

Individual shareholders: a stronger relationship

In 2008, L'Oréal increased the number of events with individual shareholders, with meetings in many major cities, factory and laboratory visits, and the group's participation in the Actionaria fair. At the same time, the content of the "Letter to Shareholders" and the "Shareholder Digest" has been supplemented, and their circulation has been considerably widened. The Board of Directors has also decided to offer shareholders a loyalty bonus by proposing to the Annual General Meeting of April 16th, 2009 a preferential dividend of +10%⁽¹⁾ to be paid to shareholders having held registered shares—whether directly or managed⁽²⁾—for at least two years.

Loyalty bonus for registered shareholders

Fully aware of the importance of shareholder confidence and loyalty, the Board of Directors decided to propose to the Annual General Meeting of April 16th, 2009 a resolution enabling the payment of a preferential dividend. Shareholders having held registered shares—whether directly or managed⁽²⁾—for at least two years will thus receive, from 2012 and for the fiscal year 2011, a preferential dividend of +10% (not exceeding 0.5% of the share capital).

Shareholder panel: your opinion counts

At least twice a year, L'Oréal holds a meeting with a rolling panel of around twenty individual shareholders, chosen from the several hundred volunteers who put their names forward. The panel's composition is partly renewed for each meeting, in order to get the biggest number of participants and a high diversity of points of views. The panel meetings have enabled in particular, the selection of topics to be raised at the Annual General Meeting, and the reflection about the content and evolution of the Annual Report and the website.



Direct contact with our shareholders throughout the year

Actionaria fair

A record number of visits were made to the L'Oréal stand at the Actionaria fair in 2008. Some 3,000 shareholders met representatives of the group, and were thus able to gather information about the L'Oréal share, and the group's strategy and businesses.

Shareholder meetings

In 2008, L'Oréal met its shareholders in many major cities, such as Bordeaux, Brussels, Dijon, Lille, Nantes, Nice, Strasbourg and Toulouse.

The 2009 programme of shareholder meetings can be found on page 100, or consulted on the www.loreal-finance.com website, in the Shareholders' Corner/Key dates section.

BECOMING A L'ORÉAL SHAREHOLDER: SIX GOOD REASONS FOR CHOOSING REGISTERED SHARES

1. Preferential dividend of +10% for shareholders holding registered shares for at least two years⁽¹⁾.
 2. Full and personalised information (*Shareholder Digest* and *Letters to Shareholders*) sent directly to the shareholder.
 3. Easier access to the Annual General Meeting: notice to attend sent directly to the shareholder, with the possibility of online voting.
 4. No custody fees (directly registered shares).
 5. Dividend sent by cheque or credited to the shareholder's account, with no delay and no charge.
 6. Transfer fees met by L'Oréal⁽³⁾ (directly registered shares).
- To find out more about the different ways of holding shares, please consult:
<http://www.loreal-finance.com/eng/become-shareholder>

Financial communications awards

- 1st prize for the Annual Report, Cac 40 category, awarded by *La Vie Financière* and *Les Echos*.
- 1st prize for quality and transparency of information and communications, awarded by L'Agefi.
- Grand Prix Boursoscan for the best financial website, awarded by Boursorama.

Some **6,000** individual shareholders met the company face-to-face

10 shareholder meetings across France



Paris, November 21st-22nd, 2008. For the fifth year running, L'Oréal took part in the Actionaria fair.

(1) Not exceeding 0.5% of the share capital per shareholder. From 2012, subject to approval by the Annual General Meeting of April 16th, 2009.

(2) A registered account managed by a financial intermediary.

(3) Not exceeding €50 and upon presentation of proof of payment.

The L'Oréal share key figures

(at December 31st, 2008)

Net earnings⁽¹⁾
per share

€3.49

Dividend⁽²⁾
per share

€1.44

Share price

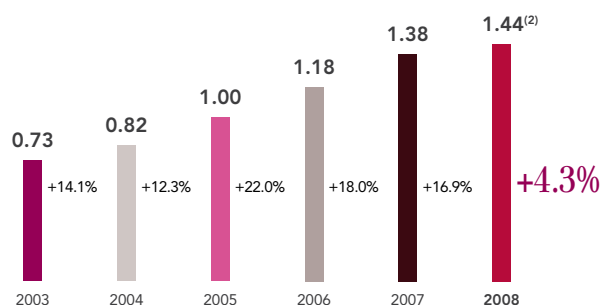
€62.30

Market
capitalisation⁽³⁾

€37.5 billion

DIVIDEND PER SHARE

(in euro)

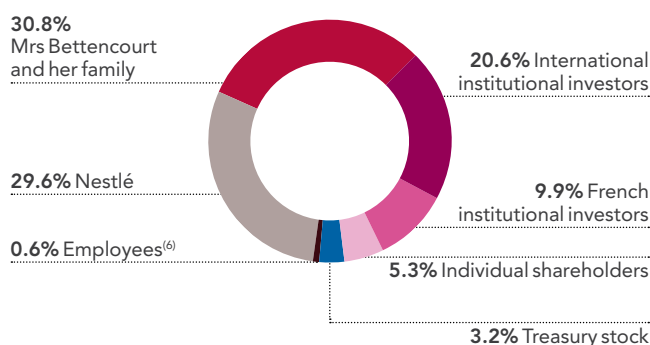


Dividend distribution rate in 2003: 36.6%⁽⁴⁾

Dividend distribution rate in 2008: 41.3%⁽⁵⁾

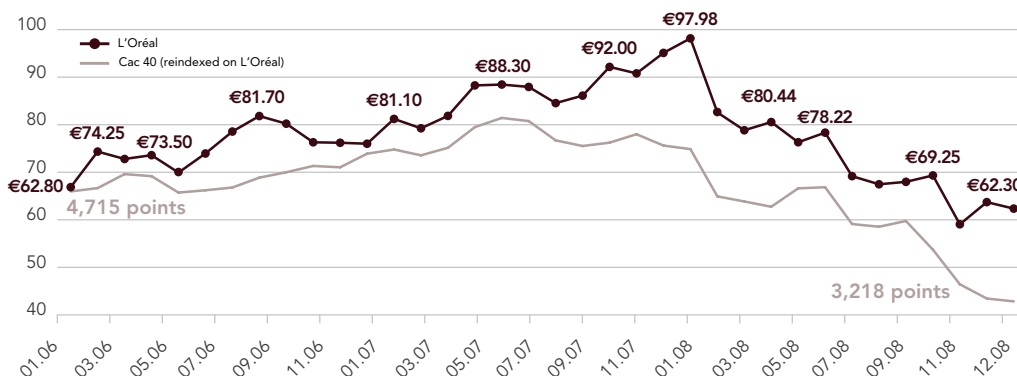
BREAKDOWN OF SHARE OWNERSHIP

(as at December 31st, 2008)



L'ORÉAL SHARE PRICE SINCE 2006

(in euro)



-0.80%

Change in L'Oréal share price since 01.01.2006

-31.75%

Change in Cac 40 index since 01.01.2006

INVESTMENT IN L'ORÉAL SHARE

OVER 3 YEARS

Initial capital multiplied by **1.05 in 3 years**
Total shareholder return: **1.14%**

During the same period, the Cac 40 fell by -9.07% per year⁽⁷⁾

Purchase of 238 shares at €62.80⁽⁸⁾
on December 31st, 2005: 14,946.40 euros

Valuation at December 31st, 2008 including reinvestment of dividends (251 shares at €62.30): 15,637.30 euros

OVER 10 YEARS

Initial capital multiplied by **1.22 in 10 years**
Total shareholder return: **1.04%**

During the same period, the Cac 40 increased by +0.70% per year⁽⁷⁾

Purchase of 24 shares at €615.89⁽⁸⁾
on December 31st, 1998: 14,781.36 euros

Valuation at December 31st, 2008 including reinvestment of dividends (289 shares at €62.30): 18,004.70 euros

OVER 20 YEARS

Initial capital multiplied by **13.52 in 20 years**
Total shareholder return: **13.28%**

During the same period, the Cac 40 increased by +6.63% per year⁽⁷⁾

Purchase of 22 shares at €670.62⁽⁸⁾
on December 31st, 1988: 14,753.64 euros

Valuation at December 31st, 2008 including reinvestment of dividends (3,202 shares at €62.30): 199,484.60 euros

(1) Diluted net earnings per share based on net profit excluding non-recurrent items after minority interests.

(2) Dividend proposed to the Annual General Meeting of April 16th, 2009.

(3) On the numbers of shares at December 31st, 2008, i.e. 602,415,810 shares.

(4) Taking into account Sanofi-Synthelabo at the dividend level.

(5) Based on the dividend proposed to the Annual General Meeting of April 16th, 2009.

(6) In L'Oréal's company mutual funds.

(7) Reinvested dividends; source: Datastream.

(8) Non-adjusted share price.