to innovation, with launches including *Brush with Fashion*, a make-up collection created for young consumers, *Earth lovers*, a range of eco-designed, 100%-biodegradable shower gels, as well as *White Musk Libertine*, a fragrance based on animal-friendly musk and Community Fair Trade organic alcohol.

In 2011, The Body Shop achieved growth in Europe and North America and quickly expanded in the New Markets. The brand experienced strong growth in the Middle East, particularly in Saudi Arabia and Egypt, as well as in Asian countries such as India and Hong Kong, and in Eastern Europe. The brand now has 16 online stores and is continuing to grow at an accelerated rate in e-commerce. Finally, The Body Shop now has a robust presence in global Travel Retail outlets across 44 markets.

At the end of 2011, The Body Shop has a total of 2,748 stores, an addition of 143 since December 31<sup>st</sup>, 2010.

(1) Retail sales: total sales to consumers through all channels, including franchisees.

## Galderma sales

Galderma's sales increased by +8.4% like-for-like and +17.1% based on reported figures.

Galderma confirmed its dynamism thanks to the success of its innovative products which offset the negative impact of generics on the sales of *Differin 0.1%* gel and cream (acne) in the United States and *Loceryl* lacquer (onychomycosis) in Europe. The *Epiduo* (acne), *Oracea* (rosacea) and *Cetaphil Restoraderm* (therapeutic skincare, line specifically formulated for atopic skin) brands recorded very good scores. The acquisition of Q-Med and its flagship product *Restylane*, the launch of the *Emerveil* range (hyaluronic acid dermal fillers) and the success of *Azzalure* (muscle relaxant) have helped Galderma become one of the leaders in the aesthetic and corrective dermatology market.

The expansion of Galderma in the New Markets, such as Brazil, Russia, and the Asian countries has contributed to this solid growth. Good performances in Germany and the United Kingdom are also worth noting.

Galderma continued to invest in Research and Development (R&D) and manufacturing, thus assuring its strategic development in the three key segments: prescription products, OTC products and aesthetic and corrective medical solutions.

## ◆ 2011 Results

### 1) Operating profitability and Consolidated income statement

	2010		2011	
	€m	% sales	€m	% sales
<b>Sales</b>	<b>19,496</b>	<b>100%</b>	<b>20,343</b>	<b>100%</b>
Cost of sales	-5,697	29.2%	-5,851	28.8%
<b>Gross profit</b>	<b>13,799</b>	<b>70.8%</b>	<b>14,492</b>	<b>71.2%</b>
Research and development expenses	-665	3.4%	-720	3.5%
Advertising and promotion expenses	-6,029	30.9%	-6,292	30.9%
Selling, general and administrative expenses	-4,049	20.8%	-4,187	20.6%
<b>Operating profit</b>	<b>3,057</b>	<b>15.7%</b>	<b>3,293</b>	<b>16.2%</b>

**Gross margin** came out at 71.2% of sales, an improvement of 40 basis points compared with 2010.

**Research expenses** increased by 8.4%, representing 3.5% of sales. This latest increase reflects the strategic decision to make significant investments in research.

**Advertising and promotion expenses** came out at 30.9% of sales, which is identical to the 2010 level.

**Selling, general and administrative expenses** grew less rapidly than sales. At 20.6%, they improved by 20 basis points compared with 2010.

Overall, **operating profit** came out at 3,293 million euros, representing growth of 7.7%, reflecting a very significant improvement in profitability compared with 2010, at +50 basis points.



## Brief presentation of the L'Oréal Group in 2011 and key annual indicators

### 2) Operating profit by branch and Division

	2010		2011	
	€m	% sales	€m	% sales
<b>By operational Division</b>				
Professional Products	552	20.3%	579	20.6%
Consumer Products	1,765	18.5%	1,859	18.9%
L'Oréal Luxury	791	17.5%	926	19.3%
Active Cosmetics	278	20.1%	287	20.2%
<b>Cosmetics Divisions total</b>	<b>3,385</b>	<b>18.7%</b>	<b>3,651</b>	<b>19.3%</b>
Non-allocated <sup>(1)</sup>	-513	-2.8%	-546	-2.9%
<b>Cosmetics branch total</b>	<b>2,872</b>	<b>15.8%</b>	<b>3,105</b>	<b>16.5%</b>
<b>The Body Shop</b>	<b>65</b>	<b>8.7%</b>	<b>68</b>	<b>8.9%</b>
<b>Dermatology branch <sup>(2)</sup></b>	<b>119</b>	<b>19.8%</b>	<b>120</b>	<b>17.0%</b>
<b>Group</b>	<b>3,057</b>	<b>15.7%</b>	<b>3,293</b>	<b>16.2%</b>

(1) Non-allocated = Central group expenses, fundamental research expenses, stock options and free grant of shares expenses and miscellaneous items. As a % of cosmetics sales.

(2) Group share, i.e. 50%.

As in 2010, all the Divisions achieved growth in their operating profitability, particularly L'Oréal Luxury at +180 basis points.

Finally, Galderma had to face competition from generics on two major drugs, *Differin 0.1%* and *Loceryl*.

The Body Shop improved its profitability in 2011.

### 3) Profitability by geographic zone

	2010		2011	
	€m	% sales	€m	% sales
<b>Operating profit</b>				
Western Europe	1,552	21.6%	1,513	20.9%
North America	709	16.5%	810	18.4%
New Markets	1,125	16.9%	1,328	18.4%
<b>Cosmetics Zones total <sup>(1)</sup></b>	<b>3,385</b>	<b>18.7%</b>	<b>3,651</b>	<b>19.3%</b>

(1) Before non-allocated.

Profitability in Western Europe contracted slightly at 20.9%, returning to its 2009 level.

The profitability figures in the North America and New Markets zones once again increased substantially, with both reaching 18.4% of sales.

### 4) Net earnings per share <sup>(2)</sup>: €4.32

€ millions	2010	2011
<b>Operating profit</b>	<b>3,057</b>	<b>3,293</b>
Finance costs	-36	-25
Sanofi dividends	284	295
<b>Pre-tax profit excluding non-recurring items</b>	<b>3,305</b>	<b>3,563</b>
Income tax excluding non-recurring items	-932	-978
Minority interests	-2.3	-2.5
<b>Net profit excluding non-recurring items after minority interests <sup>(1)</sup></b>	<b>2,371</b>	<b>2,583</b>
EPS <sup>(2)</sup> (€)	4.01	4.32
<b>Diluted average number of shares</b>	<b>591,392,449</b>	<b>597,633,103</b>

(1) Net profit excluding non-recurring items after non-controlling interests does not include impairment of assets, restructuring costs, tax effects or non-controlling interests.

(2) Diluted net earnings per share excluding non-recurring items after non-controlling interests.

**Total finance costs** have once again this year declined very substantially, at 25 million euros. This latest reduction is the result of the large reduction in our average debt.

**Income tax excluding non-recurring items** amounted to 978 million euros, representing a rate of 27.4%, slightly below the 2010 rate.

**Net profit excluding non-recurring items after non-controlling interests** amounted to 2,583 million euros, up by 8.9%.

**Net earnings per share (EPS)**, at 4.32 euros, increased by 7.8%.

**Dividends** from Sanofi amounted to 295 million euros, an increase of +4.2%.

## 5) Net profit after minority interests: €2,438 million

€ millions	2010	2011	Evolution
<b>Net profit excluding non-recurring items after minority interests</b>	<b>2,371</b>	<b>2,583</b>	
Non-recurring items net of tax	-131	-145	
<b>Net profit after minority interests</b>	<b>2,240</b>	<b>2,438</b>	<b>+9%</b>
Diluted earnings per share (€)	3.79	4.08	

After allowing for non-recurring items, representing in 2011 a charge, net of tax, of 145 million euros, net profit amounted to 2,438 million euros, an increase of 9%.

## 6) Cash flow Statement, Balance sheet and Debt

**Gross cash flow** amounted to 3,226 million euros.

The **working capital requirement** increased by 322 million euros, after two years of decline in absolute value. This represents a return to a situation more in line with the Group's activity.

**Capital expenditure**, at 866 million euros, amounted to 4.3% of sales.

After dividend payment and acquisitions (Q-MED and Clarisonic), the Group recorded at December 31<sup>st</sup>, 2011, a **net cash surplus** of 504 million euros.

The balance sheet structure is very solid, as at end-2011 **shareholders' equity** represented 65.7% of total assets. The reinforcement of shareholders' equity compared with end-2010 is mainly the result of profit allocated to reserves and the net increase in value of the Sanofi shares, valued at market price.

## 7) Share capital

The Board of Directors has set the amount of the share capital at December 31<sup>st</sup>, 2011: 602,984,082 shares with a par value of 0.20 euro, representing a total of 120,596,816.40 euros.

# 4 Five-year financial summary

## L'Oréal parent company

€ millions

(except for earnings per share, shown in euros)

	2007	2008	2009	2010	2011
<b>I. Financial position at financial year-end</b>					
a) Share capital	123.6	120.5	119.8	120.2	120.6
b) Number of shares	617,975,610	602,415,810	598,972,410	600,992,585	602,984,082 <sup>(1)</sup>
c) Number of convertible bonds	0	0	0	0	0
<b>II. Overall results of operations</b>					
a) Net pre-tax sales	2,073.8	2,115.2	2,051.1	2,231.0	2,421.1
b) Pre-tax profit before depreciation, amortisation, provisions and reversals of provisions (including provision for investment and profit sharing reserve)	2,841.7	1,713.4	1,766.3	2,048.4	2,344.8
c) Income tax	-68.7	-143.4	-114.9	-104.6	-51.3
d) Net profit	2,822.4	1,552.1	1,841.8	1,995.3	2,169.8
e) Amount of distributed profits	842.9	861.8	898.9	1,082.5	1,212.4 <sup>(2)</sup>
<b>III. Results of operations per share</b>					
a) Profit after tax and profit sharing, but before depreciation, amortisation and provisions	4.68	3.05	3.11	3.55	3.94
b) Net profit	4.57	2.58	3.07	3.32	3.60
c) Dividend paid on each share (not including tax credit)	1.38	1.44	1.50	1.80	2.00 <sup>(2)</sup>
<b>IV. Personnel</b>					
a) Number of employees	5,862	5,848	5,855	5,957	6,016
b) Total salaries	370.3	381.1	403.8	426.7	459.0
c) Amount paid for welfare benefits (social security, provident schemes, etc)	158.7	159.3	172.8	182.5	200.4

(1) The share capital comprises 602,984,082 shares with a par value of €0.2, following the subscription of 1,991,497 shares by means of exercise of stock options and grant of free shares.

(2) Dividend proposed at the Annual General Meeting of April 17<sup>th</sup>, 2012.

## ◆ Ordinary part

### 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> resolutions: Approval of the 2011 parent company financial statements, approval of the 2011 consolidated financial statements and allocation of the Company's net income for 2011 and declaration of the dividend

#### Preamble

Having reviewed the reports of the Board of Directors and the Statutory Auditors, the Annual General Meeting is called on to approve:

- ◆ the parent company financial statements, with a profit and loss account which shows net income of €2,169,772,192.21 for 2011, compared with €1,995,329,601.31 at December 31<sup>st</sup>, 2010;

- ◆ the 2011 consolidated financial statements,

the main details of which are set out in the 2011 Annual Report, together with the main information included in the file for calling the Annual General Meeting on April 17<sup>th</sup>, 2012.

Following the modification of the articles of association made in 2009, this General Shareholders' Meeting will give rise to the first distribution of loyalty bonuses granted to shareholders, in the form of preferential dividend. This bonus aims at foster the loyalty of the shareholders with registered shares held for at least two years, and to participate to strengthen the stability of shareholder structure.

The Board of Directors proposes to the Annual General Meeting:

- ◆ a net dividend of €2.00 per share, representing an increase of 11% compared with the net dividend for 2010;
- ◆ a preferential dividend of €2.20 per share.

The preferential dividend will be granted to the shares held in registered form continuously from December 31<sup>st</sup>, 2009 to the date of payment of this dividend. The number of shares giving entitlement to such increase cannot exceed, for any one shareholder, 0.5% of share capital.

The Board of Directors proposes to the Annual General Meeting that the ex dividend date, for both ordinary and preferential dividend, will be on Friday, April 27<sup>th</sup> 2012 and the dividend will be paid to the shareholders on Thursday, May 3<sup>rd</sup>, 2012.

The amount of ordinary and preferential dividend is eligible for the tax deduction provided for in Article 158-3-2° of the French Tax Code, unless the taxpayer elects for the fixed levy in final discharge provided for in Article 117 *quater* of the French Tax Code.

#### First resolution: Approval of the 2011 parent company financial statements

The Annual General Meeting, having reviewed the reports of the Board of Directors and the Statutory Auditors, approves the report of the Board of Directors and the 2011 parent company financial statements showing net income of €2,169,772,192.21 compared with €1,995,329,601.31 for 2010.

#### Second resolution: Approval of the 2011 consolidated financial statements

The Annual General Meeting, having reviewed the reports of the Board of Directors and the Statutory Auditors, approves the 2011 consolidated financial statements.

#### Third resolution: Allocation of the Company's net income for 2011 and declaration of the dividend

The Annual General Meeting, on the proposal of the Board of Directors, decides to allocate the net income for the 2011 financial year, amounting to €2,169,772,192.21 as follows:

No allocation to the legal reserve which already represents over one-tenth of the share capital	-
Amount allocated to the shareholders as a dividend <sup>(1)</sup> (including preferential dividend)	€1,212,368,288.40
The balance that will be allocated to the "Other reserves" item	€957,403,903.81

(1) Including an initial dividend equal to 5% of the amounts paid up on the shares, i.e. the total amount of the share capital.

This amount is calculated on the basis of the number of shares forming the capital at December 31<sup>st</sup>, 2011, and will be adjusted to reflect:

- ◆ the number of shares issued between January 1<sup>st</sup>, 2012 and the date of payment of this dividend following the exercise of stock options with 2011 dividend rights,
- ◆ the final number of eligible shares with a preferential dividend, taking into account the sales or the transfer to a bearer account between January 1<sup>st</sup>, 2012 and the date of payment of this dividend.

The Annual General Meeting therefore declares an ordinary dividend to be paid for the financial year of €2.00 per share, and a preferential dividend of €2.20 per share. The preferential dividend will be granted to the shares held in registered form continuously from December 31<sup>st</sup>, 2009 to the date of payment of this dividend. The number of shares giving entitlement to such increase cannot exceed, for any one shareholder, 0.5% of share capital. The ex dividend date, for both ordinary and preferential dividend, will be on Friday, April 27<sup>th</sup> 2012 and the dividend will be paid to the shareholders on Thursday, May 3<sup>rd</sup>, 2012.

The amount of distributable income corresponding to the dividends on treasury shares held by the Company will be allocated to the *Other reserves* item. It is to be noted that, as the law currently stands, for natural persons who have their tax residence in France, the dividend is liable for personal income tax on the basis of the progressive scale of tax rates and is eligible for the tax deduction provided for in Article 158-3-2° of the French Tax Code, unless such natural person otherwise elects, at the time of receipt of the dividends or on income received during the same year, for the fixed levy in final discharge provided for in Article 117 *quater* of the French Tax Code.

The table set out below gives the amounts of the dividends distributed, that were fully eligible for the tax deduction provided for in Article 158-3-2° of the French Tax Code, for the last three financial years, given that no preferential dividend distribution has been made in respect of those years:

	2008	2009	2010
Ordinary Dividend per share	€1.44	€1.50	€1.80

## 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> resolutions: Tenures as Directors

### Preamble

#### L'Oréal's Board of Directors

L'Oréal's Directors come from different backgrounds. They complement one another due to their different professional experience, their skills and their nationality; they have good knowledge of the Company. The Directors are present, active and closely involved. These are all assets which contribute to the quality of the Board's deliberations and the preparation of its decisions.

#### 1. Assessment of the independence of Directors

The Appointments and Governance Committee has proposed to the Board of Directors to review on a case-by-case basis the situation of each of the Directors with regard to their independence according to the criteria set out in the AFEP-MEDEF Code.

The Directors are independently minded. They have a duty of vigilance and exercise complete freedom of judgment. This freedom of judgment enables them in particular to participate, in complete independence, in the decisions or work of the Board and its Committees of which the roles have been enlarged in 2011.

L'Oréal has a well-balanced Board comprising 14 members at February 13<sup>th</sup>, 2012: the Chairman and Chief Executive Officer, Jean-Paul Agon, the Honorary Chairman, Sir Lindsay Owen-Jones, six Directors appointed by the majority shareholders, three of whom are appointed by Bettencourt's family group and three by Nestlé (the two Vice-Chairmen of the Board being chosen from among these members) and six independent Directors: Ms. Annette Roux, Mr. Charles-Henri Filippi, Mr. Xavier Fontanet, Mr. Bernard Kasriel, Mr. Marc Ladreit de Lacharrière and Mr. Louis Schweitzer.

Mr. Ladreit de Lacharrière has been a Director of L'Oréal for over 12 years but his professional experience and his freedom of judgment, combined with a good knowledge of the Company, are key contributors to the decisions or work of the Board.

#### 2. The Board of Directors reviewed the composition of the Board

- a) The Appointments and Governance Committee noted the end of Ms. Liliane Bettencourt's tenure as Director. Following the proposal by the Appointments and Governance Committee, the Board of Directors has decided to proceed with the cooptation of Jean-Victor Meyers, as Director, until the end of this Annual General Meeting which is called on to ratify such appointment, pursuant to Article L. 225-24 of the French Commercial Code.

The Board of Directors expresses its profound gratitude to Ms. Liliane Bettencourt for her active participation in the Board's meetings and for the heartfelt interest she has always demonstrated in the Board's work and that of its committees.

The Board of Directors submits to the approval of the Annual General Meeting of shareholders, the appointment of Jean-Victor Meyers as Board Director, for a period of 4 years as of this Annual General Meeting.

- b) The Appointments and Governance Committee noted the expiration of Mr. Werner Bauer and Mr. Francisco Castañer Basco's tenures as Directors, both top executives of Nestlé, who don't apply for re-appointment.

The Board of Directors expressed its gratitude to Mr. Werner Bauer and Mr. Francisco Castañer Basco for their active participation in the Board's work and that of its committees.

The Appointments and Governance Committee reviewed the application of two new Directors from Nestlé, reference shareholders of L'Oréal, and the Board of Directors has already decided to submit to the approval of the next Annual General Meeting of shareholders, the appointment of Mr. Paul Bulcke and Ms. Christiane Kuehne.

- c) The reappointment of Mr. Bernard Kasriel and Mr. Jean-Pierre Meyers, whose tenures as Directors were due to expire in 2012, is submitted to the Annual General Meeting.

By no means, these changes would affect the level of independence of the Directors, as described on point 1.

#### 3. Maintaining of the balance of the Board of Directors

It is therefore proposed to maintain this balance, which is considered to be satisfactory by proposing to the Annual General Meeting:

- ◆ the ratification of the appointment of Mr. Jean-Victor Meyers as Director until the end of this Annual General Meeting, appointment which has been decided by the Board of Directors;
- ◆ the appointment of Mr. Jean-Victor Meyers as Director, for a period of 4 years;
- ◆ the appointment of Mr. Paul Bulcke and Ms. Christiane Kuehne as Directors, for a period of four years;
- ◆ the renewal of tenures as Directors of Mr. Jean-Pierre Meyers and Mr. Bernard Kasriel, for a period of four years.

#### Presentation of the Directors whose term of office is proposed for appointment or renewal

- ◆ **Jean-Victor Meyers** (25 years old) studied economics and management, in France and in the United States. Over the last two years, in the context of his professional experience, Jean-Victor Meyers spent several months with L'Oréal Group's Divisions, in France and abroad. He is a member of the Supervisory Board of Téthys, the Bettencourt family holding, since January 2011 and was co-opted to L'Oréal's Board of Directors on February 13<sup>th</sup>, 2012.

- ◆ **Paul Bulcke** (57 years old), Belgian. With Nestlé since 1979, he is Chief Executive Officer since 2008. Paul Bulcke possesses an international experience, more particularly in Europe, in North America and in Latin America. He is Board member of Nestlé and Roche Holding in Switzerland.

- ◆ **Christiane Kuehne** (56 years old), Swiss. With Nestlé since 1977, she heads the Food Strategic Business unit. Christiane Kuehne possesses an international experience, more particularly in Europe and in Asia.

- ◆ **Jean-Pierre Meyers** has been Board Director of L'Oréal since 1987, Vice-Chairman of the Board since 1994, member of the Strategy and Sustainable Development Committee, Audit Committee, Appointments and Governance Committee and Human Resources and Remuneration Committee. He is a member of the Supervisory Committee and General Manager of Téthys, Director of Nestlé and Vice-Chairman of the Board of Bettencourt Schueller Foundation.

Mr. Jean-Pierre Meyers participates with a lot of commitment, serious and dedication not only to the work of the Board of Directors but also to those of its others committees. He is available and actively contributes to the quality of the debates in each committee, concerning the proposals made to the Board of Directors.

**Bernard Kasriel** (65 years old) has been Board Director of L'Oréal since 2004. Chairman of the Human Resources and Remuneration Committee and Member of the Strategy and Sustainable Development Committee. He was previously Chief Executive Officer and Director of Lafarge and is currently Director of Arkema in France and Nucor in the United States.

Very available, conscientious and free of judging, Mr. Bernard Kasriel is Chairman of the Human Resources and Remuneration Committee and member of the Strategy and Sustainable Development Committee. The missions and works of these both committees, in which Mr. Kasriel plays an active part, have been expanded at the end of 2010, and the number of members has increased.

For information purposes, if the Annual General Meeting votes in favor of the appointment and renewals proposed to it in 2012, the terms of office of the 14 Directors of L'Oréal would be as follows:

Directors	Expiry dates of the terms of office			
	2013	2014	2015	2016
Mr. Jean-Paul Agon		X		
Mr. Jean-Pierre Meyers				X
Mr. Peter Brabeck-Letmathe	X			
Ms. Françoise Bettencourt Meyers	X			
Mr. Paul Bulcke				X
Ms. Christiane Kuehne				X
Mr. Charles-Henri Filippi			X	
Mr. Xavier Fontanet		X		
Mr. Bernard Kasriel				X
Mr. Marc Ladreit de Lacharrière		X		
Mr. Jean-Victor Meyers				X
Sir Lindsay Owen-Jones		X		
Mr. Louis Schweitzer	X			
Ms. Annette Roux			X	
<b>Number of renewal per year</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>5</b>

#### Fourth resolution: Appointment of Mr. Jean-Victor Meyers as Director

The General Shareholders' Meeting, having reviewed the report of the Board of Directors:

- ♦ ratifies the appointment of Mr. Jean-Victor Meyers as Director, until the end of this Annual General Meeting, appointment which has been decided by the Board of Directors;
- ♦ appoints Mr. Jean-Victor Meyers as Director for the statutory period of 4 years.

His tenure will expire during the General Shareholders' Meeting to be held in 2016 to review the financial statements for the previous financial year.

#### Fifth resolution: Appointment of Mr. Paul Bulcke as Director

The General Shareholders' Meeting, having reviewed the report of the Board of Directors, decides to appoint Mr. Paul Bulcke as Director for the statutory period of 4 years.

His tenure will expire during the General Shareholders' Meeting to be held in 2016 to review the financial statements for the previous financial year.

#### Sixth resolution: Appointment of Ms. Christiane Kuehne as Director

The General Shareholders' Meeting, having reviewed the report of the Board of Directors, decides to appoint Ms. Christiane Kuehne as Director for the statutory period of 4 years.

Her tenure will expire during the General Shareholders' Meeting to be held in 2016 to review the financial statements for the previous financial year.

#### Seventh resolution: Renewal of the tenure as Director of Mr. Jean-Pierre Meyers

The General Shareholders' Meeting, having reviewed the report of the Board of Directors, renews the tenure of Mr. Jean-Pierre Meyers for a period of four years.

His tenure will expire at the end of the Annual General Meeting to be held in 2016 to review the financial statements for the previous financial year.

#### Eighth resolution: Renewal of the tenure as Director of Mr. Bernard Kasriel

The General Shareholders' Meeting, having reviewed the report of the Board of Directors, renews the tenure of Mr. Bernard Kasriel for a period of four years.

His tenure will expire at the end of the Annual General Meeting to be held in 2016 to review the financial statements for the previous financial year.

## 9<sup>th</sup> resolution: Authorisation for the Company to buy back its own shares

### Preamble

#### **It is proposed that you give the Board of Directors a new authorisation to buy back shares of the Company.**

During 2011 and up until February 13<sup>th</sup>, 2012, the Board of Directors did not buy back any shares.

As the existing authorisation is due to expire in October 2012, it is proposed that the Annual General Meeting give the Board a new authorisation which will enable it to resume its share buyback policy where applicable, depending on the opportunities that may arise, except during periods of public offers with regard to the Company's capital.

The Company could buy back its own shares in the aim of:

- ◆ their cancellation;

- ◆ their cession through employee shareholding plans and their allocation to free grant of shares and/or share purchase options, to the benefit of employees and corporate officers of L'Oréal Group;
- ◆ market animation of the share;
- ◆ retaining them and subsequently using them as payment in connection with external growth operations.

The acquisition of these shares could be made by any ways, in one or several times, on the market or by mutual agreement, even by the acquisition of blocks of shares.

The authorisation would be granted for a period of 18 months at a purchase price per share that may not be greater than €130. The authorisation would concern no more than 10% of the capital, namely, for information purposes, 60,298,408 shares for a maximum amount of €7.8 billion at December 31<sup>st</sup>, 2011, it being stipulated that the Company may at no time hold over 10% of its own capital.

### Ninth resolution: Authorisation for the Company to buy back its own shares

The Annual General Meeting, having reviewed the report of the Board of Directors, authorises the Board of Directors, with the possibility for it to delegate to the Chief Executive Officer, to purchase shares of the Company, in accordance with Articles L. 225-209 *et seq* of the French Commercial Code, and subject to the following conditions:

- ◆ the purchase price per share may not be greater than €130;
- ◆ the number of shares that may be bought by the Company may not exceed 10% of the number of shares forming the capital of the Company at the time the shares are bought back, that is, for information purposes, as of December 31<sup>st</sup>, 2011, 60,298,408 shares for a maximum amount of €7.8 billion, it being stipulated that the Company may at no time hold over 10% of its own capital.

In the event of any transaction affecting the Company's capital, the amounts indicated above will be adjusted where applicable.

The Company may buy its own shares for the following purposes:

- ◆ their cancellation for purposes of optimising shareholders' equity and net earnings per share by a reduction in the capital, subject to the approval of tenth resolution hereafter;
- ◆ their allocation or sale to employees and corporate officers of the Company and affiliates, under the terms and conditions provided for by French or foreign law, and in particular within the scope of employee profit-sharing schemes, share purchase options, free grants of shares or employee share ownership programmes as well as carrying out any transaction to cover the above-mentioned employee share ownership programmes;

- ◆ the market animation of the share through a liquidity agreement entered into with an investment services provider;
- ◆ retaining them and subsequently using them as payment in connection with external growth transactions.

The purchase of these shares may be carried out by any means, on one or more occasions, on or off the stock markets, including through the acquisition of blocks of shares.

These transactions may be carried out at any time, in accordance with the regulations in force at the time of the transactions concerned, except during periods of public offers with regard to the Company's capital.

The Annual General Meeting decides that this authorisation will expire at the end of a period of 18 months following this Annual General Meeting and renders ineffective as from the date hereof any prior authorisation for the same purpose.

The Board of Directors will have the possibility of allocating all the treasury shares currently held by the Company to any of these objectives under the conditions provided for in this share buyback programme. Full powers are granted to the Board of Directors, with the possibility for it to delegate, for the implementation of this resolution.

## ◆ Extraordinary part

### 10<sup>th</sup> resolution: Authorisation for the Board of Directors to reduce share capital by cancelling shares purchased by the Company under Articles L. 225-209 and L. 225-208 of the French Commercial Code

#### Preamble

**With regard to the authorisation given to the Board of Directors to cancel shares purchased by the Company under Article L. 225-209 of the French Commercial Code**

The authorisation given to the Board of Directors in 2010 to cancel shares purchased by the Company under Article L. 225-209 of the French Commercial Code is due to expire.

A proposal is made to the Annual General Meeting that it should grant the Board a further authorisation enabling it to cancel shares, within the limits provided for by law.

This authorisation would be granted for a period of twenty-six months, as from the date of the Annual General Meeting of April 17<sup>th</sup>, 2012 and would render any prior authorisation ineffective.

**With regard to the authorisation given to the Board of Directors to cancel shares purchased by the Company under Article L. 225-208 of the French Commercial Code**

Certain share purchase options allocated in the past can no longer be exercised, for example as a result of the fact that the beneficiary of such share purchase options has left the Company.

The resolution providing for cancellation of the shares purchased by the Company under Article L. 225-209 of the French Commercial Code, as mentioned above, does not enable these shares to be cancelled, as the legal rules governing their cancellation are different.

The authorisation given to the Board of Directors in 2010 to cancel the corresponding shares, purchased by the Company under Article L. 225-208 of the French Commercial Code, is due to expire.

A proposal is made that, for a maximum of 500,000 shares, namely a maximum reduction in the share capital of €100,000, the shares corresponding to share purchase options that can no longer be exercised should be covered by the cancellation policy currently being conducted by the Board of Directors.

This authorisation would be valid for a period of twenty-six months, as from the date of the Annual General Meeting of April 17<sup>th</sup>, 2012 and would render any prior authorisation ineffective.

### Tenth resolution: Authorisation of the Board of Directors to reduce of share capital by cancelling shares purchased by the Company under Articles L. 225-209 and L. 225-208 of the French Commercial Code

The Annual General Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors:

- ◆ authorizes the Board of Directors, in accordance with Article L. 225-209 of the French Commercial Code, to cancel, on one or more occasions, the shares held by the Company pursuant to Article L. 225-209 of the French Commercial Code, within the limit of 10% of the capital as of the date of cancellation, per twenty-four month period;
- ◆ authorizes the Board of Directors, in accordance with Articles L. 225-204 and L. 225-205 of the French Commercial Code, to cancel, on one or more occasions, a maximum of 500,000 shares purchased by the Company on the basis of Article L. 225-208 of the French Commercial Code to cover stock options to purchase shares which currently correspond, or will correspond in future, to options that are no longer exercisable.

Full powers are given to the Board of Directors, with the possibility for it to delegate, to:

- ◆ reduce the share capital by cancelling shares;
- ◆ decide on the final amount of the reduction in the share capital;
- ◆ set the methods and record the completion of such reduction in the share capital;
- ◆ offset the difference between the book value of the shares cancelled and their par value against all reserves and available share premiums;
- ◆ amend the Articles of Association accordingly;
- ◆ and more generally, do all that is necessary to implement this resolution.

These authorisations are granted for a period of twenty-six months as from the date of this Annual General Meeting and render ineffective as of the date hereof any prior authorisation granted for the same purpose.



## 11<sup>th</sup> resolution: Amendments of the Articles of Association

### Preamble

The amendments to the Articles of Association proposed by this resolution have become necessary in order to comply with the latest regulation.

It is proposed that the Annual General Meeting should decide to amend Article 10 of the Articles of Association, concerning the authority of the Board of Directors and of the Chairman of the Board, and also Article 12 of the Articles of Association, concerning the general rules regarding General Shareholders' Meeting.

### 1. Proposed amendment to Article 10

The proposed amendment to Article 10 is intended to bring the Articles of associations in compliance with the legislation, regarding the role of

the Chairman of the Board of Directors, as defined in Article L. 225-51 of the French Commercial Code.

### 2. Proposed amendment to Article 12

The proposed amendment to Article 12 paragraph 10 of the Articles of association relates to the *modus operandi* of participation and voting at the General Shareholders' Meeting. It is proposed to remove the reference concerning the irrevocability of proxies and to include a provision concerning the use of electronic communication and signature.

This amendment to the Articles of Association, proposed in order to comply with the latest regulation, responds to a growing demand for simplify the shareholders' participation at the General Shareholders' Meeting.

## Eleventh resolution: Amendments to Articles of Association

The General Shareholders' Meeting, having reviewed the report of the Board of Directors, decides:

- ◆ to amend **Article 10** of the Articles of Association as follow, by removing the provisions contained in the 2<sup>nd</sup> paragraph, now lapsed:

### Current version

*"The Chairman of the Board of Directors represents the Board of Directors. He organises and directs the deliberations of the Board, reports on these deliberations to the General Meeting and implements its decisions. He ensures that the various agencies of the Company are operating satisfactorily, and that Directors are in a position to carry out their duties."*

### New version

*"The Chairman of the Board of Directors organises and directs the deliberations of the Board, reports on these deliberations to the General Meeting and implements its decisions. He ensures that the various agencies of the Company are operating satisfactorily, and that Directors are in a position to carry out their duties."*

The other provisions of Article 10 remain unchanged.

- ◆ to amend **Article 12 paragraph 10** of the Articles of Association by removing the reference concerning the irrevocability of proxies and by including a provision concerning the use of electronic communication and signature, as follow:

### Current version

*"Shareholders voting by mail or by proxy using the official form for this purpose, within the required time period are placed on equal footing with shareholders resent or represented. If the Board of Directors so decides when the meeting is called, the entry of data and the electronic signature of the form may be made directly on the website set up by the person centralising the meeting documents by any process adopted by the Board of Directors that meets the conditions provided for in the forth sentence of the second paragraph of Article 1316-4 of the French Civil Code which may consist, in particular, of an identification code and a password. The proxy form or the vote cast in this manner prior to the meeting by this electronic means, and the acknowledgement of receipt given, shall be considered as irrevocable written evidence that is enforceable with regard to all the parties involved, being specified that in the event of a sale of shares that takes place before the third working day prior to the meeting at zero hour (Paris time), the Company shall invalidate or amend the proxy form or vote cast prior to such date and time accordingly, where applicable. (...).*

*A register of attendance is kept to which are appended as annexes the powers granted to the proxies, and the forms, if any, for voting by mail."*

### New version

*"Shareholders voting by mail or by proxy using the official form for this purpose, within the required time period are placed on equal footing with shareholders resent or represented.*

***The proxy given for the General Shareholders' Meeting is revocable in the same way than the one used for the designation of the proxy. Once the participating method has been chosen (vote by correspondence; vote by proxy given to the Chairman of Directors or to the proxy; vote by attending the General Shareholders' Meeting), the shareholder can not chose another one.***

***If the Board of Directors so decides when the meeting is called, the shareholders may use a form of admission's request, of proxy or of vote by correspondence in electronic form; the used electronic signature must result from a reliable identification process which ensures its link with the vote's form to which it is related; it may consist, in particular, of an identification code and a password, or any other way provided or authorized by the legislation currently in force.***

*As a result, the vote expressed before the General Shareholders' Meeting by this electronic method, and the acknowledgement of receipt given, shall be considered as irrevocable written evidence that is enforceable with regard to all the parties involved, being specified that in the event of a sale of shares that takes place before the third working day prior to the meeting at zero hour (Paris time), the Company shall invalidate or amend the proxy form or vote cast prior to such date and time accordingly, where applicable. (...).*

*A register of attendance is kept to which are appended as annexes the powers granted to the proxies, and the forms, if any, for voting by mail. **The register of attendance, the proxies and the form of vote by correspondence are consulted in paper form, or where appropriate, in digitised or electronic form."***

The other provisions of Article 12 remain unchanged.

## **12<sup>th</sup> resolution: Powers for formalities**

### **Preamble**

This resolution is intended to grant the powers necessary to carry out all formalities resulting from the holding of the Annual General Meeting.

### **Twelfth resolution: Powers for formalities**

The Annual General Meeting grants full powers to the bearer of an original, copy or extract of these minutes to accomplish all legal and administrative formalities, and to make all filings and announcements prescribed by law.

## ◆ Share Capital : Authorisations in force and proposed to the Annual General Meeting

The table set out below summarises (particularly in application of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code) the currently valid authorisations granted to the Board of Directors by the Annual General Meeting of shareholders concerning the capital, shows the use made of such authorisations over the financial year and presents the authorisations which are to be put to the vote at the Annual General Meeting on April 17<sup>th</sup>, 2012.

Authorisations in force					Authorisations proposed to the Annual General Meeting of April 17 <sup>th</sup> , 2012		
Nature of the authorisation	Date of AGM (resolution n°)	Length (expiry date)	Maximum authorised amount	Use made of the authorisation in 2011	Resolution n°	Length	Maximum ceiling
<b>Share capital increases</b>							
Capital increase through the issue of shares with maintenance of preferential subscription rights or via the capitalisation of share premiums, reserves, profits or other amounts	April 22 <sup>nd</sup> , 2011 (9 <sup>th</sup> )	26 months (June 22 <sup>nd</sup> , 2013)	An increase in the share capital to €180,000,000	None			
Capital increase reserved for employees	April 22 <sup>nd</sup> , 2011 (12 <sup>th</sup> )	26 months (June 22 <sup>nd</sup> , 2013)	1% of share capital at the date of the Annual General Meeting (i.e. a maximum of 6,017,878 shares)	None			
<b>Buyback by the Company of its own shares</b>							
Buyback by the Company of its own shares (maximum authorised purchase price: €130)	April 22 <sup>nd</sup> , 2011 (8 <sup>th</sup> )	18 months (October 22 <sup>nd</sup> , 2012)	10% of share capital on the date of the buybacks (i.e. 60,298,408 shares at December 31 <sup>st</sup> , 2011)	None (Capital held by the Company at December 31 <sup>st</sup> , 2011: 1.43% of the share capital)	9 <sup>th</sup>	18 months	10% of share capital on the date of the buybacks (i.e. 60,298,408 shares at December 31 <sup>st</sup> , 2011)
<b>Reduction in the share capital via cancellation of shares</b>							
Cancellation of shares purchased by the Company within the scope of Article L. 225-209 of the French Commercial Code	April 27 <sup>th</sup> , 2010 (14 <sup>th</sup> )	26 months (June 27 <sup>th</sup> , 2012)	10% of share capital on the date of cancellation per 24-month period	None	10 <sup>th</sup>	26 months (June 17 <sup>th</sup> , 2014)	10% of share capital on the date of cancellation per 24-month period (i.e. 60,298,408 shares at December 31 <sup>st</sup> , 2011)
Cancellation of shares purchased by the Company within the scope of Article L. 225-208 of the French Commercial Code	April 27 <sup>th</sup> , 2010 (14 <sup>th</sup> )	26 months (June 27 <sup>th</sup> , 2012)	500,000 shares	None	10 <sup>th</sup>	26 months (June 17 <sup>th</sup> , 2014)	500,000 shares
<b>Stock options and free grants of shares</b>							
Allocation of share purchase or subscription options (no discount with regard to exercise price)	April 22 <sup>nd</sup> , 2011 (10 <sup>th</sup> )	26 months (June 22 <sup>nd</sup> , 2013)	0.6% of share capital on the date of the decision to allocate the options	1,470,000 share subscription options			
Free grant of existing shares or shares to be issued to employees	April 22 <sup>nd</sup> , 2011 (11 <sup>th</sup> )	26 months (June 22 <sup>nd</sup> , 2013)	0.6% of share capital on the date of the decision to allocate the options	1,038,000 shares			

# 6

## Composition of the Board of Directors as of February 13<sup>th</sup>, 2012

### ◆ Jean-Paul Agon <sup>(1)</sup>

Age: 55. Chairman and Chief Executive Officer of L'Oréal, Board member since 2006 (term of office renewed in 2010). Board member of Air Liquide.

### ◆ Sir Lindsay Owen-Jones

Age: 65. British. Honorary Chairman of L'Oréal, Board member since 1984 (term of office renewed in 2010). Board member of Sanofi and Ferrari (Italy).

### ◆ Jean-Pierre Meyers <sup>(2) (5) (6) (8)</sup>

Age: 63. L'Oréal Board member since 1987 (term of office renewed in 2009 <sup>(9)</sup>). Vice-Chairman of the Board. Board member of Nestlé SA (Switzerland).

### ◆ Peter Brabeck-Letmathe <sup>(2) (5) (6)</sup>

Age: 67. Austrian. Chairman of the Board of Nestlé. L'Oréal Board member since 1997 (term of office renewed in 2009), Vice-Chairman of the Board. Vice-Chairman of the Board of Crédit Suisse Group (Switzerland), Board member of Delta Topco Limited (Jersey) and Exxon Mobil (United States).

### ◆ Françoise Bettencourt Meyers

Age: 58. Daughter of Mrs. Bettencourt. L'Oréal Board member since 1997 (term of office renewed in 2009).

### ◆ Werner Bauer

Age: 61. German. General Manager of Nestlé. L'Oréal Board member since 2005 (term of office renewed in 2009 <sup>(9)</sup>).

### ◆ Francisco Castañer Basco <sup>(2) (8)</sup>

Age: 67. Spanish. Former General Manager of Nestlé. L'Oréal Board member since 1998 (term of office renewed in 2010 <sup>(9)</sup>).

### ◆ Charles-Henri Filippi <sup>(6) (7)</sup>

Age: 59. Former Chairman and Chief Executive Officer of HSBC France. L'Oréal Board member since 2007 (term of office renewed in 2011 <sup>(9)</sup>). France Telecom Board member, Supervisory Board member of Euris and Censor of Nexity.

### ◆ Xavier Fontanet <sup>(3)</sup>

Age: 63. Former Chairman and Chief Executive Officer of Essilor. L'Oréal Board member since 2002 (term of office renewed in 2010). Board member of Crédit Agricole SA.

### ◆ Bernard Kasriel <sup>(2) (4)</sup>

Age: 65. Former Chief Executive Officer of Lafarge. L'Oréal Board member since 2004 (term of office renewed in 2008). Board member of Arkema and Nucor (United States).

### ◆ Marc Ladreit de Lacharrière

Age: 71. Member of the Institut. With L'Oréal from 1976 to 1991. Chairman and Chief Executive Officer of Fimalac. Chairman of Fitch (United States). L'Oréal Board member since 1984 (term of office renewed in 2010). Board member of Casino, of Lucien Barrière group and Renault.

### ◆ Jean-Victor Meyers

Age: 25. Son of Mrs. Françoise Bettencourt Meyers and Mr. Jean-Pierre Meyers. Co-opted as L'Oréal Board member on February 13<sup>th</sup>, 2012.

### ◆ Annette Roux

Age: 69. Chairperson and Chief Executive Officer of Bénéteau from 1976 to 2005. Vice-Chairperson of the Supervisory Board thereafter. L'Oréal Board member since 2007 (term of office renewed in 2010).

### ◆ Louis Schweitzer <sup>(2) (8)</sup>

Age: 69. Chairman and Chief Executive Officer of Renault from 1992 to 2005, Chairman of the Board until 2009. L'Oréal Board member since 2005 (term of office renewed in 2009). Chairman of the Board of AB Volvo (Sweden) and Astra Zeneca (United Kingdom). Board member of BNP Paribas and Veolia Environnement. Member of the Consultative Board of Allianz AG and Bosch (Germany).

*Under the Articles of Association, the length of a L'Oréal director's term of office, which is renewable, is four years or less, to enable staggered renewal of the directors' terms of office. Each Director holds a minimum of 1,000 L'Oréal shares. The full list of directors' offices and directorships, in accordance with legal requirements, is included in the chapter "Corporate Governance" in the 2011 Registration Document.*

(1) Chairman of the Strategy and Sustainable Development Committee.

(2) Member of the Strategy and Sustainable Development Committee.

(3) Chairman of the Appointments and Governance Committee.

(4) Chairman of the Human Resources and Remuneration Committee.

(5) Member of the Appointments and Governance Committee.

(6) Member of the Human Resources and Remuneration Committee.

(7) Chairman of the Audit Committee.

(8) Member of the Audit Committee.

(9) In 2009 the term of office of Mr. Bauer and Mr. Meyers was renewed for a period of three years, in 2010 the terms of office of Mr. Castañer Basco and Mr. Filippi were renewed for periods of two years and one year respectively, to enable a harmonious renewal of the directors' terms of office.

# Information concerning Directors whose appointment or tenure renewal is proposed to the Annual General Meeting

## ◆ Appointments proposed to the Annual General Meeting

### Jean-Victor Meyers

French  
Age: 25  
Director co-opted the 13<sup>th</sup> February 2012  
Professional address: Téthys - 27-29 rue des Poissonniers - 92200 Neuilly-sur-Seine - France  
Holds 1 500 L'Oréal shares

Expiry date of term of office  
2012

#### Other corporate offices and directorships held

##### French company

Téthys SAS.	Member of the Supervisory Board
Exemplaire SAS	Chairman

Corporate offices and directorships over the last five years that have expired	Expiry date of term of office
--------------------------------------------------------------------------------	-------------------------------

None	
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### Paul Bulecke

Belgian  
Age: 57  
Professional address: Nestlé - Avenue Nestlé, 55 CH 1800 - Vevey - Switzerland  
Holds 1 000 L'Oréal shares

#### Main corporate office held outside L'Oréal

Nestlé S.A. (Switzerland)	Chief Executive Officer
---------------------------	-------------------------

#### Other corporate offices and directorships held

##### Foreign companies

Cereal Partners Worldwide (Switzerland)	Co-Chairman of the Supervisory Board
Roche Holding Ltd (Switzerland)	Board member

##### Other

The Consumer Goods Forum (France)	Board member and Co-Chairman of the Governance Committee
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Corporate offices and directorships over the last five years that have expired	Expiry date of term of office
--------------------------------------------------------------------------------	-------------------------------

##### Foreign company

Alcon Inc. (Switzerland)	Board member	August 2010
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### Christiane Kuehne

Swiss  
Age: 56  
Professional address: Nestlé - Avenue Nestlé, 55 CH 1800 Vevey - Switzerland  
Holds 1 000 L'Oréal shares

#### Main corporate office held outside L'Oréal

Nestlé S.A. (Switzerland)	Head of Food Strategic Business unit
---------------------------	--------------------------------------

#### Other corporate offices and directorships held

None

Corporate offices and directorships over the last five years that have expired	Expiry date of term of office
--------------------------------------------------------------------------------	-------------------------------

None	
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## ◆ Tenure renewals proposed to the Annual General Meeting

### Jean-Pierre Meyers

French  
 Age: 63  
 Director since 1987  
 Vice-Chairman of the Board of Directors  
 Member of the Audit Committee  
 Member of the Appointments and Governance Committee  
 Member of the Human Resources and Remuneration Committee  
 Member of the Strategy and Sustainable Development Committee  
 Professional address: Téthys – 27-29 rue des Poissonniers – 92200 Neuilly-sur-Seine – France  
 Holds 15,332 L'Oréal shares

Expiry date of term of office 2012

#### Other corporate offices and directorships held

##### French companies

Téthys SAS	Chief Executive Officer Member of the Supervisory Board
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Clymène SAS	Chief Executive Officer
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##### Foreign company

Nestlé S.A.	Director
-------------	----------

##### Other

Bettencourt Schueller Foundation	Vice-Chairman of the Board
----------------------------------	----------------------------

#### Corporate offices and directorships over the last five years that have expired

##### French company

Gespral S.A.	Director	July 2007
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##### Other

Fondation Ophthalmologique Adolphe de Rothschild	Director	October 2007
--------------------------------------------------	----------	--------------

### Bernard Kasriel

French  
 Age: 65  
 Director since 2004  
 Chairman of the Appointments and Governance Committee until April 22<sup>nd</sup>, 2011  
 Chairman of the Human Resources and Remuneration Committee  
 Member of the Strategy and Sustainable Development Committee  
 Professional address: 1 rue Saint-James – 92200 Neuilly-sur-Seine – France  
 Holds 1,525 L'Oréal shares

Expiry date of term of office 2012

#### Other corporate offices and directorships held

##### French company

Arkema S.A.	Director
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##### Foreign company

Nucor (United States)	Director
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#### Corporate offices and directorships over the last five years that have expired

##### French companies

Lafarge S.A.	Director	May 2010
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LBO France	Member of the Management Board Partner	January 2010 September 2011
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##### Foreign company

Sonoco Products Company (United States)	Director	February 2007
-----------------------------------------	----------	---------------

## ◆ Statutory Auditors' Report on the Financial Statements (Year ended December 31<sup>st</sup>, 2011)

*This is a free translation into English of the Statutory Auditors' Report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.*

*This report also includes information relating to the specific verification of information given in the Management Report.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31<sup>st</sup>, 2011, on:

- ◆ the audit of the accompanying financial statements of L'Oréal;
- ◆ the justification of our assessments;
- ◆ the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

### I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31<sup>st</sup>, 2011, and of the results of its operations for the year then ended in accordance with French accounting principles.

### II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matter:

Investments have been valued in accordance with the accounting methods described in note 1.7.1 "Accounting policies – Financial Assets – Investments and advances" to the Company's financial statements. As part of our audit, we reviewed whether these accounting methods were appropriate and evaluated the assumptions used.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### III. Specific verifications and information

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Management Report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the Management Report.

Neuilly-sur-Seine, March 2<sup>nd</sup>, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit  
Etienne Boris

Deloitte & Associés  
David Dupont-Noel

## ◆ **Statutory Auditors' Report on the Consolidated Financial Statements (Year Ended December 31<sup>st</sup>, 2011)**

*This is a free translation into English of the Statutory Auditors' Special Report on the cancellation of shares purchased by the Company issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31<sup>st</sup>, 2011, on:

- ◆ the audit of the accompanying consolidated financial statements of L'Oréal;
- ◆ the justification of our assessments;
- ◆ the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

### **I. Opinion on the consolidated financial statements**

We conducted our audit in accordance with professional standards applicable in France. 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. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31<sup>st</sup>, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### **II. Justification of our assessments**

In accordance with the requirements of Article L. 823-9 of French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- ◆ L'Oréal performs impairment tests on goodwill and intangible assets with indefinite useful lives at least once a year and whenever there is an indication that an asset may be impaired, in accordance with the methods set out in notes 1.15 and 13 to the consolidated financial statements. We have reviewed the terms and conditions for implementing these impairment tests as well as the assumptions applied;
- ◆ obligations relating to pensions, early retirement benefits and other related benefits granted to employees have been valued and recorded in accordance with the accounting policies described in notes 1.23 and 21 to the consolidated financial statements. We have reviewed and analyzed the valuation methods of these obligations and the data used and the assumptions applied.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### **III. Specific verification**

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's Management Report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine, March 2<sup>nd</sup>, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit

Etienne Boris

Deloitte & Associés

David Dupont-Noel



## ◆ Statutory Auditors' Special Report on the cancellation of Shares purchased by the Company

### Ordinary and Extraordinary Shareholders' Meeting of April 17<sup>th</sup>, 2012 (Tenth Resolution)

*This is a free translation into English of the Statutory Auditors' Special Report on the cancellation of shares purchased by the Company issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

In our capacity as Statutory Auditors of L'Oréal and pursuant to the provisions of Articles L. 225-204 and L. 225-209 of the French Commercial Code (*Code de commerce*) relating to capital decreases, in particular as concerns the cancellation of shares purchased by the Company, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital decreases.

We performed the procedures we deemed necessary in accordance with French professional standards applicable to this engagement. These procedures consisted in ensuring that the reasons for and the terms and conditions of the proposed capital decreases, which are not considered to affect shareholder equality, comply with the applicable legal provisions.

#### Cancellation of shares held by the Company within the scope of Article L. 225-214 of the French Commercial Code

The proposed capital decrease would take place through the cancellation by the Company of its own shares purchased in accordance with the conditions of Article L. 225-208 of the French Commercial Code.

Shareholders are asked to grant the Board of Directors full powers to cancel, on one or more occasions, a maximum of 500,000 shares purchased by the Company to cover share purchase options which currently correspond, or will correspond in the future, to options that are no longer exercisable. These powers would be exercisable for a period of twenty-six months from the Shareholders' Meeting of April 17<sup>th</sup>, 2012.

We have no matters to report on the reasons for or terms and conditions of the proposed share capital decrease, which would reduce the Company's share capital by a maximum of €100,000.

#### Cancellation of shares held by the Company within the scope of Article L. 225-209 of the French Commercial Code

Shareholders are also asked to grant the Board of Directors full powers to cancel, on one or more occasions, the shares acquired by the Company, within the limit of 10% of the capital as of the date of the cancellation, per twenty-four month period. These powers would be exercisable for a period of twenty-six months from the Shareholders' Meeting of April 17<sup>th</sup>, 2012, in accordance with Article L. 225-209 of the French Commercial Code. Under the ninth resolution, the Board of Directors is seeking an eighteen-month authorisation from the Shareholders' Meeting to perform this purchase.

We have no matters to report on the reasons for or terms and conditions of the proposed capital decrease, the implementation of which depends on the Shareholders' Meeting approving the purchase of the Company's shares, as proposed under the ninth resolution.

Neuilly-sur-Seine, March 2<sup>nd</sup>, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit

Etienne Boris

Deloitte & Associés

David Dupont-Noel

## **Notes**

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# 9 Request for provision of statutory documents <sup>(1)</sup> and information

## Annual General Meeting of April 17<sup>th</sup>, 2012

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Documents may be seen or downloaded on the Company's Internet website:  
[www.loreal-finance.com](http://www.loreal-finance.com)

I, the undersigned:

Surname, first name:.....

Address: .....

Post code: .....

City: .....

The holder of: ..... registered shares

And/or of ..... bearer shares

Registered with <sup>(2)</sup>.....

request that the document and information provided in Articles R. 225-81 et R. 225-83 of the French Commercial Code concerning the General Meeting to be held on April 17<sup>th</sup>, 2012, should be sent to me at the above address.

Signed in ....., on .....2012



- (1) This request is reserved for shareholders only and must be sent to L'Oréal, for the attention of the Director of Shareholder Relations, 41, rue Martre - 92117 Clichy Cedex - France. Fax: 01 47 56 86 42 - E-mail: [info-ag@loreal-finance.com](mailto:info-ag@loreal-finance.com) - Freephone number (from France only): 0 800 66 66 66, from abroad: +33 1 40 14 80 50.
- (2) Please provide precise details of the bank, financial institution or brokerage firm which is the custodian of the shares, together with a certificate showing that the person requesting the information is a shareholder at the time of his/her request.

# L'ORÉAL

Incorporated in France as a "Société Anonyme"  
With registered capital of €120,596,816.40  
632 012 100 RCS Paris

Headquarters:  
41, rue Martre  
92117 Clichy Cedex - France  
Tel.: +33 1 47 56 70 00  
Fax: +33 1 47 56 86 42

Registered Office:  
14, rue Royale  
75008 Paris - France

Freephone number from France:  
0 800 66 66 66  
Freephone number from abroad:  
+33 1 40 14 80 50

[www.loreal-finance.com](http://www.loreal-finance.com)

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# L'ORÉAL

## CONVENING NOTICE

### ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETING

of Tuesday, April 17<sup>th</sup>, 2012 at 10 a.m. - Palais des Congrès - 75017 PARIS



#### Ordinary part

1. Approval of the 2011 parent company financial statements
2. Approval of the 2011 consolidated financial statements
3. Allocation of the Company's net income for 2011 and declaration of the dividend
4. Appointment of Mr. Jean-Victor Meyers as Director
5. Appointment of Mr. Paul Bulcke as Director
6. Appointment of Ms. Christiane Kuehne as Director
7. Renewal of the tenure as Director of Mr. Jean-Pierre Meyers
8. Renewal of the tenure as Director of Mr. Bernard Kasriel
9. Authorisation for the Company to buy back its own shares

#### Extraordinary part

10. Authorisation given to the Board of Directors to reduce the share capital by cancellation of the shares held, pursuant to Articles L. 225-208 and L. 225-209 of the French Commercial Code
11. Amendments to Articles of Association
12. Powers for formalities

# How to take part in the Annual General Meeting ?

For more information, please:

◆ Visit our website [www.loreal-finance.com](http://www.loreal-finance.com):

◆ Contact the Shareholder Services Department on the following number when calling from abroad (+33 1 40 14 80 50), from 8.45 a.m. to 6 p.m. (Paris local time) from Monday to Friday;

◆ Send us an email at the following address: [info-ag@loreal-finance.com](mailto:info-ag@loreal-finance.com).

All shareholders have the right to attend the Annual General Meeting regardless of the number of shares held or their way of custody (registered or bearer shares). The right to participate in the meeting is subject to the accounting registration of the shares no later than the third working day prior to the Annual General Meeting, namely on Thursday, April 12<sup>th</sup>, 2012, at zero hour (Paris local time).

## Participate in the Annual General Meeting

You may choose between the four following methods to exercise your rights as a shareholder:

- ◆ by attending personally the meeting, using your entrance card <sup>(1)</sup>;
- ◆ by voting by post or Internet;
- ◆ by giving proxy to the Chairman of the meeting;
- ◆ by giving proxy to anyone else.

Please note that any shareholder who has already cast a vote, applied for an entrance card or requested a certificate of participation (Article R. 225-85 of the French Commercial Code):

- ◆ can no longer choose any other method of participation in the meeting;
- ◆ has the possibility of selling all or part of his/her shares.

However, if the sale takes place before Thursday, April 12<sup>th</sup>, 2012 at zero hour (Paris local time), the Company will invalidate or modify accordingly, as the case may be, the vote cast, the proxy form, the entrance card or the shareholding certificate.

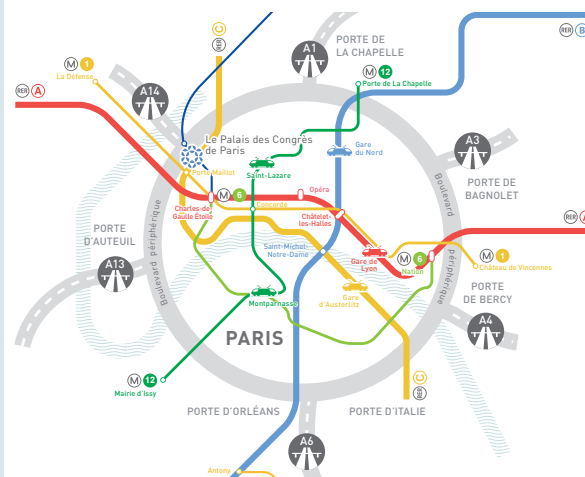
## Save time and care for the environment

You can now opt for an electronic version of your entrance card, which can directly be downloaded on your computer. In order to do this, you need to connect on the website <https://gisproxy.bnpparibas.com/loreal.pg>, and follow the instructions shown on the last page of this mid-booklet.

**That "e-entrance card" can be seen and printed until the day of the Annual General Meeting, and must be shown during the registration process.**

## To get to the Palais des Congrès: 2, place de la Porte Maillot, 75017 Paris

- ◆ subway: Line 1  
To "La Défense", stop "Porte Maillot";
- ◆ RER: RER C  
to "Pontoise Argenteuil", stop "Neuilly – Porte Maillot"  
Bus: lines PC1, PC3, Bb, 43, 73, 82, 244  
Stop "Général Koenig – Palais des Congrès", "Porte Maillot – Palais des Congrès" or "Balabus – Porte Maillot";
- ◆ car: the Palais des Congrès has an underground parking.



In accordance with Article R. 225-84 of the French Commercial Code, any shareholder who wishes to submit written questions may do so in the following manner up until the fourth working day prior to the Annual General Meeting, namely by midnight (Paris time) on Tuesday, April 10<sup>th</sup>, 2012 at the latest:

- ◆ registered letter with acknowledgement of receipt requested addressed to the Chairman of the Board of Directors, 41 rue Martre – 92117 Clichy Cedex, France;
- ◆ or to the following e-mail address:  
[info-ag@loreal-finance.com](mailto:info-ag@loreal-finance.com).

For holders of bearer shares, these questions must be accompanied by a certificate confirming that the shares are recorded in a shareholder's account in the holder's name.

(1) On the day of the Annual General Meeting, each shareholder must provide proof of his shareholder status and his identity during the registration process.

# ◆ How to attend the meeting or vote except for Internet?

## You wish to personally attend the Annual General Meeting

### Holders of registered shares:

- ◆ Tick **box A** of the form <sup>(1)</sup>. Date and sign at the bottom of the form. Return it using the free-post envelope sent with the Convening Notice;
- ◆ You will receive your entrance card by post <sup>(2)</sup>.

### Holders of bearer shares:

- ◆ Contact the institution that is custodian of your shares indicating that you want to attend the Annual General Meeting, and ask for a certificate proving your shareholder status at the date of the request;
- ◆ The custodian will then transmit it to BNP Paribas Securities Services;
- ◆ You will receive your entrance card by post <sup>(2)</sup>.

## You will not personally attend the Annual General Meeting

### For holders of both registered and bearer shares:

If you are not personally attending the meeting you can choose one of the three following possibilities: tick the **box B** of the voting form <sup>(3)</sup>:

- ◆ Vote by post: tick box "I vote by post" (**B1**) and vote following the instructions;
- ◆ Give your proxy to the Chairman of the meeting: tick the box "I hereby give proxy to the Chairman of the meeting" (**B2**). In that case, a vote in favor of adopting resolutions submitted or approved by the Board of Directors, and a vote against adopting any other draft resolutions will be issued <sup>(3)</sup>;
- ◆ Give your proxy to someone else: tick the box "I hereby appoint" (**B3**) and give the name of the person appointed as your proxy who will be present at the meeting <sup>(3)</sup>.

## Under no circumstances should this voting be returned to L'Oréal.

In order for this voting form to be considered, whatever option you have chosen, it has to be:

- ◆ duly dated and signed;
- ◆ received by the department Assemblées Générales de BNP Paribas Securities Services, at the following address: BNP Paribas Securities Services, CTS Service Assemblées Générales, Les Grands Moulins de Pantin, 9 rue du Débarcadère, 93761 Pantin Cedex, France, no later than six days before the date of the Annual General Meeting, namely on Friday, April 13<sup>th</sup>, 2012.

**You plan to attend the Meeting in person : check the A case.**

**You do not plan to attend the Meeting in person: check the B case.**

**you want to cast a postal vote: check here and follow the instructions.**

**You want to give proxy to the Chairman of the Meeting: check here.**

**Je formulaire n'est pas à utiliser dans le cas d'un vote par internet (voir instructions ci-jointes ou sur <https://gisproxy.bnpparibas.com/loreal/pg/>) / This form should not be used in case of voting by internet (see attached instruction or at <https://gisproxy.bnpparibas.com/loreal/pg/>)**

**IMPORTANT : avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso / Before selecting, please refer to instructions on reverse side.**

QUELLE QUE SOIT L'OPTION CHOISIE, NOIRCIER COMME CECI ■ LA OU LES CASES CORRESPONDANTES, DATER ET SIGNER AU BAS DU FORMULAIRE / WHICHEVER OPTION IS USED, SHADE BOX(ES) LIKE THIS ■, DATE AND SIGN AT THE BOTTOM OF THE FORM

**A** Je désire assister à cette assemblée et demande une carte d'admission : dater et signer au bas du formulaire / I wish to attend the shareholder's meeting and request an admission card : date and sign at the bottom of the form.

**B** J'utilise le formulaire de vote par correspondance ou par procuration ci-dessous, selon l'une des 3 possibilités offertes / I prefer to use the postal voting form or the proxy form as specified below.

**L'ORÉAL**

Société Anonyme au capital de € 120.596.816,40  
Siège social :  
14, rue Royale, 75008 PARIS-France  
632 012 100 RCS PARIS

**ASSEMBLÉE GÉNÉRALE MIXTE des actionnaires** convoquée le mardi 17 avril 2012 à 10 h 00, au Palais des Congrès, 2 Place de la Porte Maillot, 75017 PARIS - France.  
**COMBINED GENERAL MEETING for the shareholders** to be held on Tuesday, April 17<sup>th</sup>, 2012 at 10:00 am at Palais des Congrès, 2 Place de la Porte Maillot, 75017 PARIS - France.

**CADRE RÉSERVÉ À LA SOCIÉTÉ / For Company's use only**

Identifiant / Account  
Nominatif Registered  
Porteur / Bearer  
Vote simple Single vote  
Vote double Double vote

Nombre d'actions / Number of shares  
Nombre de voix / Number of voting rights

**B1 JE VOTE PAR CORRESPONDANCE / I VOTE BY POST**  
Cf. au verso renvoi (2) - See reverse (2)

Je vote **OUI** à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directoire ou la Gérance, à l'EXCEPTION de ceux que je signale en notifiant comme ceci ■ la case correspondante et pour lesquels je vote **NON** ou je m'abstiens.

I vote **YES** all the draft resolutions approved by the Board of Directors EXCEPT those indicated by a shaded box - like this ■, for which I vote **NO** or I abstain.

1	2	3	4	5	6	7	8	9
10	11	12	13	14	15	16	17	18
19	20	21	22	23	24	25	26	27
28	29	30	31	32	33	34	35	36
37	38	39	40	41	42	43	44	45

Oui Yes Abst/Abs

**B2 JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE**  
Cf. au verso renvoi (3)

I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE GENERAL MEETING  
See reverse (3)

**B3 JE DONNE POUVOIR A :** Cf. au verso renvoi (4)  
I HEREBY APPOINT see reverse (4)

M., Mme ou Mlle, Raison Sociale / Mr, Mrs or Miss, Corporate Name

Adresse / Address

ATTENTION : S'il s'agit de titres au porteur, les présentes instructions ne seront valides que si elles sont directement retournées à votre banque.  
CAUTION : If it is about bearer securities, the present instructions will be valid only if they are directly returned to your bank.

Nom, Prénom, Adresse de l'actionnaire (si ces informations figurent déjà), les vérifier et les rectifier (éventuellement) - Surname, first name, address of the shareholder (if this information is already supplied, please verify and correct if necessary)  
Cf. au verso renvoi (1) - See reverse (1)

**In all cases, date and sign the form here.**

**Write your name and address here or verify them if they are already.**

Date & Signature

Si des amendements ou des résolutions nouvelles étaient présentés en assemblée / In case amendments or new resolutions are proposed during the meeting  
- Je donne pouvoir au Président de l'A.G. de voter en mon nom. / I appoint the Chairman of the general meeting to vote on my behalf...  
- Je m'abstiens (l'abstention équivalait à un vote contre). / I abstain from voting (is equivalent to a vote NO).....  
- Je donne procuration (cf. au verso renvoi 4) à M., Mme ou Mlle, Raison Sociale.....  
pour voter en mon nom / I appoint (see reverse (4)) Mr, Mrs or Miss, Corporate Name to vote on my behalf

Pour être prise en considération, toute formule (A ou B) doit parvenir au plus tard : le 13 avril 2012, à 10 heures / In order to be considered, all forms (A or B) must be returned no later than: April 13<sup>th</sup>, 2012 to Services Actionnaires de L'Oréal - BNP Paribas Securities Services  
CTS Assemblées, Les Grands Moulins de Pantin - 9 rue du Débarcadère - 93761 PANTIN Cedex  
The french version prevails; English translation is for convenience only

(1) For holders of registered shares, the voting form is sent automatically with the convening notice. For holders of bearer shares who have not received the voting form, all requests have to be addressed to the institution that is custodian of your shares who will then transmit both the shareholding certificate and the postal voting form to BNP Paribas Securities Services.

(2) If you have not received your entrance card by the third working day prior to the Annual General Meeting, namely Thursday, April 12<sup>th</sup>, 2012, please ask your custodian institution for a shareholding certificate. If you are a holder of registered shares, you can go right to the Annual General Meeting (without a shareholding certificate).

(3) In accordance with the provisions of Article R. 225-79 of French Commercial Code, it is possible to revoke a proxy who has previously been appointed. Please see the section entitled "Appointment and revocation of a proxy" on the following page of this document for further information.

## How to take part in the Annual General Meeting ?

### ◆ How to attend the meeting or vote by Internet?

#### Holders of registered shares:

- ◆ if you are a holder of pure registered shares: access the website by using the username and the password that have been sent to you and that you usually use to consult your account on the PlanetShares website;
- ◆ if you are a holder of managed registered shares: You will be able to obtain your password by using the username shown at the top right-hand corner of the form sent with the Convening Notice;
- ◆ follow the instructions shown on the screen.

#### Holders of bearer shares:

- ◆ ask the institution that is custodian of your shares for a shareholding certificate and give him your email address. In accordance with the usual procedure, the custodian will send on the shareholding certificate, with your email address, to BNP Paribas Securities Services;
- ◆ this email address will be used by BNP Paribas Securities Services to provide you your username and password which enable you to access the website;
- ◆ follow the instructions shown on the screen.

#### From then on, and regardless of the way of custody of your shares, you can:

- ◆ vote by Internet;
- ◆ give your proxy to the Chairman of the meeting or to anyone else <sup>(1)</sup>;
- ◆ ask for your "e-entrance card" to personally attend the meeting. You will have the possibility to download your entrance card directly on your computer.

#### Use of the service:

voting by Internet before the Annual General Meeting will no longer be possible from Monday, April 16<sup>th</sup>, 2012 at 3 p.m. (Paris local time).

in order to avoid potential congestion on the special secure website, shareholders are recommended not to wait until the day before the Annual General Meeting to vote.

**NB: If you decide to vote by Internet, you must not fill or send back the voting form.**

**Address of the website specifically intended for the Annual General Meeting, accessible from Wenesday, March 28<sup>th</sup>, 2012:**

<https://gisproxy.bnpparibas.com/loreal.pg>

### ◆ Appointment and revocation of a proxy for the Annual General Meeting

Article R. 225-79 of the French Commercial Code now makes it possible to revoke a proxy who has previously been appointed. The proxy given for an Annual General Meeting can be revoked in the same forms as are required to appoint the proxy.

#### 1/ By post

The person giving the proxy must send the service Assemblées Générales (Annual General Meetings department) of BNP Paribas Securities Services a letter giving the name of the Company and the date of the Annual General Meeting, the surname, first name, address and registered share account number (or bank account details for bearer shareholders) of the person giving the proxy where applicable and the surname, first name and, if possible, the address of the proxy.

Holders of bearer shares must mandatorily ask the institution that is the custodian of their shares to send written confirmation to the service Assemblées Générales, BNP Paribas Securities Services – CTS Assemblées Générales – Les Grands Moulins de Pantin 9 rue du Débarcadère – 93761 Pantin Cedex.

#### 2/ By internet

Notification of the appointment or revocation of a proxy can also be made via the internet, in the following manner :

##### Holders of pure registered shares

- ◆ The shareholder is required to make his/her request on PlanetShares/My Shares or PlanetShares/My Plans by accessing

the website using his/her normal identifier and password and then going to the page "My shareholder space – Annual General Meetings" and finally clicking on the button "Appoint or revoke a proxy".

##### Holders of bearer shares or managed registered shares

- ◆ The shareholder must send an email to the following address: **paris.bp2s.france.cts.mandats@bnpparibas.com**. This email must mandatorily contain the following information: name of the Company and date of the Annual General Meeting, surname, first name, address and bank account details for the person giving the proxy where applicable and the surname, first name and, if possible, the address of the proxy.
- ◆ The shareholder is then required to ask the institution that is the custodian of his/her shares to send written confirmation to the service Assemblées Générales, BNP Paribas Securities Services – CTS Assemblées Générales – Les Grands Moulins de Pantin 9 rue du Débarcadère – 93761 Pantin Cedex.

Only notifications of appointment or revocation of proxies may be sent to the above-mentioned e-mail address and any request or notification made to this address for another purpose will not be taken into consideration and/or processed.

In order for appointments or revocations of proxies made by e-mail to be validly taken into consideration, the confirmations must be received at the latest by 3 p.m. (Paris time) on the day before the Annual General Meeting. Appointments or revocations of proxies sent in on paper must be received no later than 3 calendar days prior to the date of the Annual General Meeting.

(1) In accordance with the provisions of Article R. 225-79 of French Commercial Code, it is possible to revoke a proxy who has previously been appointed. Please see the section above entitled "Appointment and revocation of a proxy" for further information.