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Ordinary and Extraordinary Annual General Meeting 2009

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5.1. Report of the Board of Directors on the draft resolutions

5.1.1. Ordinary part

5.1.1.1. 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 income 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.

5.1.1.2. 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.

5.1.1.3. 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.

5.1.1.4. 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.

5.1.1.5. 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.

5.1.1.6. 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.

5.1.1.7. 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.

5.1.1.8. 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.

5.1.2. Extraordinary part

5.1.2.1. 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 Meeting 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 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.

5.1.2.2. 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.

5.1.2.3. 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.

5.1.2.4. 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.

5.1.2.5. 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.

5.1.2.6. Amendment of Article 15A 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 his shares have been held in registered form 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 plus 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.

5.1.2.7. 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.

5.2. Draft resolutions

Agenda

Ordinary part

First resolution

Approval of the 2008 parent company financial statements,

Second resolution

Approval of the 2008 consolidated financial statements,

Third resolution

Allocation of the company's net income for 2008 and declaration of the dividend,

Fourth resolution

Regulated agreements and regulated commitments,

Fifth resolution

Renewal of the tenure as director of Mr Werner Bauer,

Sixth resolution

Renewal of the tenure as director of Mrs Françoise Bettencourt Meyers,

Seventh resolution

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

Eighth resolution

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

Ninth resolution

Renewal of the tenure as director of Mr Louis Schweitzer,

Tenth resolution

Authorisation for the company to buy back its own shares,

Extraordinary part

Eleventh resolution

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,

Twelfth resolution

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

Thirteenth resolution

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

Fourteenth resolution

Delegation of authority granted to the Board of Directors for the purpose of carrying out a capital increase reserved for employees,

Fifteenth resolution

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

Sixteenth resolution

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

Seventeenth resolution

Powers for formalities.

5.2.1. Ordinary part

First resolution

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.

Second resolution

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.

Third resolution

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

(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

Fourth resolution

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.

5.2.2. Tenure of directors

Fifth resolution

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.

Sixth resolution

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.

Seventh resolution**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.

Eighth resolution**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.

Ninth resolution**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.

Tenth resolution**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.

5.2.3. Extraordinary part

Eleventh resolution

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.

Twelfth resolution

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.
- 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.

Thirteenth resolution

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;

Fourteenth resolution

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.

5.2.4. Amendment of the Articles of Association

Fifteenth resolution

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 four 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.”

Sixteenth resolution

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 15A 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 his shares have been held in registered form for at least two years and that they continue to be in registered form 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 his shares have been held in registered form 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.”

Seventeenth resolution

Powers for formalities

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