

**DRAFT RESOLUTIONS**  
**ORDINARY AND EXTRAORDINARY GENERAL MEETING ON APRIL 16<sup>th</sup>, 2009**

**AGENDA**

Ordinary part

1. Approval of the 2008 parent company financial statements,
2. Approval of the 2008 consolidated financial statements,
3. Allocation of the company's net income for 2008 and declaration of the dividend,
4. Regulated agreements and regulated commitments,
5. Renewal of the tenure as director of Mr Werner Bauer,
6. Renewal of the tenure as director of Ms Françoise Bettencourt Meyers,
7. Renewal of the tenure as director of Mr Peter Brabeck-Letmathe,
8. Renewal of the tenure as director of Mr Jean-Pierre Meyers,
9. Renewal of the tenure as director of Mr Louis Schweitzer,
10. Authorisation for the company to buy back its own shares,

Extraordinary part

11. Delegation of authority to the Board of Directors to increase the share capital either through the issue of ordinary shares with maintenance of preferential subscription rights, or via the capitalisation of share premiums, reserves, profits or other amounts,
12. Authorisation given to the Board of Directors to grant stock options to purchase and/or subscribe for L'Oréal shares,
13. Authorisation given to the Board of Directors to make free grants of existing shares and/or shares to be issued to employees,
14. Delegation of authority granted to the Board of Directors for the purpose of carrying out a capital increase reserved for employees,
15. Amendment of Article 8 paragraph 2 of the Articles of Association with regard to the length of the terms of office of the directors,
16. Amendment of Article 15A 3° of the Articles of Association relating to the distribution or allocation of profits (preferential dividend),
17. Powers for formalities.

## ORDINARY PART

### 1. Approval of the 2008 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 2008 parent company financial statements showing net income of €1,552,103,144.14 compared with €2,822,429,471.46 for 2007.

### 2. Approval of the 2008 consolidated financial statements

The Annual General Meeting, having reviewed the reports of the Board of Directors and the Statutory Auditors, approves the 2008 consolidated financial statements.

### 3. Allocation of the company's net income for 2008 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 2008 financial year, amounting to €1,552,103,144.14, as follows:

No allocation to the legal reserve which already represents over one-tenth of the share capital	-
An amount of will be allocated to shareholders as a dividend <sup>1</sup>	€861 761 102, 40
The balance that is will be allocated to the "Other reserves" item	€690 342 041, 22

<sup>1</sup> 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 takes into account the total number of shares forming the capital at February 16<sup>th</sup>, 2009, and will be adjusted to reflect the number of shares issued or allocated following the exercise of stock options with 2008 dividend rights on the dividend payment date.

The Annual General Meeting therefore declares a net dividend to be paid for the financial year of €1.44 per share. The Annual General Meeting decides that this dividend will be paid on Friday, April 24<sup>th</sup>, 2009. The amount of distributable income corresponding to the dividends on treasury shares held by the company on such date being allocated to the "Ordinary reserve" item.

It is to be noted that 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:

	<b>2005</b>	<b>2006</b>	<b>2007</b>
Dividend per share	€1.00	€1.18	€1.38

#### **4. Regulated agreements and regulated commitments**

The Annual General Meeting, having reviewed the special report of the Statutory Auditors provided for in Article L.225-40 of the French Commercial Code, records that no regulated agreement or new regulated commitment has been entered into during the financial year ended December 31<sup>st</sup>, 2008 and records the information with regard to the agreements entered into and commitments made during previous financial years.

#### ***TENURE OF DIRECTORS***

#### **5. Renewal of the tenure as director of Mr Werner Bauer**

The Annual General Meeting renews the tenure as director of Mr Werner Bauer for a period of three years, on the condition precedent of approval of the fifteenth resolution with regard to amendment of the provisions of Article 8 paragraph 2 of the Articles of Association.

His tenure will expire at the end of the Annual General Meeting to be held in 2012 to review the financial statements for the previous financial year.

#### **6. Renewal of the tenure as director of Ms Françoise Bettencourt Meyers**

The Annual General Meeting renews the tenure as director of Ms Françoise Bettencourt Meyers for a period of four years.

Her tenure will expire at the end of the Annual General Meeting to be held in 2013 to review the financial statements for the previous financial year.

#### **7. Renewal of the tenure as director of Mr Peter Brabeck-Letmathe**

The Annual General Meeting renews the tenure as director of Mr Peter Brabeck-Letmathe for a period of four years.

His tenure will expire at the end of the Annual General Meeting to be held in 2013 to review the financial statements for the previous financial year.

#### **8. Renewal of the tenure as director of Mr Jean-Pierre Meyers**

The Annual General Meeting renews the tenure as director of Mr Jean-Pierre Meyers for a period of three years, on the condition precedent of approval of the fifteenth resolution with regard to amendment of the provisions of Article 8 paragraph 2 of the Articles of Association.

His tenure will expire at the end of the Annual General Meeting to be held in 2012 to review the financial statements for the previous financial year.

## **9. Renewal of the tenure as director of Mr Louis Schweitzer**

The Annual General Meeting renews the tenure as director of Mr Louis Schweitzer for a period of four years.

His tenure will expire at the end of the Annual General Meeting to be held in 2013 to review the financial statements for the previous financial year.

## **10. Authorisation for the company to buy back its own shares**

The Annual General Meeting, having reviewed the report of the Board of Directors, decides to authorise the Board of Directors, effective as of the date set out hereinafter, with the possibility for it to delegate, to trade in the company's shares on the Stock Exchange or otherwise, 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 February 16<sup>th</sup>, 2009, 59,844,521 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, in particular through capitalisation of reserves followed by the issue and grant of bonus shares, and/or share splits or reverse share splits, the amounts indicated above will be adjusted on the basis of the characteristics of the transaction.

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, in accordance with the authorisation granted by the Ordinary and Extraordinary General Meeting on April 22<sup>nd</sup>, 2008 for a period of 26 months;
- their allocation to employees and corporate officers of the company and affiliates, under the terms and conditions provided for by French law, and in particular within the scope of employee profit-sharing schemes, share purchase options, free grants of shares or company savings schemes;
- stabilising the market 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:

—shall take effect on the date when the Board of Directors decides on its implementation, and that this decision will automatically lead to expiry of the authorisation to buy back the company's shares granted by the Annual General Meeting on April 22<sup>nd</sup>, 2008, which shall remain in force until such date;

—shall expire at the end of a period of 18 months following this Annual General Meeting.

The Annual General Meeting grants full powers to the Board of Directors, with the possibility for it to delegate, to make all trades, enter into all agreements, prepare all documents, particularly for information purposes, carry out all formalities and make all declarations and filings with all organisations and, in general, take all actions that are necessary for the implementation of this resolution.

## **EXTRAORDINARY PART**

### **11. Delegation of authority to the Board of Directors to increase the share capital either through the issue of ordinary shares with maintenance of preferential subscription rights, or via the capitalisation of share premiums, reserves, profits or other amounts**

The Annual General Meeting, having reviewed the report of the Board of Directors and in accordance with Articles L.225-109 *et seq.* of the French Commercial Code, in particular Article L.225-129-2 of the French Commercial Code:

1. Delegates to the Board of Directors the authority to decide on one or more increases in the share capital:
  - a- through the issue of ordinary shares of the company,
  - b- and/or via the capitalisation of share premiums, reserves, profits or other amounts which it will be possible to capitalise pursuant to French law and the Articles of Association in the form of allocations of bonus shares or an increase in the par value of existing shares.

The delegation of authority thus granted to the Board of Directors is valid for a period of 26 months as from the date of this meeting;

2. Decides that the total amount of the capital increases that may thus be carried out either immediately and/or in future may not lead to the share capital, which currently amounts to €119,689,042, being increased to over €175,000,000, i.e., for information purposes, a maximum increase of €55,310,958 as compared with the current capital;

3. Decides, if the Board of Directors uses this delegation of authority within the scope of the share issues referred to in paragraph 1.a that:

- a- the shareholders will have a preferential subscription right to the shares issued pursuant to this resolution, in proportion to the amount of their shares,
- b- if subscriptions made by shareholders by way of right on the basis of the shares they hold and, where applicable, their subscriptions for excess shares, do not cover the full number of shares or securities issued as defined above, the Board will be able to offer to the public all or part of the non-subscribed shares or securities;

4. Decides that, if the Board of Directors uses this delegation of authority within the scope of capitalisations of share premiums, reserves, profits or other amounts referred to in paragraph 1.b, where applicable, in accordance with the provisions Article L.225-130 of the French Commercial Code, the fractional share rights will not be negotiable or transferable and the corresponding shares will be sold; the amounts derived from the sale will be allocated to

the holders of the rights within thirty days at the latest after entry in their account of the whole number of shares allocated;

5. Records that this delegation renders ineffective any prior delegation for the same purpose.

## **12. Authorisation given to the Board of Directors to grant stock options to purchase and/or subscribe for L'Oréal shares**

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

- authorises the Board of Directors to grant options to purchase existing shares and/or to subscribe for new shares of L'Oréal, to employees or corporate officers of both L'Oréal or companies or economic interest groupings that are directly or indirectly affiliated with it under the conditions of Article L. 225-180 of the French Commercial Code;
- sets at 26 months from the date of this General Meeting the period of validity of this authorisation which may be used on one or more occasions;
- decides that the total number of options thus granted may not, over this 26-month period, make it possible to subscribe for or purchase a total number of shares representing more than 2% of the share capital on the date of the Board of Directors' decision,
- decides that the number of options granted to corporate officers may not represent over 10% of the total allocations made by the Board over this 26-month period, the exercise of such options being linked to performance conditions to be met set by the Board of Directors,
- decides that:
  - the purchase price for the shares paid by the beneficiaries will be set by the Board of Directors, without any discount, on the date when the options are granted; this price may not be less than either the average of the closing prices for the twenty trading days before the day on which the options are granted, or the average purchase price of the shares held by the company pursuant to Articles L.225-208 and L.225-209 of the French Commercial Code,
  - the share subscription price paid by the beneficiaries will be set by the Board of Directors, without any discount, on the day the options are granted; this price may not be less than the average of the closing prices for the twenty trading days before the day on which the options are granted;
- decides that the options must be exercised within a maximum period of ten years as from the date on which they are granted;
- decides that if the company carries out financial transactions in particular affecting the capital after the allocation of the options, the Board of Directors will take the necessary steps to protect the interests of the beneficiaries of the options under the conditions provided for by the laws and regulations;
- records that this authorisation entails, in favour of the beneficiaries of options to subscribe for shares, express waiver by the shareholders of their preferential subscription rights to the shares that will be issued as and when the options are exercised;

- delegates full powers to the Board of Directors, with the possibility to further delegate to the Chief Executive Officer, to set the other terms and conditions for allocation of the options and their exercise, and notably to:
  - provide for the possibility to temporarily suspend the exercise of options, in the event that any financial or securities transactions are carried out,
  - deduct, if it deems it appropriate, the expenses incurred to increase the share capital from the amount of the share premiums related to these increases and to deduct from this amount the sums required to raise the legal reserve to one-tenth of the new share capital after each capital increase;
- delegates full powers to the Board of Directors to implement this authorisation, with the possibility to further delegate in accordance with the conditions of the laws and regulations, and particularly to record the increases in the share capital resulting from the options which are exercised, to amend the Articles of Association accordingly, to carry out all actions and formalities or have them carried out, and more generally to do all that is necessary;
- records that this authorisation renders ineffective, as from the date hereof, any previous authorisation for the same purpose, to the extent of the unused part, if any.

**13. Authorisation given to the Board of Directors to make free grants of existing shares and/or shares to be issued to employees**

The Extraordinary General Meeting, having reviewed the Report of the Board of Directors and the special report of the Statutory Auditors, in accordance with Articles L.225-197-1 *et seq.* of the French Commercial Code:

- authorises the Board of Directors to carry out, on one or more occasions, to employees of the company or of affiliates within the meaning of Article L.225-197-2 of the French Commercial Code or certain categories of such employees, free grants of existing shares or shares to be issued of L'Oréal;
- sets at 26 months as from the date of this meeting, the period of validity of this authorisation which may be used on one or more occasions;
- decides that the Board of Directors will determine the identity of the beneficiaries of the grants, and the performance conditions to be met for the grant to become definitive;
- decides that the number of shares thus granted free of charge may not represent over 0.2% of the share capital on the date of the Board of Directors' decision,
- decides that the grant of these shares to their beneficiaries will become final and binding
  - i) either, for all or part of the shares granted, at the end of a minimum vesting period of four years, in such case without any minimum holding period,
  - ii) or, at the end of a minimum vesting period of two years, it being specified that the beneficiaries will then be required to hold these shares for a minimum period of two years after the date of the final grant thereof;
- decides that the grant of these shares to their beneficiaries will become final and binding prior to the expiry of the above-mentioned vesting periods in the event of disability of the beneficiary corresponding to classification in the second or third categories provided for in Article L. 341-1 of the French Social Security Code (*Code de la Sécurité sociale*) and that such shares will be freely transferable in the event of disability of the beneficiary corresponding to classification in the above-mentioned categories under the French Social Security Code;

- authorises the Board of Directors to make, where applicable, during the vesting period, adjustments to the number of shares related to any potential transactions with regard to the company's capital in order to preserve the rights of the beneficiaries;
- records that this authorisation automatically entails, in favour of the beneficiaries of shares granted free of charge, the waiver by the shareholders of their preferential subscription rights in the event of the issue of new shares;
- delegates full powers to the Board, with the possibility to delegate within the legal limits, to implement this authorisation, it being specified that the Board of Directors will be able to provide for longer vesting and holding periods than the minimum periods provided for above.

#### **14. Delegation of authority to the Board of Directors for the purpose of carrying out a capital increase reserved for employees**

The Annual General Meeting, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, and acting in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6 and L. 225-138 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labour Code (*Code du travail*):

- delegates to the Board of Directors the authority to decide to carry out, on one or more occasions, on its own decisions, in the proportions and at the times it may consider appropriate, the issue of shares reserved for employees (or former employees) of the company or of its affiliates as defined by Article L. 225-180 of the French Commercial Code who are members of a company savings scheme and of any unit trusts through which the shares thus issued may be subscribed by them;
- decides to cancel the preferential subscription right of shareholders for the shares issued in accordance with this authorisation, for the benefit of employees (or former employees) of the company or of its affiliates as defined by Article L. 225-180 of the French Commercial Code who are members of a company savings scheme and of any unit trust through which the shares thus issued may be subscribed by them;
- sets the period of validity of this delegation at 26 months as from the date of this General Meeting, and records that this delegation renders ineffective any prior delegation for the same purpose;
- decides to set at 1% of the share capital existing at the date of this General Meeting, the capital increase that could thus be completed, that is (as at February 16<sup>th</sup> 2009) an increase in the share capital by a maximum nominal amount of €1,196,890.40 through the issue of 5,984,452 new shares;
- decides that the price of the shares subscribed for by the beneficiaries referred to above, pursuant to this delegation, will be set in accordance with the provisions of Article L. 3332-19 of the French Labour Code;
- decides that the Board of Directors will have full powers to implement this delegation of authority within the limits and under the conditions specified above in particular in order to:
  - set the conditions that must be met by the employees (or former employees) to be able to subscribe, individually or through a unit trust, for the shares issued pursuant to this delegation,
  - adopt the conditions of the share issue,
  - decide on the list of the companies whose employees may benefit from the share issue,



- decide the amount to be issued, the issue price, the dates and terms and conditions of each share issue,
- set the time period allotted to the members to pay up their shares,
- set the date, even with retrospective effect, as of which the new shares will carry dividend rights, record or cause to be recorded the completion of the capital increase for the amount of the shares that have been effectively subscribed to, or decide to provide for a higher amount of such increase so that all the subscriptions received can effectively be covered,
- deduct, where applicable, the costs, taxes and fees of such issues from the amount of the share premiums and deduct, where applicable, from the amounts of the share premiums, the amounts required to allocate them to the legal reserve to set such reserve at the level required by the French legislation and regulations in force,
- in general, carry out all acts and formalities, take all decisions and enter into any agreements that may be appropriate or necessary for the due and proper completion of the share issues made pursuant to this delegation of authority and, in particular, for the issue, subscription, delivery, granting of dividend rights for, listing, negotiability and financial servicing of the new shares and the exercise of the rights attached thereto, and to record the final completion of the capital increase(s) made pursuant to this delegation of authority and amend the Articles of Association accordingly.

## **AMENDMENT OF THE ARTICLES OF ASSOCIATION**

### **15. Amendment of Article 8 paragraph 2 of the Articles of Association with regard to the length of the terms of office of directors**

The Annual General Meeting, having reviewed the report of the Board of Directors, decides to amend Article 8 paragraph 2 of the Articles of Association, in order to make it possible to organise the harmonious renewal of the terms of office of the members of the Board of Directors.

Accordingly, paragraph 2 of such Article that is currently drafted as follows:

*“The term of office of each director is 4 years.”*

will be replaced by the following wording:

*“The length of the terms of office of directors is four years. By way of exception, the Annual General Meeting may appoint a director for a term of office of one, two or three years, in order to provide for staggered renewal of the directors’ terms of office.”*

### **16 Amendment of Article 15A 3° of the Articles of Association relating to the distribution or allocation of profits (preferential dividend)**

The Annual General Meeting, having reviewed the report of the Board of Directors, decides to amend Article 15A 3° of the Articles of Association, in order to incorporate the notion of a preferential dividend.

Accordingly, Article 15 A 3° which is currently drafted as follows:

*“The remaining balance (if any) shall be divided up among all the shareholders, without any discrimination, and each share shall entitle its holder to receive the same income.”*

will be replaced by the following wording:

*“The remaining balance (if any) shall be divided up among all the shareholders, without any discrimination, and each share shall entitle its holder to receive the same income.*

*However, any shareholder who can prove at the end of a financial year, that shares have been registered in his name for at least two years and that they continue to be registered in his name at the date of payment of the dividend paid for such financial year, will be entitled to a preferential dividend on the shares that are thus registered, equal to 10% of the dividend (initial dividend and additional dividend) paid on the other shares, including in the event of payment of the dividend in new shares, the preferential dividend thus paid being rounded down to the nearest lower cent, if necessary.*

*Similarly, any shareholder who can prove, at the end of a financial year, that shares have been registered in his name for at least two years and that they continue to be registered in his name at the date of completion of an increase in capital carried out through capitalisation of reserves, profits or share premiums by the distribution of bonus shares, shall be entitled to an increase in the number of bonus shares to be distributed to him, equal to 10%, this number being rounded down to the nearest lower unit in the event of fractional share rights.*

*The new shares created in this manner will be identical, for the purposes of calculating the rights to the preferential dividend and to the increased share allocations, to the old shares from which they result.*

*The number of shares eligible for these preferential dividends may not exceed 0.5% of the share capital at the closing date of the past financial year, for the same shareholder.”*

### **17. 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.