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ANNUAL GENERAL MEETING

This chapter presents the Report of the Board of Directors on the draft resolutions and the full text of the resolutions which will be submitted to L'Oréal's Ordinary and Extraordinary General Meeting. This General Meeting will be held on April 26th, 2013 at the Palais des Congrès, in Paris.

DRAFT AGENDA

Ordinary Part

1. Approval of the 2012 parent company financial statements
2. Approval of the 2012 consolidated financial statements
3. Allocation of the Company's net income for 2012 and declaration of the dividend
4. Appointment of Ms. Virginie Morgon as Director
5. Renewal of the tenure as Director of Mrs. Françoise Bettencourt Meyers
6. Renewal of the tenure as Director of Mr. Peter Brabeck-Letmathe
7. Renewal of the tenure as Director of Mr. Louis Schweitzer
8. Authorisation for the Company to buy back its own shares

Extraordinary Part

9. 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
10. Authorisation to the Board of Directors to make free grants to employees and corporate officers of existing shares and/or of shares to be issued entailing waiver by the shareholders of their preferential subscription right
11. Delegation of authority to the Board for the purpose of carrying out a capital increase reserved for employees with cancellation of the shareholders' preferential subscription right
12. Powers for formalities

8.1. Draft resolutions and Report of the Board of Directors to the Annual General Meeting to be held on April 26th, 2013 (as at February 11th, 2013)

8.1.1. ORDINARY PART

Resolutions 1, 2 and 3: Approval of the Company financial statements, allocation of the Company's net income for 2012 and declaration of the dividend

Statement of reasons

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 an income statement which shows net income of €2,407,976,604.53 for 2012, compared with €2,169,772,192.21 for 2011;
- the 2012 consolidated financial statements.

The details of these financial statements are set out in the 2012 Annual Financial Report and the main data included in the file for calling this Annual General Meeting.

The Board of Directors proposes to the Annual General Meeting:

- an ordinary dividend of €2.30 per share, representing an increase of 15% compared with the dividend for the previous year;

The rate of distribution of the ordinary dividend (*ordinary dividend paid/net income excluding non-recurrent items, Group share, per share*) would be 46.8% and would thus continue to rise:

Year	2007	2008	2009	2010	2011
Rate of distribution	41.1%	41.3%	43.9%	44.9%	46.3%

- a preferential dividend of €2.53 per share.

The preferential dividend will be granted to the shares held in registered form since December 31st, 2010 at the latest, and which continuously remain in registered form until the dividend payment date in 2013. The number of shares giving entitlement to such preferential dividend cannot exceed 0.5% of share capital for any one shareholder.

If the Annual General Meeting approves this proposal, the ex dividend date for the dividends (both ordinary and preferential) will be Tuesday, May 7th, 2013 and the dividends will be paid on Friday, May 10th, 2013.

The amount of the ordinary dividend and the preferential dividend is eligible for the tax deduction provided for in Article 158-3-2° of the French Tax Code.

First resolution: Approval of the 2012 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 2012 parent company financial statements, as presented and the transactions included in these financial statements and summarised in these reports, showing net income of €2,407,976,604.53, compared with €2,169,772,192.21 for 2011.

Second resolution: Approval of the 2012 consolidated financial statements

The Annual General Meeting, having reviewed the reports of the Board of Directors and the Statutory Auditors, approves the 2012 consolidated financial statements.

Third resolution: Allocation of the Company's net income for 2012 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 2012 financial year amounting to €2,407,976,604.53, as follows:

No allocation to the legal reserve which already represents over one-tenth of the share capital	–
Amount allocated to the shareholders as a dividend* (including preferential dividend)	€1,397,400,604.00
Balance that will be allocated to the "Other reserves" item	**€1,010,576,000.53**

* *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 is calculated on the basis of the number of shares forming the capital at February 11th, 2013 and will be adjusted to reflect:

- the number of shares issued between February 11th, 2013 and the date of payment of this dividend following the exercise of stock options or the final vesting of new free shares granted and giving entitlement to such dividend;
- the final number of shares eligible for the preferential dividend, taking into account sales or transfer to a bearer account between February 11th, 2013 and the date of payment of the dividend.

The Annual General Meeting therefore declares an ordinary dividend to be paid of €2.30 per share, the preferential dividend amounting to €2.53 per share. The preferential dividend will be granted to the shares held in registered form since December 31st, 2010 at the latest, and which continuously remain in registered form until the dividend payment date, it being specified that the number of shares giving entitlement to such preferential dividend cannot exceed 0.5% of share capital for any one shareholder.

The ex dividend date for the dividends (both ordinary and preferential) will be Tuesday, May 7th, 2013 and the dividends will be paid on Friday, May 10th, 2013.

In the event that, at the time of payment of the dividend, the Company holds treasury shares, the distributable profit corresponding to the unpaid dividend due to the holding of such shares, would be allocated to the "Other reserves" item.

It is specified that, as the law currently stands, 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.

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:

	2009	2010	2011
Ordinary dividend per share	€1.50	€1.80	€2.00
Preferential dividend per share*			€0.20

* *The preferential dividend was distributed for the first time in 2012 with respect to the 2011 financial year.*

Resolutions 4, 5, 6, 7: Tenures as Directors

Statement of reasons

The appointment of a new Director is put to the vote of the Annual General Meeting as well as the renewal of three Directors whose tenures as Directors expire at the close of this Annual General Meeting.

1. L'Oréal's Board of Directors at December 31st, 2012

The Directors of L'Oréal come from different backgrounds. They complement one another due to their different professional experience, their skills and their nationalities. They have good knowledge of the Company. The Directors are present, active and closely involved. These are all assets which contribute to the quality of the Board's deliberations in the context of the decisions that it is called on to make.

The Directors have a duty of vigilance and exercise complete freedom of judgment. This freedom of judgment enables them in particular to participate, in complete independence, in the decisions or work of the Board and its Committees whose remits have been extended since 2011 (see paragraph 2.2.1.2. *Corporate officers* on pages 33 *et seq.* for more information).

2. Assessment of the independence of Directors

The Appointments and Governance Committee proposes to the Board of Directors every year to review on a case-by-case basis the situation of each of the Directors with regard to their independence according to the criteria set out in the AFEP-MEDEF Code.

L'Oréal has a well-balanced Board comprising 14 members at December 31st, 2012: the Chairman and Chief Executive Officer, Jean-Paul Agon, the Honorary Chairman, Sir Lindsay Owen-Jones, six Directors appointed by the majority shareholders, three of whom are appointed by Mrs. Bettencourt's family group and three by Nestlé (the two Vice-Chairmen of the Board being chosen from among these members) and six independent Directors: Ms. Annette Roux, Mr. Charles-Henri Filippi, Mr. Xavier Fontanet, Mr. Bernard Kasriel, Mr. Marc Ladreit de Lacharrière and Mr. Louis Schweitzer.

The review of the independence of these Directors was made by the Appointments and Governance Committee at the end of 2012 on the basis, in particular, of the study of the relations existing between the Company and the companies in which the directors have offices. The Directors have no conflicts of interest. The other corporate offices and directorships held, their availability, their personal contributions and their participation in the work and discussions of the Board and its Committees in 2012 were taken into consideration by the Appointments and Governance Committee to evaluate the composition and *modus operandi* of the Board.

3. Appointment of a new Director in 2013

The Appointments and Governance Committee looked at the profile of a possible new Director who was approved by the Board of Directors. The proposed appointment of Ms. Virginie Morgon is submitted to the Annual General Meeting.

- **Virginie Morgon** (age: 43) worked for 16 years at Lazard, in particular as an investment banker in New York and London at the start of her career in 1991 and as a senior partner in Paris from 2001 to 2007. Virginie Morgon advised a large number of French and international groups on mergers and acquisitions. Since 2008 with Eurazeo, one of the top listed investment companies in Europe, she is a member of the Executive Board and was appointed as Chief Investment Officer in December 2012.

  Virginie Morgon is a Director of Accor and Edenred* and a member of their Audit Committees. Virginie Morgon is a member of the Board of Directors of the Women's Forum for the Economy & Society.

  Virginie Morgon has concrete experience of the corporate world as an investor and will provide L'Oréal's Board of Directors with complementary experience and skills in this area.

This appointment of Ms. Virginie Morgon as an independent Director for a period of four years would increase the number of Directors to 15 and the number of women on the Board to 4, thus leading to a percentage of representation of women of 26.7% as opposed to 21.4% in 2012, and the number of independent Directors to 7, thus giving a percentage of independent Directors of 46.7% as compared with 42.9% in 2012.

4. Renewal of tenures as Directors in 2013

As the tenures as Directors of Françoise Bettencourt Meyers, Peter Brabeck-Letmathe and Louis Schweitzer expire in 2013, the renewal of their tenures for a period of four years is submitted to the Annual General Meeting.

For information purposes, if the Annual General Meeting votes in favour of the appointment and renewals proposed to it in 2013, the expiry dates of the terms of office of the 15 Directors of L'Oréal would be as follows:

	Expiry dates of terms of office			
Directors	2014	2015	2016	2017
Jean-Paul Agon	X			
Françoise Bettencourt Meyers				X
Peter Brabeck-Letmathe				X
Paul Bulcke			X	
Charles-Henri Filippi		X		
Xavier Fontanet	X			
Bernard Kasriel			X	
Christiane Kuehne			X	
Marc Ladreit de Lacharrière	X			
Jean-Pierre Meyers			X	
Jean-Victor Meyers			X	
Virginie Morgon				X
Sir Lindsay Owen-Jones	X			
Annette Roux		X		
Louis Schweitzer				X
Number of renewals per year	**4**	**2**	**5**	**4**

Fourth resolution: Appointment of Ms. Virginie Morgon as Director

The Annual General Meeting, having reviewed the Report of the Board of Directors, decides to appoint Ms. Virginie Morgon as Director for a period of four years.

Her tenure will expire at the end of the Annual General Meeting to be held in 2017 to review the financial statements for the previous financial year.

Fifth resolution: Renewal of the tenure as Director of Mrs. Françoise Bettencourt Meyers

The Annual General Meeting, having reviewed the Report of the Board of Directors, renews the tenure of Mrs. 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 2017 to review the financial statements for the previous financial year.

Sixth resolution: Renewal of the tenure as Director of Mr. Peter Brabeck-Letmathe

The Annual General Meeting, having reviewed the Report of the Board of Directors, renews the tenure 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 2017 to review the financial statements for the previous financial year.

Seventh resolution: Renewal of the tenure as Director of Mr. Louis Schweitzer

The Annual General Meeting, having reviewed the Report of the Board of Directors, renews the tenure 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 2017 to review the financial statements for the previous financial year.

* *Until March 6th, 2013 .*

Resolution 8: Authorisation for the Company to buy back its own shares

Statement of reasons

It is proposed that you give the Board of Directors a new authorisation to buy back shares of the Company.

Pursuant to the authorisation voted by the Annual General Meeting of April 17th, 2012 and during the period from August 30th to December 31st, 2012, the Board of Directors bought back L'Oréal shares for an amount of €498 million with a view to their cancellation. The 5,077,250 shares purchased in this manner were cancelled by the Board of Directors on February 11th, 2013.

As the existing authorisation is due to expire in October 2013, it is proposed that the Annual General Meeting give the Board a new authorisation which will enable it to resume its share buyback policy where applicable, depending on the opportunities that may arise, except during periods of public offers with regard to the Company's capital.

The Company could buy back its own shares with the aim of:

- their cancellation;
- their sale within the scope of employee share ownership schemes and their allocation to free grants of shares for the benefit of employees and corporate officers of the L'Oréal Group;
- market animation of the share;
- 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.

The authorisation would be granted for a period of 18 months at a purchase price per share that may not be greater than €170. The authorisation would concern no more than 10% of the capital, namely, for information purposes, 60,431,362 shares for a maximum amount of €10.27 billion at February 11th, 2013, it being stipulated that the Company may at no time hold over 10% of its own capital.

Eighth resolution: Authorisation for the Company to buy back its own shares

The Annual General Meeting, having reviewed the Report of the Board of Directors, authorises the Board of Directors, with the possibility for it to delegate to the Chairman and Chief Executive Officer, to purchase shares of the Company, 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 €170;
- 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 11th, 2013, 60,431,362 shares for a maximum amount of €10.27 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, the prices and numbers indicated above will be adjusted where applicable.

The Company may buy its own shares for the following purposes:

- their cancellation by a reduction in capital;
- their allocation or sale to employees and corporate officers of the Company and affiliates, under the terms and conditions provided for by French or foreign law, and in particular within the scope of employee profit sharing schemes, free grants of shares or all employee share ownership programmes as well as carrying out any transaction to cover the above-mentioned employee share ownership programmes;
- 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 will expire at the end of a period of 18 months following this Annual General Meeting and renders ineffective as from the date hereof any prior authorisation for the same purpose.

The Board of Directors will have the possibility of allocating all the treasury shares currently held by the Company to any of these objectives under the conditions provided for in this share buyback programme. Full powers are granted to the Board of Directors, with the possibility for it to delegate, for the implementation of this resolution.

8.1.2. EXTRAORDINARY PART

Resolution 9: 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

Statement of reasons

It is proposed that the Annual General Meeting 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 may not lead to the share capital, which amounts to €120,862,724.20 as of February 11th, 2013, being increased to over €169,207,813.88. The increases that may be carried out pursuant to Resolution 11 will also be deducted from this ceiling. It corresponds to a maximum increase of 40% of the capital.

In the event of a free grant of shares, the allotment rights forming fractional shares will not be negotiable or transferable. The corresponding shares will be sold and the amounts resulting from the sale will be allocated to the holders of these rights.

No overallocation option is provided for.

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

Ninth 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, and 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, and/or

   b) via the capitalisation of share premiums, reserves, profits or other amounts 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 Annual General Meeting;

2) decides that the total amount of the capital increases that may thus be carried out may not lead to the share capital, which amounts to €120,862,724.20 as of February 11th, 2013, being increased to over €169,207,813.88;

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 issued, the Board of Directors will be able to offer to the public all or part of the non-subscribed shares;

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 of 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.

Resolution 10: Authorisation to the Board of Directors to make free grants of share to employees and waiver by their shareholders of their preferential subscription right

Statement of reasons

The authorisations granted by the Annual General Meeting to the Board of Directors to grant stock options to purchase and/or subscribe for shares and to make free grants of shares to the Group's employees and certain of its corporate officers are due to expire in 2013.

Further to the decision made by the Board of Directors of April 17th, 2012, upon the proposal of the Human Resources and Remuneration Committee to replace the grant of stock options to purchase or subscribe for shares with free grants of shares for all the beneficiaries, including the Chairman and Chief Executive Officer, the Board of Directors is only asking the Annual General Meeting to renew the authorisation to make free grants of shares of the Company.

Within the scope of this authorisation, the number of free shares that may be granted may not represent more than 0.6% of the share capital on the date of the Board of Directors' decision.

The total number of free shares granted to the corporate officers during a financial year may not represent more than 10% of the total number of free shares granted during that same financial year.

The free grant of shares to beneficiaries would become final and binding, subject to satisfaction of the other conditions set at the time of grant, including in particular the condition of presence in the Company, for all or part of the shares granted:

1. either at the end of a minimum vesting period of four years, in such case without any minimum holding 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 hold these shares for a minimum period of two years after the date of final award thereof.

The Board of Directors will have the possibility, in any case, to set vesting or holding periods which are longer than the minimum periods set, including in the event that the minimum holding period provided for by French law with regard to French residents is abolished. This mechanism would make it possible to harmonise the various operations with the different local constraints.

If the Annual General Meeting votes in favour of this tenth resolution, any free grants of shares will be decided by the Board of Directors on the basis of the proposals of the Executive Management examined by the Human Resources and Remuneration Committee.

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 final vesting of all or part of the shares.

These performance conditions would take into account:

- partly the growth in L'Oréal's comparable cosmetics sales as compared to those of a panel of L'Oreal's biggest direct competitors;
- partly the growth in L'Oréal's consolidated operating profit.

The figures recorded year after year to determine the performance levels achieved are published in the Annual Financial Report.

The Board of Directors would once again apply the performance conditions that it uses in application of the authorisation in force which was voted on by the Annual General Meeting of April 22nd, 2011.

The Board of Directors considers that these two criteria, assessed over a long period of 3 full financial years and applied to several plans, are complementary, in line with the Group's objectives and suitable to its specificities and should make it possible to promote balanced, continuing growth over the long term. They are demanding but remain a source of motivation for beneficiaries.

In order for all the free shares granted to finally vest for the beneficiaries at the end of the vesting period pursuant to the criterion related to sales, L'Oréal's growth must be at least equal to average growth in sales of the panel of competitors. This panel currently consists of Procter & Gamble, Unilever, Estée Lauder, Shiseido, Beiersdorf, Johnson & Johnson, Henkel, LVMH, Kao, Revlon and Elizabeth Arden.

No share will finally vest pursuant to the criterion relating to operating profit, if this profit does not increase in absolute value over the period.

These performance conditions will apply to all the individual grants of more than 200 free shares per plan, with the exception of those for the corporate officers and the Executive Committee members, to which they will apply in full.

The free grant of shares may be carried out without any performance condition within the scope of grants that may be made to all the employees of the Group, or for shares granted in respect of cash subscriptions made within the scope of an increase in capital reserved for the Group's employees pursuant to the eleventh resolution.

Any grants of shares to the corporate officers will be decided by the Board of Directors on the basis of the proposals of the Human Resources and Remuneration Committee, after assessment of their performance.

The corporate officers will be obliged to retain 50% of the free shares that will be definitively granted to them at the end of the vesting period in registered form until the termination of their duties.

A corporate officer may not be granted free shares at the time of termination of office.

The authorisation requested from the Annual General Meeting would be granted for a period limited to 26 months as from the decision by the Annual General Meeting.

Tenth resolution: Authorisation to the Board of Directors to make free grants to employees and corporate officers of existing shares and/or of shares to be issued entailing waiver by the shareholders of their preferential subscription right

The Annual 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 make, on one or more occasions, to employees and corporate officers of the Company and of French and foreign affiliates as defined by Article L. 225-197-2 of the French Commercial Code or certain categories of such employees or corporate officers, free grants of existing shares or shares to be issued of L'Oréal;
- sets at 26 months as from the date of this Annual General Meeting, the period of validity of this authorisation which may be used on one or more occasions;
- decides that the number of free shares thus granted may not represent more than 0.6% of the share capital at the date of the decision made by the Board of Directors, it being specified that this maximum number of shares, either existing or to be issued, does not take into account the number of additional shares that may be allocated due to an adjustment in the number of shares granted initially as the result of a transaction affecting the Company's capital;
- decides that the number of free shares granted to corporate officers of the Company during a financial year pursuant to this resolution may not represent more than 10% of the total number of free shares granted during a financial year pursuant to this resolution;
- decides that the Board of Directors will determine the identity of the beneficiaries of the grants, and the number of free shares granted to each of them as well as the conditions to be met for the grant to finally vest, and in particular the performance conditions, it being stipulated that the free grant of shares may be carried out without any performance condition within the scope of a grant made (i) to all the employees and corporate officers of L'Oréal and, where applicable, of its affiliates as defined by Article L.3332-14 of the French Labour Code or Article 217 *quinquies* of the French Tax Code, or (ii) to employees and corporate officers of foreign companies subscribing to an increase in capital carried out pursuant to the eleventh resolution of this Annual General Meeting or participating in an employee share ownership transaction through the sale of existing shares or (iii) to employees who are not members of the Executive Committee for at most 200 of the free shares that are granted to them within the scope of each of the plans decided by the Board of Directors;
- decides that the grant of such shares to beneficiaries will become final and binding, subject to satisfaction of the other conditions set at the time of grant, for all or part of the shares granted:
  - either at the end of a minimum vesting period of four years, in such case without any minimum holding period, 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 award 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 within the meaning of Article L. 225-181 of the French Commercial Code, in order to preserve the rights of the beneficiaries;
- records that this authorisation automatically entails, in favour of the beneficiaries of free shares granted, the waiver by the shareholders of their preferential subscription right and the portion of the reserves which, where applicable, will be used 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 vesting and holding periods which are longer than the minimum periods set above.

Resolution 11: Delegation of authority to the Board of Directors for the purpose of carrying out a capital increase reserved for employees with cancellation of the shareholders' preferential subscription right

Statement of reasons

The delegation of authority granted to the Board of Directors to increase the share capital, and the authorisations 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 the French Labour Code, the issue price may not be higher than the average of the trading prices on the NYSE-Euronext Paris market for the twenty trading days prior to the date of the decision setting the opening date of the subscription period. It also may not be over 20% lower than this average, it being specified that the Board of Directors, or the person to whom it delegates, if it deems it appropriate, is expressly authorised to reduce or eliminate the discount, in particular to take into account legal and tax regimes applicable in the countries of residence of certain beneficiaries of the capital increase.

The Annual General Meeting is therefore asked to delegate to the Board of Directors the authority to decide to carry out this increase in capital on one or more occasions, for a period of 26 months and within the limit of 1% of the share capital, namely for information purposes at February 11th, 2013 through the issue of 6,043,136 new shares: the amount of the increase or increases in capital that may be carried out in this respect would be deducted from the total ceiling for increases in capital provided for in the ninth resolution.

Eleventh resolution: Delegation of authority to the Board of Directors for the purpose of carrying out a capital increase reserved for employees with cancellation of the shareholders' preferential subscription right

The Annual General Meeting, having reviewed the Report of the Board of Directors and the special Report of the Statutory Auditors, deciding under the quorum and majority requirements for Extraordinary General Meetings, and acting in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labour Code:

- delegates to the Board of Directors the authority 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 or securities giving access to the Company's capital reserved for employees, and eligible former employees, of the Company and of its French and foreign affiliates as defined by Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code, who are members of a company savings scheme;
- decides to cancel the preferential subscription right of shareholders for the shares or securities giving access to the Company's capital, it being specified that the subscription of the shares or securities giving access to the Company's capital issued in accordance with this resolution may be carried out through any employee investment fund or other collective body authorised by the regulations;
- sets the period of validity of this delegation at 26 months as from the date of this Annual General Meeting, and records that this delegation renders ineffective any prior delegation for the same purpose, for the unused part thereof;
- decides to set at 1% of the share capital existing at the date of this Annual General Meeting, the capital increase that could thus be completed (that is, for information purposes as at February 11th, 2013, an increase in the share capital by a maximum nominal amount of €1,208,627.20 through the issue of 6,043,136 new shares);
- decides that the amount of the increases in capital that may be carried out pursuant to this resolution will be deducted from the total ceiling for increases in capital provided for in the ninth resolution presented to this Annual General Meeting;
- decides that the subscription price may include a discount as compared with the average of the trading prices on the NYSE-Euronext Paris market for the twenty trading days prior to the date of the decision setting the opening date of the subscription period. Such discount may not exceed 20% of this average, it being specified that the Board of Directors, or the person to whom it delegates, if it deems it appropriate, is expressly authorised to reduce or eliminate the discount, in particular to take into account legal and tax regimes applicable in the countries of residence of the beneficiaries of the capital increase;
- decides, pursuant to Article L. 3332-21 of the French Labour Code, that the Board of Directors may provide for the free grant to the beneficiaries specified above of shares that have already been issued or are to be issued, as an additional employer contribution that may be paid pursuant to the employee savings scheme regulations, and/or in respect of the discount, provided that taking into account their equivalent monetary value, assessed on the basis of the subscription price, it does not lead to the limits provided for in Articles L. 3332-11 and L.3332-19 of the French Labour Code being exceeded;
- decides that the Board of Directors will have full powers, with the possibility to delegate further under the conditions provided for by law, 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 and eligible former employees to be able to subscribe, individually or through an employee investment fund, for the shares issued pursuant to this delegation,

- decide on the list of the companies whose employees may benefit from the share issue,
- decide on the amount to be issued, the features, where applicable, of the securities giving access to the Company's capital, the issue price, the dates of the subscription period and the terms and conditions of each share issue,
- set the time period allotted to the beneficiaries to pay up their shares or securities and the payment terms,
- set the date, even with retrospective effect, as of which the new shares will carry dividend rights,
- 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 increase the legal reserve to 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 record the final completion of the capital increase or capital increases made pursuant to this delegation of authority and amend the Articles of Association accordingly.

Resolution 12: Powers for formalities

Statement of reasons

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

Twelfth 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.

8.2. Statutory Auditors' Special Report on the authorization for the free granting of existing shares and/or shares to be issued to employees and corporate officers of the Company

(Annual General Meeting of April 26th, 2013 - Tenth 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 proposed free granting of existing shares and/or shares to be issued to employees and corporate officers of L'Oréal and affiliated companies within the meaning of Article L. 225-197-2 of the French Commercial Code, or to certain categories of employees and corporate officers, a transaction on which you are asked to vote.

Based on its report, shareholders are requested to authorize the Board of Directors to grant, for a period of twenty-six months, for no consideration and on one or more occasions, existing shares and/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 conduct. 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 in accordance with professional standards applicable in France. 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 free granting of shares.

Neuilly-sur-Seine, February 15th, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Gérard Morin	David Dupont-Noel

This is a free translation into English of the Statutory Auditors' Special Report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.