

L'ORÉAL

L'ORÉAL USA ACQUIRES BEAUTY ALLIANCE, L.L.C. TO FORM NEW BUSINESS UNIT OF ITS PROFESSIONAL PRODUCTS DIVISION

New York, 12th April – L'Oréal USA, Inc., a subsidiary of L'Oréal S.A., the world's largest beauty company, has acquired 100% of Beauty Alliance L.L.C., in which it had taken a 30% minority interest last July.

Beauty Alliance is one of the largest and fastest growing professional salon distributorships in the U.S. selling to 125,000 salons through 870 Distributor Sales Consultants and through 400 professional outlets. Beauty Alliance, a privately-held company headquartered in Clearwater, Florida, will operate as a separate unit within L'Oréal's Professional Products Division.

"The acquisition of Beauty Alliance allows L'Oréal USA to further strengthen our position in a market which is strategic for us," said Laurent Attal, President and CEO of L'Oréal USA. "We have a large and vibrant salon business in the United States. The consolidation that has taken place in parts of the US distribution system makes this an appropriate time for L'Oréal to take a greater interest in the distribution process for the benefit of all stakeholders in the professional hair salon industry. This is a strategic investment in the future of salon professionals."

"After studying the needs and buying habits of professional hairdressers for a very long time, we have determined that the best way to develop our business in the United States is to take this interest in the distribution process in certain territories," said David Craggs, President of L'Oréal USA's Professional Products Division. "In doing this we can meet the needs of both small and large salon owners by providing them with unsurpassed service and education through our extensive store and sales consultant networks. The economic equation associated with vertical integration will also allow us to increase our investments, and the acquisition of Beauty Alliance is one way to achieve that goal."

Beauty Alliance will continue to be led by Jamie Cheek, its current President. "We are very enthusiastic about the growth opportunities this business combination offers both our companies," noted Mr. Cheek. "L'Oréal and Beauty Alliance share a passion for the professional hairdresser business, and L'Oréal recognizes that we are the premier distributor in the country. To that end, Beauty Alliance will continue as a full service distributor offering a broad range of L'Oréal and other high quality brands both through the distributor sales consultants and the store network."

L'Oréal USA, headquartered in New York City, with 2006 sales of over \$4 billion and 7,900 employees, is a wholly-owned subsidiary of L'Oréal SA, the leading beauty company. L'Oréal USA has Research and Development, Manufacturing and Distribution facilities across eight states in the U.S., including New York, New Jersey, Kentucky, Arkansas, Illinois, Ohio, Colorado and Texas. L'Oréal's impressive portfolio of brands includes Lancôme, Giorgio

Armani, Shu Uemura, L'Oréal Paris, Garnier, Vichy, Biotherm, La Roche-Posay, L'Oréal Professionel and Kérastase. The U.S. is the base for the product development, international marketing and advertising for L'Oréal's eight American brands: Maybelline New York, Soft-Sheen.Carson, Kiehl's Since 1851, Ralph Lauren, Redken 5th Avenue NYC, Matrix, Mizani and SkinCeuticals.

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