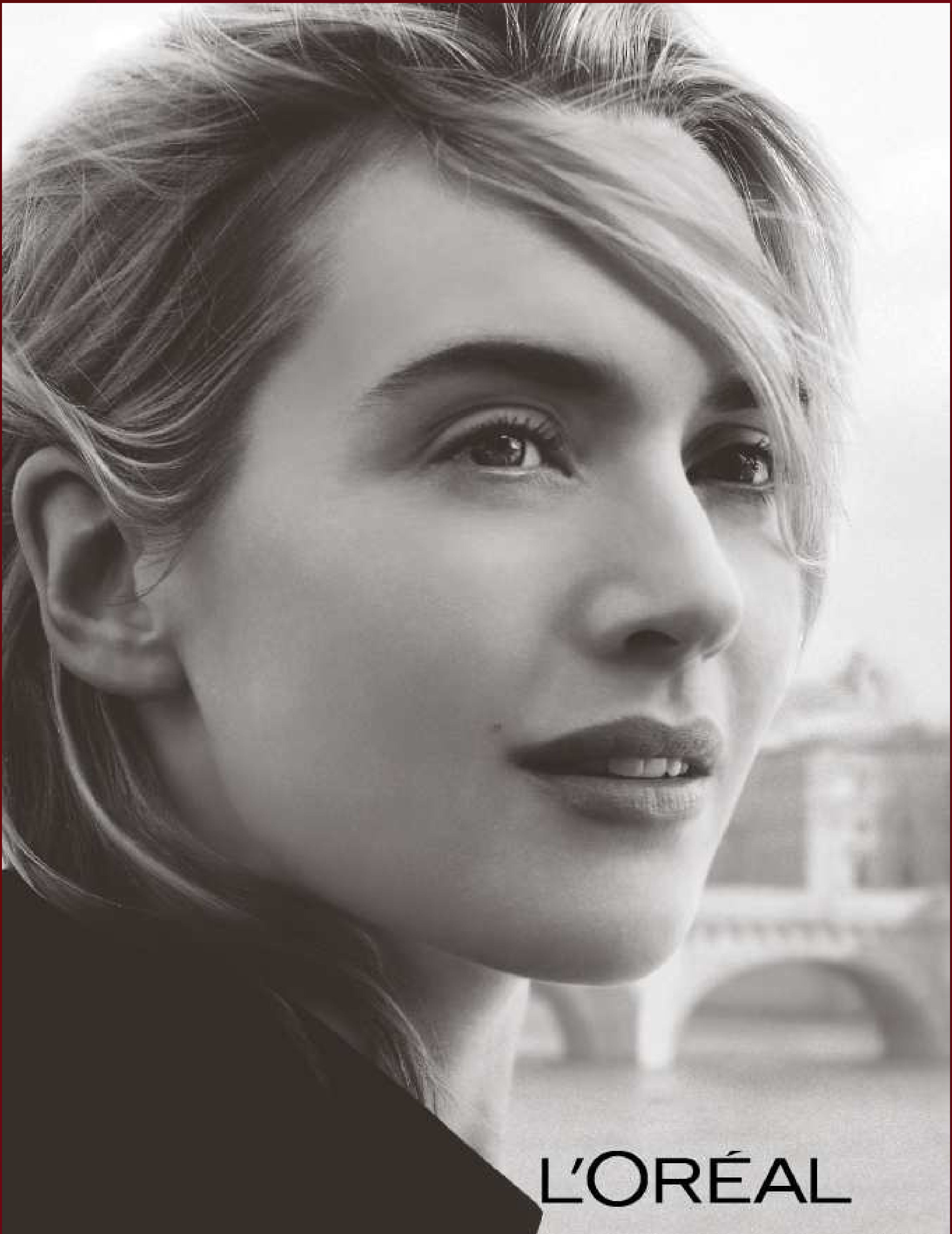
ANNUAL GENERAL MEETING
Thursday, April 16th 2009



Convening Notice

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

CONTENTS

ACCESS

The entrance of the Carrousel du Louvre is located at 99, rue de Rivoli – 75001 Paris.
The location of the room where the General Meeting will take place will be indicated at the entrance of the Carrousel du Louvre.

CAR PARKS
Parking Carrousel du Louvre, Av. du Général-Lemonnier (tunnel)
Parking Saint-Germain l'Auxerrois, 1 place du Louvre
Parking Pyramides, 15 rue des Pyramides
Parking Vendôme, Place Vendôme
Parking Saint-Honoré, Place Marché Saint-Honoré
Parking Louvre des Antiquaires, 1 rue Marengo

Subway
Line 1 :
Palais-Royal – Musée du Louvre

HOW TO TAKE PART IN THE ANNUAL GENERAL MEETING

Conditions to be met to exercise your voting right

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, which is on Thursday, April 9th, 2009 at zero hours (Paris local time).

As a shareholder, you may choose between the following methods to exercise your voting right:
- by attending personally the meeting
- by post : vote or give proxy to the Chairman of the meeting, to your spouse or another shareholder
- by Internet : vote or give proxy to the Chairman of the meeting, to your spouse or another shareholder

For more information, please:
- Visit our website 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@loreal-finance.com

HOW TO TAKE PART IN THE ANNUAL GENERAL MEETING

<table>
<tr><th></th><th>Holders of registered shares</th><th>Holders of bearer shares</th></tr>
<tr><td rowspan="2">ATTEND the Annual General Meeting**</td><td>Tick box A at the top left-hand side of the form
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*.</td><td>Contact the institution that is the 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*.</td></tr>
<tr><td colspan="2">On the day of the Annual General Meeting, each shareholder must provide proof of his shareholder status and his identity during the registration process.</td></tr>
<tr><td>BY POST**
► Vote
► Give your Proxy</td><td colspan="2">► Vote
Tick box B at the top left-hand side of the form
Tick box B1 "I vote by post"

The numbers correspond to the order of the resolutions.
<u>Leave the box blank</u> if you vote YES.
<u>Blacken</u> the box to vote NO or to abstain.

Don't forget to mention your choice should amendments or new resolutions be proposed during the Annual General Meeting.

► Give your Proxy to the Chairman of the meeting
Tick box B at the top left-hand side of the form
Tick box B2 "I hereby give proxy to the Chairman of the meeting"

► Give your Proxy to your spouse or another shareholder
Tick box B at the top left-hand side of the form
Tick box B3 "I hereby give proxy to my spouse or another shareholder"

Whatever option is chosen, date and sign the bottom of the form, and return it using the free post envelope sent with the Convening Notice
Note: If you hold bearer shares, you must ask for a certificate proving your shareholder status at the date of the request from your account manager.</td></tr>
<tr><td rowspan="2">BY INTERNET
► Vote
► Give your Proxy</td><td colspan="2">Address of the website specifically intended for the Annual General Meeting accessible from March 27th, 2009 :
http://gisproxy.bnpparibas.com/loreal.html</td></tr>
<tr><td>If you are a holder of pure registered shares :
Access the website by using the username and the password that you usually use to consult your account on the GISNOMI 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.</td><td>Ask the institution that is the custodian of your shares for a shareholding certificate and give him your e-mail address. In accordance with the usual procedure, the custodian institution will send on the certificate of participation, 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 will enable you to access the website.

Follow the instructions shown on the screen.</td></tr>
</table>

* If you have not received your entrance card by the third working day prior to the Annual General Meeting, please ask your custodian institution for a shareholding certificate.
** 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. All requests will only be honoured if they are received no later than six days before the date of the Annual General Meeting.

➜ HOW TO TAKE PART IN THE ANNUAL GENERAL MEETING

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

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

QUELLE QUE SOIT L'OPTION CHOISIE, DATER ET SIGNER AU BAS DU FORMULAIRE / WHICHEVER OPTION IS USED, 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 € 119.689.042
Siège Social :
14, rue Royale, 75008 PARIS-France
632 012 100 RCS PARIS

ASSEMBLÉE GÉNÉRALE MIXTE des actionnaires convoquée pour le jeudi 16 avril 2009 à 10 h 00, au Carrousel du Louvre, 99, rue de Rivoli, 75001 PARIS - France.
***COMBINED GENERAL MEETING for the shareholders** to be held on Thursday April 16, 2009 at 10:00 am at Carrousel du Louvre, 99, rue de Rivoli, 75001 PARIS - France.*

CADRE RÉSERVÉ / *For Company's use only*

Identifiant / *Account*

Nombre d'actions / *Number of shares*
- Nominatif / *Registered*
  - VS / *single vote*
  - VD / *double vote*
- Porteur / *Bearer*

Nombre de voix / *Number of voting rights*

B1

☐ **JE VOTE PAR CORRESPONDANCE** / *I VOTE BY POST*
Cf. au verso renvoi (3) - *See reverse (3)*

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 noircissant comme ceci ■ la case correspondante et pour lesquels je vote **NON** ou je m'abstiens.
I vote FOR all the draft resolutions approved by the Board of Directors EXCEPT those indicated by a shaded box - like this ■, for which I vote against 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 ☐

Sur les projets de résolutions non agréés par le Conseil d'Administration ou le Directoire ou la Gérance, je vote en noircissant comme ceci ■ la case correspondant à mon choix.
On the draft resolutions not approved by the Board of directors, I cast my vote by shading the box of my choice - like this ■.

	Oui *Yes*	Non/No *Abst/Abs*		Oui *Yes*	Non/No *Abst/Abs*
A	☐	☐	F	☐	☐
B	☐	☐	G	☐	☐
C	☐	☐	H	☐	☐
D	☐	☐	J	☐	☐
E	☐	☐	K	☐	☐

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 meeting to vote on my behalf* . . ☐
- Je m'abstiens (l'abstention équivaut à un vote contre). / *I abstain from voting (is equivalent to a vote against)* . . . . ☐
- Je donne procuration (cf. au verso renvoi 2) à M, Mme ou Mlle . . . . ☐
  pour voter en mon nom / *I appoint (see reverse (2)) Mr, Mrs or Miss / to vote on my behalf*

B2

☐ **JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE**
dater et signer au bas du formulaire, sans rien remplir

I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE MEETING
date and sign the bottom of the form without completing it

cf. au verso renvoi (2) - See reverse (2)

B3

☐ **JE DONNE POUVOIR A :** (soit le conjoint, soit un autre actionnaire - cf. renvoi (2) au verso) **pour me représenter à l'assemblée** / *I HEREBY APPOINT (you may give your PROXY either to your spouse or to another shareholder - see reverse (2)) **to represent me at the above mentioned meeting.***

M, Mme ou Mlle / *Mr, Mrs or Miss*

Adresse / *Address*

ATTENTION : S'il s'agit de titres au porteur, le présent formulaire de vote devra être adressé directement à votre teneur de comptes.

CAUTION : If you're voting on bearer securities, this proxy voting form shall be sent directly to your custodian 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)*

Write your surname, first name and address. If this information is already supplied, please verify it.

Pour être prise en considération, toute formule (A ou B) doit parvenir au plus tard le 10 avril 2009, à
In order to be considered, all forms (A or B) must be returned no later than April 10, 2009 to:
Services Actionnaires de L'Oréal - BNP Paribas Securities Services - G.C.T. Émetteurs - Assemblées - Immeuble Tolbiac, 75450 Paris Cedex 09
The French version prevails; English translation is for convenience only

Date & Signature

Practical details

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

- duly dated and signed
- received by BNP Paribas Securities Services, G.C.T Emetteurs – Assemblées – Immeuble Tobliac, 75450 Paris Cedex 09, no later than six days before the date of the Annual General Meeting.

Under no circumstances should this voting form be returned to L'Oreal.

Voting by Internet before the Annual General Meeting will no longer be possible from Wednesday, April 15th 2009 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.

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 9th, 2009 at zero hours (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. To this end, the custodian of his/her shares shall inform the company or its authorised representative of the sale and provide it with the necessary information.

All requests for the inclusion of draft resolutions on the agenda by shareholders which meet the conditions laid down in article R.225-73 of the French Commercial Code, in accordance with legal provisions, must be sent to L'Oréal headquarters by registered letter with acknowledgement receipt no later than twenty-five days prior to the Annual General Meeting. All requests shall be accompanied by a certificate proving shareholders' status. The consideration of the draft resolution is subject to the transmission of a new certificate proving the accounting registration of the shares held by the resolution's proposer by Thursday, April 9th, 2009 at zero hours (Paris local time).

No sale or other transaction carried out after Thursday, April 9th, 2009 at zero hours (Paris local time) whatever the method used, will be notified by the custodian of the shares or taken into account by the company, notwithstanding any agreement that may be reached to the contrary.

AGENDA OF THE ANNUAL GENERAL MEETING

L'Oréal Shareholders are summoned to the Annual General Meeting at the Carrousel du Louvre – 99, rue de Rivoli, 75001 Paris – on Thursday, April 16th 2009 at 10 a.m, in order to deliberate on the following agenda and to give a ruling on the draft resolutions presented by the Board of Directors:

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

Approval of the annual financial statements, allocation of the company's net income for 2008 and declaration of the dividend

First, second and third resolutions

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 profit of €1,552.1 million for 2008 compared with €2,822.4 million at December 31st, 2007,

- the 2008 consolidated financial statements,

The main details of which are set out in the 2008 Annual Report, together with the main information included in the file for calling the Annual General Meeting on April 16th, 2009.

The Board of Directors proposes to the Annual General Meeting a net dividend of €1.44 per share, representing an increase of 4.35% compared with the net dividend for 2007.

The dividend for the 2008 financial year will be detached from the share on Tuesday April 21st, 2009 and will be payable in cash as from Friday April 24th, 2009 on positions established as of the evening of Thursday April 23rd, 2009.

Regulated agreements and regulated commitments

Fourth resolution

No regulated agreement or commitment referred to in articles L.225.38 and L.225-42-1 of the French Commercial Code was entered into in 2008.

A special report by the Statutory Auditors specifying the absence of any new regulated agreement or commitment for 2008 has been prepared in accordance with CNCC standard No. 5-103 §25 and presented to the Annual General Meeting requested to decide with regard to this report pursuant to Article L.225-40 of the French Commercial Code.

The performance of agreements and commitments approved by the Annual General Meeting for previous financial years continued:

- treatment of Mr Jean-Paul Agon as equivalent to a senior manager for all the elements linked to his remuneration, particularly with regard to pension or provident schemes (Board of Directors' meeting of April 25th, 2006 and Annual General Meeting of April 24th, 2007);
- agreement providing for the departure indemnities that will be due to the Chief Executive Officer (Board of Directors' meeting of February 13th, 2008 and Annual General Meeting of April 22nd, 2008), it being specified that the sum of the indemnities due pursuant to the employment contract, on the one hand, and his corporate office on the other, may not exceed the maximum limit of two years' remuneration (fixed and variable elements) provided for by the AFEP-MEDEF Code of Corporate Governance of December 2008.

Renewal of the tenure as director of Mr Werner Bauer

Fifth resolution

The Annual General Meeting is asked to renew the tenure as director of Mr Werner Bauer for a period of three years.

This tenure is shorter than the term of office of four years set by the company's Articles of Association.

The Board of Directors is thereby complying with the AFEP-MEDEF Code of Corporate Governance of December 2008:

> *"The staggering of the terms of office must be organised in order to avoid renewal all at once and favour the harmonious renewal of the directors."*

This possibility to provide for tenures that are shorter than the term of office of four years provided for by the Articles of Association is conditional on amendment of the provisions of Article 8 paragraph 2 of the Articles of Association of the company provided for by the fifteenth resolution put to the vote of the Annual General Meeting.

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

Renewal of the tenure as director of Ms Françoise Bettencourt Meyers

Sixth resolution

The Annual General Meeting is asked to renew the tenure as director of Ms Françoise Bettencourt Meyers for a period of four years.

This 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.

Renewal of the tenure as director of Mr Peter Brabeck-Letmathe

Seventh resolution

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

This 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.

Renewal of the tenure as director of Mr Jean-Pierre Meyers

Eighth resolution

The Annual General Meeting is asked to renew 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 Articles of Association as mentioned above.

This renewal for a tenure that is shorter than the current term of office of four years set by the Articles of Association falls within the scope of the staggering of the directors' terms of offices (see above, regarding the renewal of the term of office of Mr Werner Bauer).

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

Renewal of the tenure as director of Mr Louis Schweitzer

Ninth resolution

The Annual General Meeting is asked to renew the tenure as director of Mr Louis Schweitzer for a period of four years.

This 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.

Authorisation for the company to buy back its own shares

Tenth resolution

During 2008 and up until February 16th, 2009, the Board of Directors continued with the implementation of its policy of buying back then cancelling shares: 12.787 million shares were bought back, for a total amount of €943.4 million, while 19.568 million shares were cancelled. As the existing authorisation is due to expire in October 2009, a proposal is made to the Annual General Meeting that it should grant the Board a further authorisation enabling it to continue with its share buyback policy, depending on the opportunities that may arise, and except during periods of public offers with regard to the company's capital.

A detailed report on the transactions carried out and a description of the authorisation that is being put to your vote are included in the chapter of the Management Report entitled "Buyback by the Company of its own 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 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.

It is specified that this authorisation would take effect on the date on which the Board of Directors decides on its implementation and will terminate eighteen months at the latest after the Annual General Meeting.

Extraordinary part

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

Eleventh resolution

It is proposed that the Annual General Meting should give an authorisation 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 total amount of the capital increases that may thus be carried out immediately and/or in the future may not lead to the share capital which currently amounts to €119,689.042, being increased to over €175,000,000, which corresponds to a maximum increase of €55,310,958 compared to the current capital, i.e. an increase of 46.21% of the current capital.

No overallocation option is provided for.

The delegation of authority would be valid for a period of 26 months, as from the date of the Annual General Meeting.

Authorisation given to the Board of Directors to grant stock options to purchase and/or subscribe for shares

Twelfth resolution

It is proposed that the Annual General Meeting should give an authorisation to the Board of Directors to grant stock options to purchase and/or subscribe for shares.

Stock-options bring the interests of their beneficiaries more closely into line with the interests of the shareholders themselves by having them share the same confidence in the strong and steady growth of the company.

The aim is to give the Board of Directors the means to involve, motivate and foster loyalty particularly among the employees and corporate officers who, through their abilities and their commitment, contribute the most to the Group's performance. Stock options also form part of L'Oréal's strategy of encouraging or attracting talented individuals.

The beneficiaries would be employees and certain corporate officers. The total number of stock options that could be granted within the scope of this authorisation may not give entitlement to subscribe for or purchase a total number of shares representing more than 2% of the share capital at the date of the decision made by the Board of Directors.

The exercise price would be calculated as follows:

- 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

In accordance with the AFEP-MEDEF Code of Corporate Governance of December 2008:

- potential grants of stock options will be decided by the Board of Directors on the basis of proposals by the General Management reviewed by the Remuneration Committee after evaluation of the performance of the corporate officers;

- the exercise by the corporate officers of all the options will be linked to performance conditions to be met, which will take into account partly the rate of growth in L'Oréal's sales as compared to the market growth rate and partly the ratio between the contribution before advertising and promotion expenses (operating profit + advertising and promotion expenses) and cosmetics sales, all the above being assessed on the basis of the average for the last full financial years prior to the end of the lock-up period;

- the number of options granted to the corporate officers may not represent more than 10% of the total number of options granted by the Board for this 26-month period;

- the corporate officers will be obliged to retain a certain number of the shares resulting from the exercise of the stock options in registered form until the termination of their duties. This has been set by the Board of Directors at a number of shares corresponding to 50% of the "balance of the shares resulting from the exercise of the stock options". The methods of calculation of this balance are described in the Management Report of the Board of Directors;

- the options will be granted, except in special circumstances, each year, after publication of the financial statements for the previous financial year and outside the periods specified by Article L.225-177 of the French Commercial Code and by the Board of Directors;

- a corporate officer may not be granted stock options at the time of his departure.

The authorisation would be granted for a period limited to 26 months as from the date of the decisions made by the Annual General Meeting.

Authorisation given to the Board of Directors to make free grants of existing shares or shares to be issued

Thirteenth resolution

It is proposed that the Annual General Meeting should authorise the Board of Directors to make, on one or more occasions, free grants of existing shares or shares to be issued.

A free grant of shares offers the advantage of not requiring any payment to be made by beneficiaries. It is being considered as a replacement for, or a means of supplementing, grants of small numbers of stock options as the attractiveness of such a grant may appear limited.

No free grants of shares will be made either to corporate officers or members of the Management Committee of L'Oréal.
The number of shares that may be granted free of charge may not represent over 0.2% of the share capital on the date of the Board of Directors' decision.

It is proposed to the Annual General Meeting that the free grant of shares to beneficiaries should become final and binding:
1. 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 retention period,
2. or, at the end of a minimum vesting period of two years, it being specified that the beneficiaries will then be required to retain these shares for a minimum period of two years after the date of the final grant thereof.

The Board of Directors will have the possibility, in any event, to set a longer vesting or retention period than these minimum periods, including in the event that the minimum retention period is abolished by the Annual General Meeting, which will make it possible, in particular, to adapt to the various local constraints.

The Board of Directors will determine the identity of the beneficiaries of the free grants of shares and the performance conditions to be met for the definitive grant will be assessed partly on the basis of comparable growth in sales compared to the cosmetics market growth rate, and partly on the ratio of operating profit as compared to published cosmetics sales, all the above being assessed on the basis of the average for the last full financial years prior to the date of definitive grant.

If the Annual General Meeting approves this resolution, any free grants of shares will be decided by the Board of Directors on the basis of the proposals made by General Management reviewed by the Remuneration Committee.

The authorisation requested from the Annual General Meeting would be granted for a period limited to 26 months as from the date of the decision made by the Annual General Meeting. The expiry date of this authorisation would coincide with the end of the authorisation to grant stock options to purchase or subscribe for shares which is also being put to the vote of the Annual General Meeting.

Corresponding authorisation for the purpose of carrying out a capital increase reserved for employees

Fourteenth resolution

The delegation of authority to the Board of Directors to increase the share capital, and the authorisations to grant stock options to subscribe for shares and to make free grants of shares to be issued, give rise to a corresponding obligation to submit to the Annual General Meeting a draft resolution enabling a potential capital increase to be carried out reserved for employees.

In accordance with Article L. 3332-19 of the French Labour Code, the issue price may not exceed the average of the closing prices for the twenty trading days before the date of the decision setting the opening date of the subscription period. It may also not be more than 20% lower than this average, unless a blocking period of at least ten years is provided for in respect of the shares subscribed, in which case the issue price may not be more than 30% lower than this average.

The Annual General Meeting is therefore asked to delegate to the Board of Directors, for a period of 26 months, and within a limit of 1% of the share capital, the power to decide to carry out the said capital increase.

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

Fifteenth resolution

It is proposed that the Annual General Meeting should decide to amend Article 8 paragraph 2 of the Articles of Association in order to organise the harmonious renewal of the terms of office of the members of the Board of Directors (AFEP-MEDEF Code of Corporate Governance of December 2008).

If this resolution is adopted, the Board of Directors will have the power to propose to the Annual General Meeting the renewal of the terms office of the directors for a period of four years, and by way of exception for periods of between one and three years.

A harmonious renewal of the directors may then be made every year for one-fourth of the members of the Board of Directors, for the term of office of four years provided for in the Articles of Association.

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

Sixteenth resolution

It is proposed that the Annual General Meeting should decide to amend article 15A 3° of the Articles of Association in order to incorporate the notion of a preferential dividend.

This proposal would make it possible for 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, to benefit from a preferential dividend on the registered shares, equal to 10% of the dividend per share voted by the Annual General Meeting (initial dividend + additional dividend).

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

The first preferential dividend, in accordance with French law, may not be allocated prior to the end of the second financial year following its inclusion the Articles of Association, that is the dividend of 2011 paid after the AGM of 2012.

Powers for formalities

Seventeenth resolution

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

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:

En euros	
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 (1)	€861,761,102.40
The balance that is will be allocated to the «Other reserves» item	€690,342,041.74

(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 takes into account the total number of shares forming the capital at February 16th, 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 24th, 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:

	2005	2006	2007
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 31st, 2008 and records the information with regard to the agreements entered into and commitments made during previous financial years.

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 16th, 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 22nd, 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 22nd, 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 16th 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.

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.

TABLE OF FINANCIAL AUTHORISATIONS IN FORCE

Authorisations in force					Authorisations proposed to the AGM of April 16th, 2009		
Nature of the authorisation	Date of authorisation by the AGM (resolution no.)	Length (expiry date)	Maximum authorised amount	Use made of the authorisation in 2008	Resolution No.	Length	Maximum ceiling
Share capital increases							
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 24th, 2007 (8th)	26 months (June 24th, 2009)	An increase in the share capital to €185,000,000	None	11	26 months (June 16th, 2011)	An increase in the share capital to €175,000,000
Capital increase reserved for employees	April 24th, 2007 (11th)	26 months (June 24th, 2009)	1% of share capital at the date of the Annual General Meeting (i.e. a maximum of 6,261,269 shares)	None	14	26 months (June 16th, 2011	1% of share capital at the date of the Annual General Meeting (i.e. a maximum of 5,984,452 shares at February 16th, 2009)
Buyback by the company of its own shares							
Buyback by the company of its own shares (maximum authorised purchase price: €130)	April 22nd, 2008 (7th)	18 months (October 22nd, 2009)	10% of share capital on the date of the buybacks (i.e. 59,844,521 shares at February 16th2009)	6,433,000 shares for €438.0 million (Capital held by the company at December 31st, 2008: 3.20% of the share capital)	10	18 months	10% of the share capital on the date of the buybacks (i.e. 59,844,521 shares at February 16th, 2009)
Reduction in the share capital via cancellation of shares							
Cancellation of shares purchased by the company within the scope of Article L. 225-209 of the French Commercial Code	April 22nd, 2008 (8th)	26 months (June 22nd, 2010)	10% of share capital on the date of cancellation per 24-month period	8,073,000 shares (i.e. 1.32% of the initial capital)		None	
Cancellation of shares purchased by the company within the scope of Article L. 225-208 d of the French Commercial Code	April 22nd, 2008 (8th)	26 months (June 22nd, 2010)	500,000 shares	337,400 shares		None	
Stock options and free grants of shares							
Allocation of share purchase or subscription options (no discount with regard to exercise price)	April 24th, 2007 (9th)	26 months (June 24th, 2009)	2% of share capital on the date of the decision to allocate the options	None	12	26 months (June 16th, 2011	2% of share capital on the date of the decision to allocate the options
Free grant of existing shares or shares to be issued to employees	April 24th, 2007 (10th)	26 months (June 24th, 2009)	0.2% of share capital on the date of the decision to make the grant	None	13	26 months (June 16th, 2011	0.2% of share capital on the date of the decision to make the grant

BOARD OF DIRECTORS COMPOSITION AT DECEMBER 31ST 2008

SIR LINDSAY OWEN-JONES (1)
Age: 62. British. Joined the L'Oréal group in 1969. During his international career, he was Chief Executive of L'Oréal in Italy from 1978 to 1981 and President (CEO) of L'Oréal USA from 1981 to 1984. He was appointed Deputy Chairman and Chief Executive Officer in 1984, Chairman and Chief Executive Officer in 1988, and has been Chairman of the Board of Directors since April 25th 2006. L'Oréal Board member since 1984 (term of office renewed in 2006). Director and Chairman of the L'Oréal Corporate Foundation. Board member of Sanofi-Aventis and Ferrari (Italy). Vice-Chairman of the Supervisory Board of Air Liquide.

JEAN-PAUL AGON
Age: 52. Joined the L'Oréal group in 1978. During his international career, he was General Manager of Consumer Products in Greece, and of L'Oréal Paris in France, International Managing Director of Biotherm, Managing Director of L'Oréal in Germany, Managing Director of the Asia Zone, and President and CEO of L'Oréal USA. Appointed Deputy Chief Executive Officer of L'Oréal in 2005 and then Chief Executive Officer on April 25th 2006. L'Oréal Board member since April 25th 2006. Director of the L'Oréal Corporate Foundation.

JEAN-PIERRE MEYERS (2) (4) (6)
Age: 60. L'Oréal Board member since 1987 (term of office renewed in 2005). Vice-Chairman of the Board. Nestlé SA (Switzerland) Board member.

PETER BRABECK-LETMATHE (2) (4)
Age: 64. Austrian. With the Nestlé group since 1968, appointed General Manager in 1992, then Chief Executive Officer of Nestlé SA (Switzerland) in 1997, Vice-Chairman of the Board in 2001 and Chairman in 2005. L'Oréal Board member since 1997 (term of office renewed in 2005), Vice-Chairman of the Board. Board member of Crédit Suisse Group (Switzerland), Roche Holding (Switzerland) and Delta Topco Limited (Jersey).

LILIANE BETTENCOURT (2)
Daughter of Eugène Schueller, who founded L'Oréal almost a century ago. L'Oréal Board member since 1995 (term of office renewed in 2007).

FRANÇOISE BETTENCOURT MEYERS
Age: 55. Daughter of Mrs Bettencourt. L'Oréal Board member since 1997 (term of office renewed in 2005).

WERNER BAUER
Age: 58. German. With the Nestlé group since 1990, appointed General Manager in 2002. L'Oréal Board member since 2005. Board member of Alcon (Switzerland).

FRANCISCO CASTAÑER BASCO (2) (6)
Age: 64. Spanish. With the Nestlé group since 1964, appointed General Manager in 1997. L'Oréal Board member since 1998 (term of office renewed in 2006). Board member and Vice-Chairman of Alcon (Switzerland).

CHARLES-HENRI FILIPPI (5)
Age: 56. French civil service from 1979 to 1987. Joined CCF (which became HSBC France in 2000) in 1987. Chief Executive Director in 1995, Group Executive Committee member from 2001 to 2004, Chairman and Chief Executive Officer of HSBC France from 2004 to 2007, and Chairman of the Board from September 2007 to December 2008. L'Oréal Board member since 2007(7). Board member of France Telecom, Supervisory Board member of Euris and Censor of Nexity.

XAVIER FONTANET
Age: 60 ans. Appointed Chief Executive Officer of Essilor in 1991, Vice-Chairman and Chief Executive Officer in 1995, Chairman and Chief Executive Officer since 1996. L'Oréal Board member since 2002 (term of office renewed in 2006). Board member of Crédit Agricole S.A.

BERNARD KASRIEL (2) (3)
Age: 62. With the *Institut du développement industriel* from 1970 to 1975. Chief Executive Officer of Braud from 1972 to 1974. Executive Vice-President of the *Société phocéenne de métallurgie* from 1975 to 1977. Joined Lafarge in 1977, Deputy General Manager in 1982. Assigned to the United States between 1987 and 1989, appointed Executive Vice-President from 1989 to 2003, and then Chief Executive Officer from 2003 to 2005. L'Oréal Board member since 2004 (term of office renewed in 2008). Board member of Lafarge, Arkema and Nucor (United States). Partner and member of the Management Board of LBO France.

MARC LADREIT DE LACHARRIERE
Age: 68. Member of the Institut. With L'Oréal from 1976 to 1991, former Vice-President in charge of Administration and Finance, Group Executive Vice-President from 1984 to 1991. Chairman and Chief Executive Officer of Fimalac. Chairman of Fitch Ratings, Inc (United States). L'Oréal Board member since 1984 (term of office renewed in 2006). Director of L'Oréal Corporate Foundation. Board member of Renault and Casino.

ANNETTE ROUX
Age: 66. Joined Bénéteau in 1964, Chairman and Chief Executive Officer from 1976 to 2005, Vice-Chairman of the Supervisory Board since January 2005. L'Oréal Board member since 2007. President of the Bénéteau Corporate Foundation. President of the *Fédération des industries nautiques*.

LOUIS SCHWEITZER
Age: 66. Joined Renault in 1986, Chairman and Chief Executive Officer from 1992 to 2005, Chairman of the Board thereafter (the term of office's renewal is not being asked in 2009). Chairman of the Board of AstraZeneca (United Kingdom). Chairman of the Supervisory Board of the Group Le Monde. L'Oréal Board member since 2005. Board member of BNP Paribas, Veolia Environnement and AB Volvo (Sweden). Member of the Consultative Council of Allianz AG (Germany).

(1) Chairman of the "Strategy and Implementation" Committee.
(2) Member of the "Strategy and Implementation" Committee.
(3) Chairman of the Appointments Committee and Remuneration Committee
(4) Member of the Appointments Committee and Remuneration Committee
(5) Chairman of the Audit Committee.
(6) Member of the Audit Committee
(7) Mr Filippi was appointed director through cooptation on November 2007 and appointed in 2008 (term of office in 2010).

The statutory length of tenure of a L'Oréal director is four years, and is renewable.
Each director holds a minimum of 1,000 L'Oréal shares.

INFORMATION CONCERNING THE DIRECTORS WHOSE TENURE RENEWAL IS PROPOSED TO THE ANNUAL GENERAL MEETING

Mr WERNER BAUER

Werner J. Bauer Director since 2005 Holds 1,975 L'Oréal shares		**Expiry date of term of office** 2009
Main corporate office held outside L'Oréal		
Nestlé S.A. (Switzerland) Professional address: Avenue Nestlé, 55 – CH 1800 Vevey – Switzerland	Executive Vice-President	
Other corporate offices and directorships held		
Foreign companies		
Alcon, Inc. (Switzerland)	Director	
Life Ventures S.A. (Switzerland)	Director Vice-Chairman of the Board	
Nestlé Deutschland AG (Germany)	Member of the Supervisory Board Chairman of the Supervisory Board	
Nestlé Nespresso S.A. (Switzerland)	Director Chairman of the Board [since December 1st, 2008]	
Nutrition-Wellness Venture AG (Switzerland)	Director Vice-Chairman of the Board [since October 19th, 2004]	
Sofinol S.A. (Switzerland)	Director Chairman	
Uprona (Canada) Ltd. (Canada)	Director	
Other		
Cereal Partners Worldwide (Switzerland)	Member of the Supervisory Board	
Bertelsmann Foundation (Germany)	*Member of the Board of Trustees*	
Société Suisse des Industries Chimiques (Switzerland)	Member of the Board	
Corporate offices and directorships over the last five years that have expired		**Expiry date of term of office**
Foreign company		
Hans Rychiger AG (Switzerland)	Director	February 2007

Mrs FRANÇOISE BETTENCOURT MEYERS

Françoise Bettencourt Meyers Director since 1997 Professional address: Téthys – 27-29 rue des Poissonniers – 92200 Neuilly-sur-Seine – France Holds 283 L'Oréal shares in absolute ownership and 76,440,541 shares in bare ownership		**Expiry date of term of office** 2009
Other corporate offices and directorships held		
French companies		
Société Immobilière Sebor SAS	Chairwoman	
Téthys SAS	Member of the Supervisory Board	
Other		
Fondation Bettencourt Schueller	Director	
Corporate offices and directorships over the last five years that have expired		**Expiry date of term of office**
French companies		
Gesparal SA (merged into L'Oréal)	Director	April 2004
Gespral S.A.	Director	July 2007

Mr PETER BRABECK-LETMATHE

Peter Brabeck-Letmathe	Expiry date of term of office
Director since 1997 Vice-Chairman of the Board Member of the "Strategy and Implementation" Committee Member of the Appointments Committee and the Remuneration Committee Holds 27,400 L'Oréal shares	2009

Main corporate office held outside L'Oréal	
Nestlé S.A. (Switzerland) Professional address: Avenue Nestlé, 55 – CH 1800 Vevey – Switzerland	Chairman of the Board

Other corporate offices and directorships held	
Foreign companies	
Credit Suisse Group (Switzerland)	Vice-Chairman of the Board [since April 25th, 2008] Director
Roche Holding S.A. (Switzerland)	Director
Uprona (Canada) Ltd (Canada)	Director and Chairman
Delta Topco Limited (Jersey)	Director [since September 4th, 2006]
Other	
Forum Economique Mondial (Switzerland)	Member of the Foundation Board
Table Ronde des Industriels Européens (Belgium)	Member

Main corporate offices and directorships over the last five years that have expired		Expiry date of term of office
French company		
Gesparal S.A. (merged into L'Oréal)	Director	April 2004
Foreign companies		
Alcon, Inc (Switzerland)	Vice-Chairman of the Board	May 2006
Dreyer's Grand Ice Cream Holdings, Inc (United States)	Vice-Chairman of the Board	March 2006
Credit Suisse (Switzerland)	Vice-Chairman of the Board	April 2005
Credit Suisse First Boston (Switzerland)	Vice-Chairman of the Board	April 2005
Credit Suisse Group (Switzerland)	Vice-Chairman of the Board	April 2005
Nestlé S.A. (Switzerland)	CEO "Administrateur délégué"	April 2008
Winterthur Insurance Company (Switzerland)	Vice-Chairman of the Board	April 2005
Winterthur Life (Switzerland)	Vice-Chairman of the Board	April 2005
Other		
Cereal Partners Worldwide (Switzerland)	Co-Chairman of the Supervisory Board	April 2008
ECR Europe (Belgium)	Co-Chairman of the Executive Board	May 2008
Fondation Avenir Suisse (Switzerland)	Board Member	December 2004
Fondation pour la Fédération Internationale des sociétés de la Croix-Rouge et du Croissant-Rouge (Switzerland)	Board Member	November 2005
Prince of Wales International Business Leaders Forum (United Kingdom)	Deputy Chairman	March 2005

Mr JEAN-PIERRE MEYERS

Jean-Pierre Meyers		**Expiry date of term of office**
Director since 1987 Vice-Chairman of the Board of Directors Member of the Audit Committee Member of the Strategy and Implementation Committee Member of the Appointments Committee and the Remuneration Committee Professional Address: Téthys – 27-29 rue des Poissonniers – 92200 Neuilly-sur-Seine – France Holds 15,332 L'Oréal shares		2009
Other corporate offices and directorships held		
French company		
Téthys SAS	Member of the Supervisory Board Chief Executive Officer	
Foreign company		
Nestlé S.A.	Director	
Other		
Fondation Bettencourt Schueller	Vice-Chairman of the Board	
Corporate offices and directorships over the last five years that have expired		**Expiry date of term of office**
French companies		
Gesparal S.A. (merged into L'Oréal)	Director	April 2004
Gespral S.A.	Director	July 2007
Other		
Fondation Ophtalmologique Adolphe de Rothschild	Director	October 2007

Mr LOUIS SCHWEITZER

Louis Schweitzer Director since 2005 Holds 2,000 L'Oréal shares		**Expiry date of term of office** 2009
Main corporate office held outside L'Oréal		
Haute Autorité de Lutte contre les Discriminations et pour l'Egalité Professional address: 11 rue Saint-Georges – 75009 Paris – France	Chairman	
Other corporate offices and directorships held		
French companies		
BNP Paribas	Director	
Renault	Chairman of the Board (renewal of his term of office as director not requested in 2009)	
Veolia Environnement	Director	
Le Monde (Impa, Imsa, sem)	Chairman of the Supervisory Board [since February 11th, 2008]	
Foreign companies		
AB Volvo (Sweden)	Director	
Allianz AG (Germany)	Member of the Consultative Council	
AstraZeneca (United Kingdom)	Director Chairman of the Board	
Other		
Banque de France	Member of the Consultative Council	
Comité des Salons	Chairman	
Festival d'Avignon	Chairman	
Fondation Nationale des Sciences Politiques	Member of the Board	
Institut Français des Relations Internationales	Member of the Board	
Musée du Quai Branly	Director	
Société des Amis du Musée du Quai Branly	Chairman	
Corporate offices and directorships over the last five years that have expired		**Expiry date of term of office**
French companies		
Electricité de France	Director	April 2008
RCI Banque (formerly called Renault Crédit International)	Director	February 2005
Renault	Chief Executive Officer	April 2005
Foreign companies		
Philips (Netherlands)	Vice-Chairman of the Supervisory Board	April 2008
Renault-Nissan B.V (Netherlands)	Chairman of the Management Board	April 2005
Other		
Le Cercle de l'Orchestre de Paris	Chairman of the Board	June 2008
Medef	Member of the Executive Committee	October 2005
Medef International	Chairman	November 2005
Musée du Louvre	Member of the Board	Mai 2008

Key figures

Consolidated sales	17,542 € MILLIONS
Operating profit	2,725 € MILLIONS
Net earnings per share *	3.49 EUROS
Dividend**	1.44 EUROS

* Diluted EPS, calculated on net profit excluding non-recurrent items attributable to the group
** Proposed at the Annual General Meeting of Shareholders of April 16th, 2009

Comments

The Board of Directors of L'Oréal met on February 16th, 2009 under the chairmanship of Sir Lindsay Owen-Jones and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2008.

Commenting on the figures, Mr Jean-Paul Agon, Chief Executive Officer of L'Oréal, said:
"In an environment made very difficult in 2008 by the economic crisis, L'Oréal is proving resilient and is continuing to grow in terms of sales, net earnings per share and market share.
With annual sales growth of +3.1% like-for-like and +6.6% at constant exchange rates, L'Oréal continued to strengthen its positions in 2008 and increased its worldwide market share.
In a year when the downturn in markets was combined with the adverse impact of currency fluctuations and costs in raw materials, the group's net profit held up well, and growth in net earnings per share of +3.8% based on reported figures and +6.8% at constant exchange rates is practically in line with the target announced in October.
We are tackling 2009 with realism, confidence and resolve. Realism because the economic environment will certainly still be difficult and we are prepared for this. Confidence because the cosmetics market has always shown resilience at times of crisis, and because L'Oréal's fundamentals are strong and our financial situation is robust. But also resolve, because thanks to our product innovation momentum, the unique quality of our brand portfolio, our possibilities for geographic expansion and our determination to strengthen our business drivers and control our costs, we are confident in L'Oréal's ability to successfully weather this adverse economic climate and to even emerge stronger than before."

Furthermore, the Board of Directors has decided to propose to the Annual General Meeting on April 16th 2009 the payment of a dividend of €1.44 per share, an increase of + 4.3% compared with 2007.
At the end of the board meeting, Sir Lindsay Owen-Jones said: "*The group's 2008 results reflect L'Oréal's remarkable capacity for resilience in an exceptionally difficult environment, the quality of the management of Jean-Paul Agon and his teams, and the determination to prepare for 2009 in the best possible conditions. The Board of Directors' proposal to pay a dividend of 1.44 euro expresses our confidence in the group's solidity, and our legitimate concern to achieve the right balance.*"

2008 Sales trends

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the increase in the sales of the L'Oréal group was +3.1%.
The net impact of changes in consolidation, mainly as a result of the acquisitions of YSL Beauté, and of PureOlogy, Beauty Alliance, Maly's West, Columbia Beauty Supply, CollaGenex Pharmaceuticals in the United States, amounted to +3.5%.
Currency fluctuations had a negative impact of -3.8%.
Growth at constant exchange rates was +6.6%.
Based on reported figures, the group's sales, at December 31st 2008, amounted to 17.542 billion euros, an increase of +2.8%.

€ million	4th quarter 2008			12.31.2008		
		Growth			Growth	
		Like-for-like	Reported		Like-for-like	Reported
By operational division						
Professional Products	623.3	-2.2%	+0.1%	2,471.7	+1.3%	+3.3%
Consumer Products	2,052.8	+2.5%	3.2%	8,354.9	+4.1%	+0.9%
Luxury Products	1,275.7	-6.3%	+10.4%	4,169.6	+0.7%	+6.2%
Active Cosmetics	269.3	+2.1%	+2.2%	1,289.3	+4.2%	+3.3%
Cosmetics total	4,246.5	-1.0%	+5.0%	16,358.9	+2.7%	+2.8%
By geographic zone						
Western Europe	1,841.9	-1.9%	+4.0%	7,381.5	-0.3%	+1.8%
North America	1,009.7	-11.6%	-2.5%	3,739.3	-4.8%	-6.6%
Rest of the world, of which:	1,394.8	+9.0%	+12.7%	5,238.1	+13.8%	+12.5%
Asia	533.6	+11.8%	+29.6%	1,844.3	+16.3%	+16.7%
Eastern Europe	349.2	+8.2%	+6.9%	1,380.3	+21.1%	+20.8%
Latin America	308.6	+8.7%	+1.6%	1,151.2	+6.7%	+2,4%
Africa, Orient, Pacific	203.4	+4.9%	+4.0%	862.2	+8.1%	+6.7%
Cosmetics total	4,246.5	-1.0%	+5.0%	16,358.9	+2.7%	+2.8%
The Body Shop	245.9	-0.9%	-7.6%	756.0	+4.6%	-3.9%
Dermatology (1)	137.1	+15.4%	+22.0%	426.9	+17.1%	+16.2%
Group total	**4,629.5**	**-0.6%**	**+4.7%**	**17,541.8**	**+3.1%**	**+2.8%**

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

Cosmetics sales trends by division

- The cosmetics market slowed in 2008 but remained positive,
- L'Oréal strengthens its worldwide positions in each of its divisions

PROFESSIONAL PRODUCTS

The Professional Products Division achieved like-for-like growth of +1.3% in 2008, +7.3% at constant exchange rates, after a final quarter affected in the developed countries by the impact of the economic crisis on salon visits. Despite this slowdown, the division has significantly strengthened its worldwide leadership with market share gains in its 3 main zones.

- This achievement is the result of the comprehensive range of complementary brands, making the Professional Products Division the partner of choice for a growing number of hair salons. From luxury hair care (*Kérastase, Shu Uemura Art of Hair, Mizani*) to affordable services with *Matrix*, together with the major core brands *(Redken* and *L'Oréal Professionnel*), each type of salon can find a solution for its needs.
  Hair care is growing strongly, driven by *Kérastase*, and the successes of *Nature's Therapy* by *L'Oréal Professionnel* and *Real Control* by *Redken. Pureology*, acquired in 2007, is confirming its ranking as the number 1 professional hair care brand in the United States.
  In styling and texture, 2008 was notable for the successes of the "alternative" *Play Ball* range, and the launch of *Texture Expert* at *L'Oréal Professionnel;* meanwhile, permanent wave and hair smoothing sales are growing in Asia and Latin America.
  In hair colourants, growth is being driven by major technological innovations. *Platinium* + lightening paste, the new *Rubilane* range of patented high fidelity red hair colourants, and *Cover 5*, a service for men which covers grey hair in 5 minutes. The new version of *So Color Beauty* and *Wonderbrown* from Matrix and *Shades EQ* by *Redken* are establishing themselves as a must for professionals.

- Western Europe achieved very slight growth with a contrast in results between Northern Europe where the division is making significant market share gains, and Southern European countries, more severely affected by the economic slowdown. The highlights of the year were the success of *L'Oréal Professionnel* for men, and the launch of *Kéraskin Esthetics*.

  In North America, the sharply negative market trend, and the division's intense anti-diversion efforts, affected amounts invoiced for salon retail sales of shampoos and skincare products. The +6% growth in the sell-out of technical hair colourant products reflects the conquest of new salons and the effectiveness of the distribution strategy.

  The Rest of the World is growing very strongly, driven by Eastern Europe where the division is strongly boosting its leadership. Growth is spectacular in China and India, thanks to the local adaptation of the range. Latin America is dynamic, driven by the successes in Argentina and Brazil, where *Force Relax* by *L'Oréal Professionnel* has proved a winner with hair relaxer users.

CONSUMER PRODUCTS

The Consumer Products Division achieved annual like-for-like growth of +4.1%, following a 4th quarter figure of +2.5%, in a market which has slowed slightly since September. The division's three worldwide brands performed well, consolidating the division's worldwide market share.

- The skincare category is the number one growth driver thanks to the success of the *Skin Genesis* range from *L'Oréal Paris*, and the new *Skin Genesis Pore Minimizing* line in particular, together with *Caffeine Eye Roll-On* by *Garnier* which has taken top spot in the eye care market of the countries where it has been launched.
  Make-up is also highly dynamic with the success of *Colossal* mascara by *Maybelline*, *Infaillible* lipstick from *L'Oréal Paris* and *Mineral Power* powders by *Maybelline*.
  Hair colourants have also achieved good growth, particularly with the launch of *Excell 10'* in Europe and the worldwide growth of *Casting Crème Gloss*.
  Hair care sales have been bolstered by *L'Oréal Paris* product initiatives such as *Elsève Re-Nutrition* with royal jelly.

- In Western Europe, where there has been a clear trend towards inventory reductions by distributors, the division ended the year with positive growth, thanks to increases in Germany, the Netherlands and the Scandinavian countries. In France as in Spain, the situation at the end of the year was more difficult. The division's total sell-out grew slightly faster than the market, thanks to the continuing leadership of *L'Oréal Paris* and *Garnier* in facial skincare and toiletries, and the good growth of *L'Oréal Paris* and *Maybelline* make-up.

  In the United States, in a stable market, also affected by inventory reductions by some large distributors, the division is increasing its market share, with significant advances in facial skincare with *Revitalift* by *L'OréalParis* and the increasingly successful *Garnier Nutritionist*, launched in 2007.
  Growth is very high in the Rest of the World.

  China and the ASEAN countries are advancing very strongly, driven by extremely important breakthroughs by *L'Oréal Paris* and *Garnier* in facial skincare. In Eastern Europe, the three brands have achieved very strong growth. Growth in Russia and Ukraine was particularly high until October. In Latin America, growth has remained very strong in Argentina and Chile. After a difficult start to the year, there was a gradual acceleration in Brazil towards the end of the year. In the Africa-Orient-Pacific zone, good growth in the Middle East and South Africa is worth noting.

LUXURY PRODUCTS

In the context of a very clear slowdown in the selective market in the final quarter, the sales of the Luxury Products Division contracted by -6.3% in the 4th quarter, but increased by +0.7% like-for-like in 2008. After the consolidation of *YSL Beauté* from July 1st 2008, and at constant exchange rates, sales grew by +9.9%. With this acquisition, three of the division's brands are now in the top ten of the selective market, and the division ranks world leader in its distribution channel.

- Sales grew in the skincare category, bolstered by the success in the anti-ageing segment of *Prodigy Re-Plasty* by *Helena Rubinstein*, *Rides Repair* by *Biotherm* and *Rénergie Morpholift Nuit R.A.R.E.* serum by *Lancôme*. The international expansion of the *Kiehl's* brand is continuing with six new countries, including Japan.
  In make-up, the division is strengthening its leadership in mascara with *Ôscillation* by *Lancôme*, the revolutionary powermascara by micro-oscillation. The division is also scoring successes in lipstick with *Rouge Volupté* by *Yves Saint Laurent* and *Absolu Rouge* by *Lancôme*, the winner of a Prix d'Excellence award from Marie-Claire. *Face Fabric* foundation by *Giorgio Armani* is another award winner. Lastly, *Shu Uemura* is accelerating its worldwide growth.
  In fragrances, the division has benefited from the success of its two worldwide launches - *Magnifique* by *Lancôme* and *Emporio Armani Diamonds For Men* by *Giorgio Armani* - together with the launch of *Elle Intense* by *Yves Saint Laurent*. The market fell substantially in the 4th quarter.

- In Western Europe, the division recorded a slight decline in invoicing, in the context of inventory adjustments by distributors. The division held on to its market share, particularly in France and increased it in key countries such as the United Kingdom.

  In North America, the division had a difficult 4th quarter, held back by a significant decline in store footfall, and a high comparison base due to new perfume launches at the end of 2007. The division's sales were slightly below the market trend.

  The Rest of the World zone achieved excellent performances in Eastern Europe, Asia, the Middle East and Latin America. However the 4th quarter saw a lower growth rate in some zones such as Eastern Europe and Dubai.

ACTIVE COSMETICS

The sales of the Active Cosmetics Division at December 31st grew by +4.2% like-for-like. These results reflect market share gains across the world, achieved through growth in new market positions.

- *Vichy* is once again demonstrating its leadership in pharmacies, thanks to substantial advertising and promotional investments on major initiatives in the 2nd half. The launch of *Liftactiv CxP* in October has enabled *Vichy* to consolidate its number one position in anti-ageing skincare sales in pharmacies throughout Europe.
  La Roche-Posay registered another year of double-digit growth, thanks to the brand's success across all categories, particularly in skincare with the success of the Physiologique make-up remover range.
  Innéov has confirmed its number one position in oral cosmetics in Europe. This reflects the strong breakthrough made in the hair care segment. *Innéov* has made a spectacular start in Brazil.
  Lastly, the division has continued the roll-out of its *SkinCeuticals* and *Sanoflore* brands in major European countries.

- There are contrasting trends in the results of the geographic zones:
  Sales in Western Europe are down slightly due to a slowdown in market growth, combined with a disappointing performance by *Vichy* in seasonal markets, and the concentration of launches in the final quarter.
  Expansion is continuing in North America, despite a significant reduction in footfall, particularly in spas and medispas at the end of the year.
  The Rest of the World remains highly dynamic, even though the financial difficulties of some distributors had a negative impact on the last 2 months of the year.

Multi-division summary by geographic zone

WESTERN EUROPE

- Western Europe is at -0.3% like-for-like. While still growing, the market has slowed significantly; it deteriorated gradually quarter by quarter in France and in several countries in Southern Europe, particularly in the luxury channel. The group's sales trend is favourable in the United Kingdom and Germany, and sales are growing strongly in several countries in Northern Europe. The group has bolstered its overall market share in Western Europe. However, very strict inventory management by distributors has had an impact on sales.

NORTH AMERICA

- North America at -4.8% like-for-like had a difficult end to the year, with a clear deterioration in the market during the fourth quarter, particularly in department stores, where sales were disappointing over the year-end holiday period, and in salons, as the number of visits continued to decline. Overall, the group was slightly below the market trend, but still strengthened its positions in Consumer Products, Professional Products and Active Cosmetics.

REST OF THE WORLD

- **Asia:** L'Oréal's like-for-like growth reached +16.3% in 2008 after a slowdown in the 4th quarter, with the group continuing to outperform the market significantly. In Japan, the group is winning market share. Outside Japan, annual growth amounted to +20.2%. Dynamic growth is continuing in China (+27.7%) and in the countries of South-East Asia, particularly Thailand, Indonesia and Malaysia. The group is growing more than three times faster than the market across Asia as a whole.

- **Eastern Europe:** L'Oréal is maintaining its very strong momentum, with like-for-like growth of +21.1% across all the divisions, but the pace changed in the 4th quarter, reflecting the difficulties of some distributors in Russia and Ukraine.
- **Latin America:** Sales have grown by +6.7% like-for-like, and are improving quarter by quarter, but there are sharp contrasts in trends. Argentina, Venezuela, Chile and Uruguay are growing strongly. Brazil returned to growth in the second half. The situation in Mexico remains difficult.
- **Africa-Orient-Pacific**: The year was marked by the creation of a multi-division zone to accelerate the group's entry into new markets. Sales grew by +8.1% like-for-like. Growth is being driven by the excellent performance of North Africa and the Middle East, and the good growth in South Africa. Growth in Australia is satisfactory. There are contrasting trends in India, with a highly dynamic year for the Professional Products Division, and a year of consolidation for Consumer Products. Lastly, the group set up a multi-division subsidiary in Egypt at the end of the year.

The Body Shop sales trend

The like-for-like sales of **The Body Shop** increased by +4.6%.
Retail sales[(1)] increased by +1.9%. With a comparable store base[(2)], the sales were down by -2.3%.

The brand recorded good results in Sweden, Switzerland, the Middle East, Hong Kong, Singapore, Korea, Indonesia and India. However, due to a lower consumption in its stores because of the difficult economic climate during the 4th quarter, sales were disappointing in Great Britain, Spain and North America.

With new communications based on "Nature's way to beautiful", The Body Shop is reasserting its philosophy as a natural and ethical brand and re-energising the customer experience.
The brand launched four *Wellbeing* ranges that each contain natural ingredients based on traditional remedies, *Nature's Minerals*™ make-up range, as well as *Moringa*, a body care range rich in moisturising Community Trade ingredients.

124 stores were opened in 2008, taking the total to 2 550 at the end of the year.

[(1)] Retail sales: total sales to consumers through all channels.
[(2)] Retail sales with a comparable store base: total sales to consumers by stores which operated continuously from January 1st to December 31st 2007 and over the same period in 2008.

Galderma sales trend

Galderma achieved record sales, with a like-for-like increase of +17.1%. Growth in North America amounted to +18.5%. Sales have risen by +7.3% in Europe and +26.3% in the Rest of the World.

Galderma continued to gain market share thanks to its leading brands *Differin*® and *Epiduo*® (acne), *Rozex*®/*Metro*® (rosacea), *Clobex*® (psoriasis), *Oracea*® (rosacea), *Dysport*® (hyperfunctional facial lines) and *Cetaphil*® (therapeutic skin care product line).

With the acquisition of *CollaGenex* in the US, Galderma reinforced its portfolio of therapeutic solutions for rosacea with *Oracea*®, the first systemic antibiotic approved for the treatment of rosacea in the US. *Oracea*® was also approved by the European health authorities. Galderma significantly expanded its presence in the corrective and aesthetic dermatology segment with Dysport® in Brazil and Argentina.
Epiduo® was a significant contributor to growth in Europe and Latin America, where the product was launched, and received the FDA approval at the end of the year. Differin® Gel 0.1 % was launched in Japan where it is the first topical retinoid approved for acne.

2008 Results

Operating profitability and Consolidated profit and loss account

€ million	12.31.2007	As % of sales	12.31.2008	As % of sales	Excl. YSLB
Sales	**17,063**	**100%**	**17,542**	**100%**	
Cost of sales	-4,941	29.0%	-5,24	29.9%	
Gross Profit	**12,122**	**71.0%**	**12,302**	**70.1%**	
Research and development expenses	-560	3.3%	-581	3.3%	
Advertising and promotion expenses	-5,127	30.0%	-5,275	30.1%	
Selling, general and administrative expenses	-3,618	21.2%	-3,779	21.5%	
Foreign exchange gains and losses	10	0.1%	58	0.3%	
Operating profit	**2,827**	**16.6%**	**2,725**	**15.5%**	**15.8%**

Gross profit amounted to 70.1% of sales, compared with 71.0% in 2007.
After allocating exchange gains and losses which are related to gross profit for 2007 and 2008, and if the impact of consolidating *YSL Beauté* is excluded, gross profit was down by 50 basis points.

Research and development expenses, stable as a percentage of sales at 3.3%, increased by some +4%.

Advertising and promotion expenses, at 30.1% of sales, increased by 10 basis points compared with 2007, after a second half at 30.4%, significantly higher than the first half, as we had announced.

Selling, general and administrative expenses represented 21.5% of sales. They included over the full year the impact of the operating costs of distributors of professional products to American salons, the increase in depreciation of intangible assets, and the mix effect linked to conversion rates.

After an exchange gain of 58 million euros, operating profit amounted to 2 725 million euros, representing 15.5% of sales, and would have represented 15.8% of sales without the dilutive impact of consolidating YSL Beauté.

Operating profit by branch and division

€ million	2007	As % of sales	2008	As % of sales	Excl. YSLB
By operational division					
Professional Products	502	21.0%	519	21.0%	
Consumer Products	1,582	19.1%	1,578	18.9%	
Luxury Products	844	21.5%	767	18.4%	20.0%
Active Cosmetics	256	20.5%	259	20.1%	
Cosmetic divisions total	3,180	20.0%	3,110	19.0%	
Non-allocated (1)	-479	-3.0%	-502	-3.1%	
Cosmetics branch total	**2,701**	**17.0%**	**2,608**	**15.9%**	**16.3%**
The Body Shop	64	8.1%	36	4.8%	
Dermatology branch (2)	**62**	**16.9%**	**80**	**18.7%**	
Group	**2,827**	**16.6%**	**2,725**	**15.5%**	**15.8%**

(1) Non-allocated = Central group expenses, fundamental research expenses, stock option expenses and miscellaneous items. As % of total sales.
(2) Group share, i.e. 50%.

The profitability of the Professional Products Division remained stable in 2008 at 21% of sales.
The profitability of the Consumer Products Division was slightly lower at 18.9%, compared with 19.1% in 2007.
Half of the decrease in the profitability of the Luxury Products Division is attributable to the YSL Beauté consolidation.
Active Cosmetics profitability amounted to 20.1%.
The Body Shop, which makes all its profits in the 2nd half of each year, was particularly affected this year by lower store footfall at the end of the year.
And finally, the profitability of the Dermatology branch, Galderma, grew strongly in 2008 to reach 18.7%.

Profitability by geographic zone: another strong improvement in the Rest of the World

€ million	Operating profit				
	2007		2008		2008 excl. YSL Beauté
	€ million	% of sales	€ million	% of sales	% of sales
Western Europe	1,633	22.5%	1,634	22.1%	22.8%
North America	774	19.3%	593	15.9%	16.0%
Rest of the World	774	16.6%	884	16.9%	17.1%
Cosmetic zones total	**3,180**	**20.00%**	**3,110**	**19.0%**	**19.4%**

After excluding the dilutive impact of consolidating YSL Beauté, the profitability trends by zone were as follows:

Further improvement in profitability in Western Europe at 22.8%,
Significant deterioration in profitability in North America, which had a tough year, particularly in its Luxury Products and Professional Products businesses.
Another increase in the profitability of the Rest of the World zone to 17.1%.

Net earnings per share: +6.8% at constant exchange rates

€ million	12.31.2007	12.31.2008	
Operating profit	**2,827**	**2,725**	
Finance costs	-175	-174	
Other financial income (expense)	-7.6	-7.2	
Sanofi-Aventis dividends	250.3	244.7	
Share in net profit (loss) of equity affiliates	0.1	-	
Pre-tax profit excluding non-recurrent items	**2,896**	**2,788**	
Income tax excluding non-recurrent items	-856	-722	
Minority interests	-1.5	-2.7	
Net profit after minority interests (1)	**2,039**	**2,064**	
EPS (2)	**3.36**	**3.49**	**+6.8% at constant exchange rates**
Diluted average number of shares	**606,012,471**	**590,920,078**	

(1) Net profit excluding non-recurrent items after minority interests does not include capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, associated tax effects or minority interests.
(2) Diluted net earnings per share excluding non-recurrent items, after minority interests.

The cost of net debt remained stable at 174 million euros. The slight increase in the average interest rate of the debt in euros was offset by the sharp decline in the cost of our debt in dollars.
Dividends received from Sanofi-Aventis remained almost stable at 244.7 million euros.
Tax amounted to 721.5 million euros. The tax rate at 25.9% is significantly lower than the 2007 rate of 29.5%, thanks in particular to the research tax credit and lower tax rates in some countries.
In all, net profit excluding non-recurrent items after minority interests totalled 2 064 million euros, up by +1.2%.
After the accretive effect of share buybacks, net earnings per share amounted to €3.49, an increase of +3.8%, i.e. +6.8% at constant exchange rates, very close to the target indicated in October 2008. Excluding the dilutive impact of YSL Beauté, mainly generated by the step-up in inventories, net earnings per share would have amounted to € 3.52.

Net profit after minority interests: €1,948M

€ million	12.31.2007	12.31.2008	Growth
Net profit excluding non-recurrent items after minority interests	2,039	2,064	-
Non-recurrent items	617	-115	-
Net profit after minority interests	**2,656**	**1,948**	**-26.6%**
Diluted earnings per share (euros)	4.38	3.30	-24.8%

After allowing for non-recurrent items, which amounted to a charge of 115 million euros, compared with a profit of 617 million euros in 2007 (capital gain of 643 million euros on the sale of Sanofi-Aventis shares in November 2007), net profit came out at 1,948 million euros.

The charge of 115 million euros mainly reflects the industrial reorganisation in Europe, with the transfer project for the factories at Llantrisant in the United Kingdom and the closure of the Monaco factory, but also the rationalisation of YSL Beauté product distribution contracts, the reorganisation of the L'Oréal USA subsidiary, the consolidation of the American company CollaGenex acquired by Galderma, and the accelerated depreciation of intangible assets relating to Yue Saï goodwill and the Biomedic brand.

Cash flow Statement, Balance sheet and Debt

Gross cash flow amounted to 2,745 million euros, up by + 1%.
Working capital requirement amounted to 148 million euros.
Capital expenditure, at 745 million euros, decreased by some 4%, representing 4.3% of sales, compared with 4.5% in 2007.
After dividend payment, acquisitions (primarily YSL Beauté and CollaGenex), and net share buybacks amounting to 912 million euros, the residual cash flow amounts to -1,209 million euros.

The balance sheet structure is very robust, with shareholders equity representing 52% of total assets.

Net financial debt amounted to 3,700 million euros. Its increase is mainly the result of the acquisition of YSL Beauté in 2008.
Financial debt is well secured. It consists of some 2.5 billion euros of medium-term bank loans, most of which mature between 2011 and 2012, with the rest consisting of short-term paper and commercial paper, which are well secured by standby lines.

Proposed dividend at the Annual General Meeting on April 16th, 2009

The Board of Directors has decided to propose that the Annual General Meeting of Shareholders of April 16th, 2009 should approve a dividend of €1.44 per share, representing an increase of +4.3% compared with the dividend paid in 2008. This dividend will be paid on Friday April 24th, 2009.

Important events during the period 10/01/08 - 12/31/08

Under the share buyback programme decided by the Board of Directors on June 19th 2008, 1,120,000 shares were acquired between October 1st and December 31st 2008 for a total amount of €69.4 million.

L'Oréal parent company (excluding subsidiaries)

€ million (except for earnings per share, shown in euros)	2004	2005	2006	2007	2008
I. Financial position at financial year-end					
a) Share capital	135.2	131.8	127.9	123.6	120.5
b) Number of shares	676,062,160	65,769,660	639,616,410	617,975,610	602,415,810 (1)
c) Number of convertible bonds	0	0	0	0	0
II. Overall results of operations					
a) Net sales	1,774.2	1,856.6	2,003.4	2,073.8	2,115.2
b) Pre-tax profit before depreciation, amortisation, provisions and reversals of provisions (including provision for investment and profit sharing reserve)	1,341.1	1,403.0	1,484.4	2,841.7	1,713.4
c) Income tax	-20.8	-58.8	-54.5	-68.7	-143.4
d) Net income	1,230.1	1,589.6	1,690.3	2,822.4	1,552.1
e) Amount of distributed profits	554.4	658.8	738.8	842.9	861.8 (2)
III. Results of operations per share					
a) Profit after tax and profit sharing, but before depreciation, amortisation and provisions	1.99	2.20	2.38	4.68	3.05
b) Net sales	1.82	2.41	2.64	4.57	2.58
c) Dividend paid on each share (not including tax credit)	0.82	1.00	1.18	1.38	1.44 (2)
IV. Personnel					
a) Number of employees	5,746	5,759	5,793	5,862	5,848
b) Total salaries	331.8	339.2	345.4	370.3	381.1
c) Amount paid for welfare benefits (social security, provident schemes, etc.)	133.9	138.8	142.3	158.7	159.3

(1) The share capital comprises 602,415,810 shares with a par value of €0.2, following the cancellation of 7,187,000 shares of treasury stock held by the company as of February 13th, 2008 and of 8,410,400 shares of treasury stock held by the company as of August 28th, 2008, and the subscription of 34,600 shares through exercising stock options.

(2) The dividend will be proposed to the Annual General Meeting of April 16th, 2009.

STATUTORY AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS
(Year ended December 31st, 2008)

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31st, 2008, on:

- the audit of the accompanying financial statements of L’Oreal;
- 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 includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company’s financial position and its assets and liabilities as of December 31st, 2008, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

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 the notes to the Company’s financial statements under “Accounting policies – Financial Assets – Investments and advances”. As part of our audit, we reviewed whether these accounting methods were appropriate and evaluated the assumptions used.

These assessments were made in the context 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

We have also performed the specific verifications required by law.

We have no matters to report regarding:

- 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;
- the fair presentation of the information provided in the management report of the Board of Directors in respect of remuneration and benefits granted to certain company officers and any other commitments made in their favor in connection with, or subsequent to, their appointment, termination or change in function.

In accordance with the law, we verified that information related to acquisitions of investments and controlling interests and the identity of shareholders were disclosed in the management report.

Neuilly-sur-Seine, February 25th, 2009
The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Etienne Boris	Etienne Jacquemin

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (Year ended December 31st, 2008)

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31st, 2008, on:

- the audit of the accompanying consolidated financial statements of L'Oreal;
- 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 includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 as at December 31st, 2008 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 the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- L'Oreal 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 this impairment test 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 in the context 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 the French law, we have also verified the information given 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, February 25th, 2009
The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Etienne Boris	Etienne Jacquemin

STATUTORY AUDITORS’ REPORT PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE (Code de commerce) ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF L’OREAL
(Year ended December 31st, 2008)

In our capacity as Statutory Auditors of L’Oreal, and in accordance with Article L.225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31st, 2008.

It is the Chairman's responsibility to prepare and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you our observations on the information set out in the Chairman’s report on internal control procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by Article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control procedures relating to the preparation and processing of financial and accounting information set out in the Chairman’s report. These procedures mainly consisted of:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with Article L.225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by Article L.225 37 of the French Commercial Code.

Neuilly-sur-Seine, February 25th, 2009
The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Etienne Boris	Etienne Jacquemin

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH THIRD PARTIES
(Year ended December 31st, 2008)

In our capacity as Statutory Auditors of your Company, we hereby present our report on regulated agreements and commitments with third parties.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided, on the main terms and conditions of the agreements and commitments that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of Article R. 225-31 of the French Commercial Code, it is the responsibility of shareholders to determine whether the agreements are appropriate and should be approved.

Regulated agreements and commitments with third parties relating to the year ended December 31st, 2008

We hereby inform you that, with the exception of the agreement approved on February 13th, 2008, communicated in our Statutory Auditors' special report dated February 27, 2008 and which remained in force during the year as described on page 2 of this report, we have not been informed of any agreement and commitment signed during the year and governed by Article L.225-38 of the French Commercial Code (*Code de commerce*).

Regulated agreements and commitments approved in prior years which remained in force during the year

Pursuant to the French Commercial Code, we were informed that the following agreements and commitments approved in prior years remained in force during the past year.

Agreements and commitments related to Mr Jean Paul Agon

- Granting Jean-Paul Agon the same status as a senior executive during his term of office, in particular for the purpose of pension and employee benefits, so that he can continue to enjoy the same benefits as those received before his appointment as corporate officer (Board of Directors meeting of April 25th, 2006).

As of the date hereof, this scheme provides entitlement to the payment of a life annuity (with a surviving spouse pension and, under certain conditions, an orphan pension) as well as benefits in the event of temporary disability, definitive disability or death.

- Agreement providing for the termination benefits of the Managing Director (Board of Directors Meeting of February 13th, 2008).

- in the event of non-renewal or removal from his corporate office, except for gross misconduct or gross negligence, Mr Jean-Paul Agon will be entitled to an indemnity for termination of his corporate office equal to 3 months' remuneration (solely his fixed remuneration) per year of performance of the corporate office of Chief Executive Officer, as from 2006 inclusive, and limited to a maximum of 12 months of the fixed part of the last remuneration received in respect of his corporate office, subject to fulfillment of performance conditions.
  This indemnity will be added to the indemnities payable, where applicable, in the event of subsequent termination of his resumed employment contract calculated on the basis of the applicable collective bargaining agreement.

- in the event of retirement at the Company's request or voluntary retirement which takes place at the time of termination of his corporate office or thereafter, Mr Jean-Paul Agon will be entitled to a departure or retirement indemnity determined in accordance with the same terms and conditions as those applicable to a senior manager of L'Oréal, namely, on the basis of his total length of service accrued pursuant to his employment contract and his corporate office, an amount of 6 months' average remuneration (fixed + variable portions) over the 12 months prior to the month of his departure, subject to fulfillment of performance conditions.
  This indemnity may not be lower than the departure or retirement indemnity to which he would be entitled pursuant to his resumed employment contract, and will not be received cumulatively with either such a departure or retirement indemnity or with an indemnity due to non-renewal or removal from his corporate office.

The performance conditions mentioned above and decided on by the Board of Directors are assessed as follows: one-half will be based on the rate of growth in L'Oréal's consolidated sales as compared to the market growth rate while the other-half will be based on the change in earnings per share (diluted net earnings per share excluding non-recurrent items, after minority interests); both these conditions will be assessed for the last four financial years prior to the year in which the corporate office ends.

Depending on the level of fulfillment of such conditions, the amount of each component of the indemnity will be reduced or may even amount to zero.

Were an event to occur which would be likely to lead to a significant reduction in earnings per share during the financial year, then the Board of Directors would reserve the right to include the year then in progress in the four years taken into account in order to calculate the performance condition.

We performed the procedures that we deemed necessary with regard to French professional standards in relation to this engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Neuilly-sur-Seine, February 25th, 2009
The Statutory Auditors

PricewaterhouseCoopers Audit
Etienne Boris

Deloitte & Associés
Etienne Jacquemin

STATUTORY AUDITORS’ SPECIAL REPORT ON THE GRANTING OF SHARE SUBSCRIPTION AND/OR PURCHASE OPTIONS TO EMPLOYEES AND CORPORATE OFFICERS
Ordinary and Extraordinary Shareholders’ Meeting of April 16th, 2009
(12th resolution)

In our capacity as Statutory Auditors of your Company and in accordance with Articles L.225-177 and R.225-144 of the French Commercial Code (*Code de commerce*), we have prepared this report on the granting of share subscription and/or purchase options to employees and corporate officers of L’Oréal and companies or economic interest grouping directly or indirectly affiliated with L’Oréal within the meaning of Article L.225-180 of the French Commercial Code.

It is the responsibility of the Board of Directors to prepare a report on the reasons for the granting of share subscription and/or purchase options and the proposed terms and conditions for determining the subscription and/or purchase price. It is our responsibility to comment on the proposed terms and conditions for determining the subscription or purchase price.

We performed the procedures that we deemed necessary with regard to French professional standards in relation to this engagement. These procedures consisted in verifying that the proposed terms and conditions for determining the subscription and/or purchase price are disclosed in the Board of Directors’ report, that they comply with legal provisions, in order to inform shareholders, and that they do not appear obviously inappropriate.

We have no comments to make on the proposed terms and conditions.

Neuilly-sur-Seine, February 25th, 2009

PricewaterhouseCoopers Audit
Etienne Boris

Deloitte & Associés
Etienne Jacquemin

STATUTORY AUDITORS' SPECIAL REPORT ON THE FREE GRANTING OF EXISTING SHARES OR SHARES TO BE ISSUED TO EMPLOYEES OF THE COMPANY

Ordinary and Extraordinary Shareholders' Meeting of April 16th, 2009
(13th resolution)

In our capacity as Statutory Auditors of your Company and in accordance with Article L.225-197-1 of the French Commercial Code (*Code de commerce*), we have prepared this report on the project for the free granting of existing shares or shares to be issued to employees of L'Oréal or affiliated companies as defined by Article L.225-197-2 of the French Commercial Code, or to certain categories of employees.

Shareholders are requested to authorize the Board of Directors to grant, for no consideration and on one or more occasions, existing shares or shares to be issued. It is the role of the Board of Directors to prepare a report on the transaction which it wishes to perform. It is our role, where necessary, to comment on the information which is communicated to you on the proposed transaction.

We performed the procedures that we deemed necessary with regard to French professional standards in relation to this engagement. These procedures consisted in verifying that the proposed terms and conditions presented in the Board of Directors' report comply with the provisions provided for by law.

We have no comments to make on the information given in the Board of Directors' report relating to the proposed transaction.

Neuilly-sur-Seine, February 25th, 2009

PricewaterhouseCoopers Audit
Etienne Boris

Deloitte & Associés
Etienne Jacquemin

STATUTORY AUDITORS' SPECIAL REPORT ON THE SHARE CAPITAL INCREASE RESERVED FOR EMPLOYEES OF THE COMPANY

Ordinary and Extraordinary Shareholders' Meeting of April 16th, 2009
(14th resolution)

In our capacity as Statutory Auditors of your Company and in accordance with the engagement set forth in Articles L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby present you with our report on the proposal to delegate to the Board of Directors the authority to perform a share capital increase, on one or several occasions, reserved for employees (or former employees) of the Company or affiliated companies, as defined by Article L.225-180 of the French Commercial Code, who are members of a L'Oréal Group corporate savings plan as well as any mutual funds via which such issued shares would be subscribed by such employees.
This proposed share capital increase is submitted to you for approval pursuant to Articles L. 225-129-6 of the French Commercial Code and Article L.3332-18 et seq. of the French Labor Code (*Code du travail*).

The total number of shares likely to be issued, on one or several occasions, pursuant to this delegation, cannot exceed 1% of the Company's share capital existing as of the date of this Ordinary and Extraordinary Shareholders' Meeting.

On the basis of its report, the Board of Directors asks you to delegate, for a period of twenty-six months, the authority to decide one or several share capital increases and to cancel your preferential share subscription rights to the shares issued. Where appropriate, the Board of Directors shall set the terms and conditions of the share capital increases.

It is the role of the Board of Directors to prepare a report in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code. It is our role to comment on the fair presentation of financial data taken from the accounts, on the proposed cancellation of preferential subscription rights and on certain other information concerning the issue, presented in this report.

We performed the procedures that we deemed necessary with regard to French professional standards in relation to this engagement. These procedures consisted in verifying the content of the Board of Directors' report in respect of this transaction and the terms and conditions for determining the share issue price.
Subject to the subsequent review of the terms and conditions of each share capital increase that the Board of Directors may decide in connection with this delegation, we have no comment to make on the terms and conditions for determining the share issue price as set forth in the Board of Directors' report.

As the share issue price has not yet been set, we can express no opinion on the final terms and conditions under which the share capital, or several share capital increases, would be performed. As a result, we do not express an opinion on the cancellation of your preferential share subscription rights which the Board of Directors has proposed.
In accordance with Article R.225-116 of the French Commercial Code, we shall prepare an additional report for each share capital increase that your Board of Directors may decide to perform.

Neuilly-sur-Seine, February 25th, 2009
The Statutory Auditors

PricewaterhouseCoopers Audit
Etienne Boris

Deloitte & Associés
Etienne Jacquemin

REQUEST FOR PROVISION OF STATUTORY DOCUMENTS AND INFORMATION [1]

Ordinary and Extraordinary General Meeting of Thursday, April 16th, 2009
(reserved for shareholders only)

L'ORÉAL

For the attention of the Director of Shareholder Relations
41, rue Martre – 92117 Clichy – Fax: +33 1 47 56 86 42 –
Freephone number (from France only): 0 800 66 66 66
International phone number : +33 1 40 14 80 50
E-mail: info@loreal-finance.com

I, the undersigned ....

Surname .... First name..

Address...

The holder of .... registered shares...

and/or of .... bearer shares registered with[2] ....

request that the documents and information provided for in Articles 133 and 135 of the French Decree of March 23rd, 1967 concerning the General Meeting to be held on Thursday April, 16th 2009 should be sent to me at the above address.

Signed in .... , on 2009

[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 – Fax: + 33 1 47 56 86 42 - E-mail: info@loreal-finance.com – Free phone number (from France only): 0 800 66 66 66
[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.