

BOARD OF DIRECTORS

Composition at December 31st, 2006

(The full list of directors' offices and directorships, in accordance with legal requirements, is included in the Notes to the Management Report of the Board of Directors.)

SIR LINDSAY OWEN-JONES⁽¹⁾

Age: 60. British. Joined the L'Oréal group in 1969. During his international career with the group, 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). Board member of Sanofi-Aventis and Ferrari (Italy). Vice-Chairman of the Board of directors of Air Liquide.

JEAN-PAUL AGON

Age: 50. Joined the L'Oréal group in 1978. During his international career with the group, 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. Vice-Chairman of the Board of Directors of The Body Shop (United Kingdom).

JEAN-PIERRE MEYERS^{(2) (6)}

Age: 58. 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: 62. 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) and Roche Holding (Switzerland).

LILIANE BETTENCOURT^{(2) (3)}

Daughter of Eugène Schueller, who founded L'Oréal almost a century ago. L'Oréal Board member since 1995 (term of office renewed in 2003).

FRANÇOISE BETTENCOURT MEYERS

Age: 53. Daughter of Mrs Bettencourt. L'Oréal Board member since 1997 (term of office renewed in 2005).

WERNER BAUER

Age: 56. 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: 62. 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).

XAVIER FONTANET⁽⁵⁾

Age: 58. 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 SA.

BERNARD KASRIEL^{(2) (4)}

Age: 60. 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. Seconded 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. Board member of Lafarge and Arkema. Partner of LBO France since September 2006.

MARC LADREIT DE LACHARRIÈRE

Age: 66. 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. L'Oréal Board member since 1984 (term of office renewed in 2006). Board member of Renault and Casino.

FRANCK RIBOUD

Age: 51. Joined BSN in 1980. Chairman and Chief Executive Officer of Danone group since 1996. L'Oréal Board member since 2002 (term of office renewed in 2006). Board member of Renault and Lacoste France. Member of the Supervisory Board of Accor. Board member of ONA (Morocco).

LOUIS SCHWEITZER

Age: 64. Joined Renault in 1986, Chairman and Chief Executive Officer from 1992 to 2005, Chairman of the Board thereafter. Chairman of the Board of AstraZeneca (United Kingdom). L'Oréal Board member since 2005. Board member of BNP Paribas, EDF, Veolia Environnement, AB Volvo (Sweden). Vice-Chairman of the Supervisory Board of Philips (Netherlands).

Jean-Louis Dumas, director until April 25th, 2006, did not wish to renew his tenure as director in 2006.

The statutory length of tenure of a L'Oréal director is 4 years, and is renewable.

Each director holds a minimum of 1,000 L'Oréal shares.

(1) Chairman of the Committee for "Strategy and Implementation".

(2) Member of the Committee for "Strategy and Implementation".

(3) Chairwoman of the "Management and Remuneration" Committee.

(4) Member of the "Management and Remuneration" Committee.

(5) Chairman of the Audit Committee.

(6) Member of the Audit Committee.

Separation of the functions of Chairman and Chief Executive Officer

The major event in 2006 was the Board of Directors' decision to separate the functions of Chairman and Chief Executive Officer. At its meeting on April 25th, 2006, the Board appointed the Chairman and the Chief Executive Officer. The new management organisation came into force with immediate effect.

The Board decided to amend its internal rules⁽¹⁾ in the interest of clarity and transparency by defining the mission and role of the Chairman and the Chief Executive Officer, when the functions are separated.

A balanced Board, open debates and collective decisions

The L'Oréal Board has 13 members: the majority shareholders are represented by six members, of whom three represent Mrs Bettencourt and her family and three represent Nestlé. The two Vice-Chairmen of the Board respectively represent both parties. Alongside the Chairman and the Chief Executive Officer, five other directors are independent personalities who have held professional responsibilities and have wide professional experience.

All directors are required to meet the highest standards of integrity, and to act with due care and attention, while having complete freedom of judgement and strictly respecting the collective nature of the decisions taken by the Board.

The Board met six times in 2006⁽²⁾, with an average attendance rate of 87%. Many of the directors also attend the Annual General Meeting. The AGM received the 2006 Capitalcom Award for the Best Annual General Meeting of a CAC40 company.

With regard to insider information and insider status, the principles, which the Board applies to itself comply with legal requirements, and are in line with the preventive measures taken by L'Oréal in relation to its employees, particularly with regard to internal control procedures. The goal is to prevent any improper use or transmission of insider information, and to make sure that investments in the company's shares are carried out with a high degree of security.

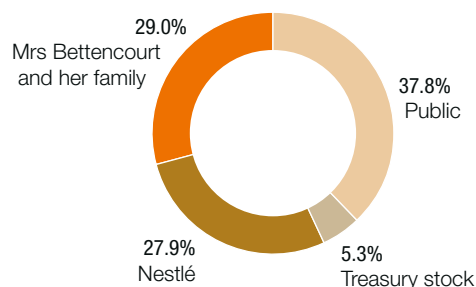
“The AGM received the 2006 Award for the Best Annual General Meeting of a CAC40 company.”

To respect the interests of the company and all its shareholders, it is also compulsory for directors to notify the Board if any conflict of interest arises, even if the conflict is only potential, in which case they are not allowed to participate in the corresponding deliberations.

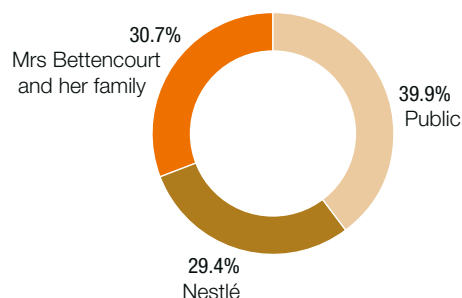
(1) The full text of the internal rules is published in the Reference Document, volume 2, Notes to the Management Report.

(2) The organisation and the modus operandi of the Board of Directors in 2006 are set out in detail in the Management Report and in the Chairman's Report (Reference Document, volume 2).

> BREAKDOWN OF SHAREHOLDING STRUCTURE AT DECEMBER 31ST, 2006



> BREAKDOWN OF VOTING RIGHTS AT DECEMBER 31ST, 2006⁽³⁾



(3) In accordance with the law, treasury stock carries no voting rights.

The Board's review Committees

The Committee for "Strategy and Implementation"

6 members:

- Sir Lindsay Owen-Jones (Chairman)
- Liliane Bettencourt
- Jean-Pierre Meyers
- Peter Brabeck-Letmathe
- Francisco Castañer Basco
- Bernard Kasriel

6 meetings in 2006.

The Audit Committee

3 members:

- Xavier Fontanet (Chairman)
- Jean-Pierre Meyers
- Francisco Castañer Basco

4 meetings in 2006.

The "Management and Remuneration" Committee

3 members:

- Liliane Bettencourt (Chairwoman)
- Peter Brabeck-Letmathe
- Bernard Kasriel

5 meetings in 2006.

In the course of its meetings in 2006, the Board considered a large number of strategic aspects relating to the organisation and development of L'Oréal's businesses. The issues discussed throughout the year, in most cases in the presence of the senior executives concerned, enable the Board to regularly assess the various strategic challenges facing the group and to take the corresponding decisions.

Committees actively involved in preparing for the work of the Board

The Board's Committees carry out missions entrusted to them by the Board. They are actively involved in preparing for the Board's work, but do not themselves have any decision-making powers. They report to the Board on a regular basis.

The Committee for "Strategy and Implementation"

This Committee clarifies the strategic orientations, which are submitted to the Board, and monitors the implementation and progress of significant ongoing operations. It ensures that general financial stability is maintained.

With these aims in mind, the Committee reviews the main strategic lines of development, options and projections presented by the General Management together with their economic and financial consequences, acquisition opportunities, and financial transactions that could significantly change the balance-sheet structure. It also reviews paths for future development.

The Committee for "Strategy and Implementation" met six times in 2006. In 2006, the Committee reviewed not only trends in the sales and results of L'Oréal from an international viewpoint, but also, for example, the share buyback programmes, the acquisition of The Body Shop, the strategic development of the businesses in major countries, such as Japan and the United States, and the situation of the group's stake in Sanofi-Aventis.

The "Management and Remuneration" Committee

This Committee assists, in complete independence, the Chairman and the Board in their review of succession plans for the group's senior management positions. It reviews the composition of the Board of Directors and any possible changes. It makes proposals to the Board concerning the remuneration of corporate officers and grants of stock options, and addresses general issues of remuneration policy in the company.

The Committee met five times in 2006, and in addition to the various questions it reviews in connection with its mission, it prepared its proposal to the Board of the conditions under which the functions of Chairman and Chief Executive Officer would be separated, with the definition of the role and limits of each position.

The Committee proposed to the Board that it should be stated in the Board's internal rules, amended in 2006, that its constant policy is that the corporate officers it appoints are deemed to be employees and are therefore covered by the same retirement plans as the senior managers, particularly with regard to provident schemes.

The Audit Committee

The role of this Committee is to ensure that the General Management is provided with information enabling it to identify and manage the economic, financial and legal risks faced by the group both inside and outside France in its routine and exceptional operations.

The Committee sets the programme for its work at the start of the year; it met four times in 2006, with all its members attending on each occasion. It carried out hearings of the Statutory Auditors and the Internal Audit.

In 2006, the Audit Committee reviewed internal procedures, considering in particular, with the managers in charge of the respective fields in the company, the structure of the results and balance sheet, the key aspects of internal control at L'Oréal and the corresponding Chairman's report, legal disputes and risks, currency hedges, international insurance programmes, goodwill and intangible assets, as well as the organisation and frequency of the group's internal reporting.

A periodical evaluation of the Board's modus operandi since 1996

Each year, the Board carries out an assessment of its composition, organisation and modus operandi, with the help of interviews organised by the Secretary of the Board based on regulations, recommendations and generally accepted practices. It considers possible ways forward and takes any measures it considers useful to improve the situation.

The Board thus expressed satisfaction with the participation in 2006 of a greater number of senior managers in its meetings and with the quality of their presentations, in connection with the strategic aspects of their field of activity. The directors wish to encourage this practice, which moreover gives them an opportunity to get to know the senior managers better.

Interval at which information is provided to directors on a regular basis was judged to be satisfactory. The Board wishes that this regularity be maintained, and that at the same time it should be ensured at all times that the information provided is relevant to the mission of the Board and the preparation of its work.