



*/ CONVENING NOTICE*

**ORDINARY AND EXTRAORDINARY  
ANNUAL GENERAL MEETING**

THURSDAY, APRIL 17<sup>TH</sup>, 2014 AT 10 A.M.

PALAIS DES CONGRÈS

75017 PARIS - FRANCE

L'ORÉAL



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This is a free translation of the Convening Notice issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy the French version prevails.

## */ AGENDA* OF THE ANNUAL GENERAL MEETING OF THURSDAY, APRIL 17<sup>TH</sup>, 2014

### ***ORDINARY PART***

1. Approval of the 2013 parent company financial statements
2. Approval of the 2013 consolidated financial statements
3. Allocation of the Company's net income for 2013 and declaration of the dividend
4. Appointment of Ms. Belén Garijo as Director
5. Renewal of the tenure as Director of Mr. Jean-Paul Agon
6. Renewal of the tenure as Director of Mr. Xavier Fontanet
7. Setting of the annual amount of attendance fees allocated to the members of the Board of Directors
8. Advisory vote on the components of remuneration due or allocated to the Chairman and Chief Executive Officer in respect of the 2013 financial year
9. Authorisation for the Company to buy back its own shares
10. Approval of the buyback agreement concerning the acquisition by L'Oréal from Nestlé of 48,500,000 L'Oréal shares representing 8% of the share capital within the scope of related party agreements procedure

### ***EXTRAORDINARY PART***

11. Authorisation to the Board of Directors to reduce the share capital by cancelling shares purchased by the Company under Articles L. 225-209 and L. 225-208 of the French Commercial Code
12. Amendment of the Articles of Association to determine the conditions in which the Directors representing the employees are to be appointed
13. Powers for formalities

# / CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S MESSAGE

Dear Shareholder,

I am pleased to invite you to attend L'Oréal's Annual General Meeting which will be held on Thursday, April 17<sup>th</sup>, 2014 at 10am at the Palais des Congrès, Porte Maillot in Paris.

2013 was another year of robust growth for L'Oréal. The Group achieved sustained sales growth and, in a market whose expansion was more moderate in 2013, accelerated its outperformance versus the market. L'Oréal is strengthening its worldwide positions across all divisions and all geographic zones. Profitability reached a record level in 2013, confirming the relevance of our business model. The quality of these results illustrates the Group's ability to continue to deliver sustainable and profitable growth.

The Annual General Meeting is a privileged occasion for the provision of information and dialogue between L'Oréal and its shareholders. It also offers you the opportunity to express your views and vote to actively participate in decisions concerning the L'Oréal Group.

I count on your attendance at this Annual General Meeting. If you are unable to be present, please note that you have the possibility to vote via Internet or by post, or give a proxy to the Chairman of the Meeting or any other person of your choice. You will find all the relevant information in this document, as well as the Meeting's agenda and the draft resolutions submitted for your approval. You will also be able to watch the recorded webcast of the main speeches of the Annual General Meeting on our website [www.loreal-finance.com](http://www.loreal-finance.com).

In the name of the Board of Directors, I want to thank each one of you for your trust and loyalty, and look forward to seeing you on April 17<sup>th</sup>.

**Jean-Paul AGON**  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

“ WE ARE STARTING 2014  
WITH CONFIDENCE, DRIVEN  
BY OUR MISSION OF  
BEAUTY FOR ALL ”



# / BRIEF PRESENTATION OF THE L'ORÉAL GROUP IN 2013 AND KEY FIGURES

## 2013 KEY FIGURES

*Further strengthening of worldwide positions and record operating margin*

2013 Sales

**22.98**

billion euros  
(+2.3% based on reported figures,  
+5.0% like-for-like)

Operating profit

**3.88**

billion euros  
at 16.9 % of sales  
(+4.8%)

Net profit after non-controlling interests

**2.96**

billion euros  
(+3.2%)

Net earnings per share <sup>(1)</sup>

**€5.13**

per share  
(+4.4%)

Dividend <sup>(2)</sup>

**€2.50**

per share  
(+8.7% vs. 2012)

## COMMENTS

The Board of Directors of L'Oréal met on February 10<sup>th</sup>, 2014 under the chairmanship of Mr. Jean-Paul Agon and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2013.

Commenting on the annual results, Mr Jean-Paul Agon, Chairman and Chief Executive Officer of L'Oréal, said:

*"2013 was another year of robust growth for L'Oréal. The Group achieved sustained sales growth and, in a market whose expansion was more moderate in 2013, accelerated its outperformance versus the market. L'Oréal is strengthening its worldwide positions across all divisions and all geographic zones.*

*The Consumer Products Division, L'Oréal Luxe and the Active Cosmetics Division are maintaining a good momentum, thanks to the performances of their major brands. The Professional Products Division is gradually improving.*

*In terms of geographic zones, the Group's growth is well balanced: Western Europe remains very solid, North America recorded another year of growth and market share gains in a less buoyant market context, and the New Markets excluding Japan posted double-digit growth.*

*Lastly, profitability reached a record level in 2013, confirming the relevance of our business model. The quality of these results illustrates the Group's ability to continue to deliver sustainable and profitable growth. We are starting 2014 with confidence, driven by our mission of "Beauty for All", the power of our research and innovations, the strength of our portfolio of complementary brands and the globalisation of our major brands.*

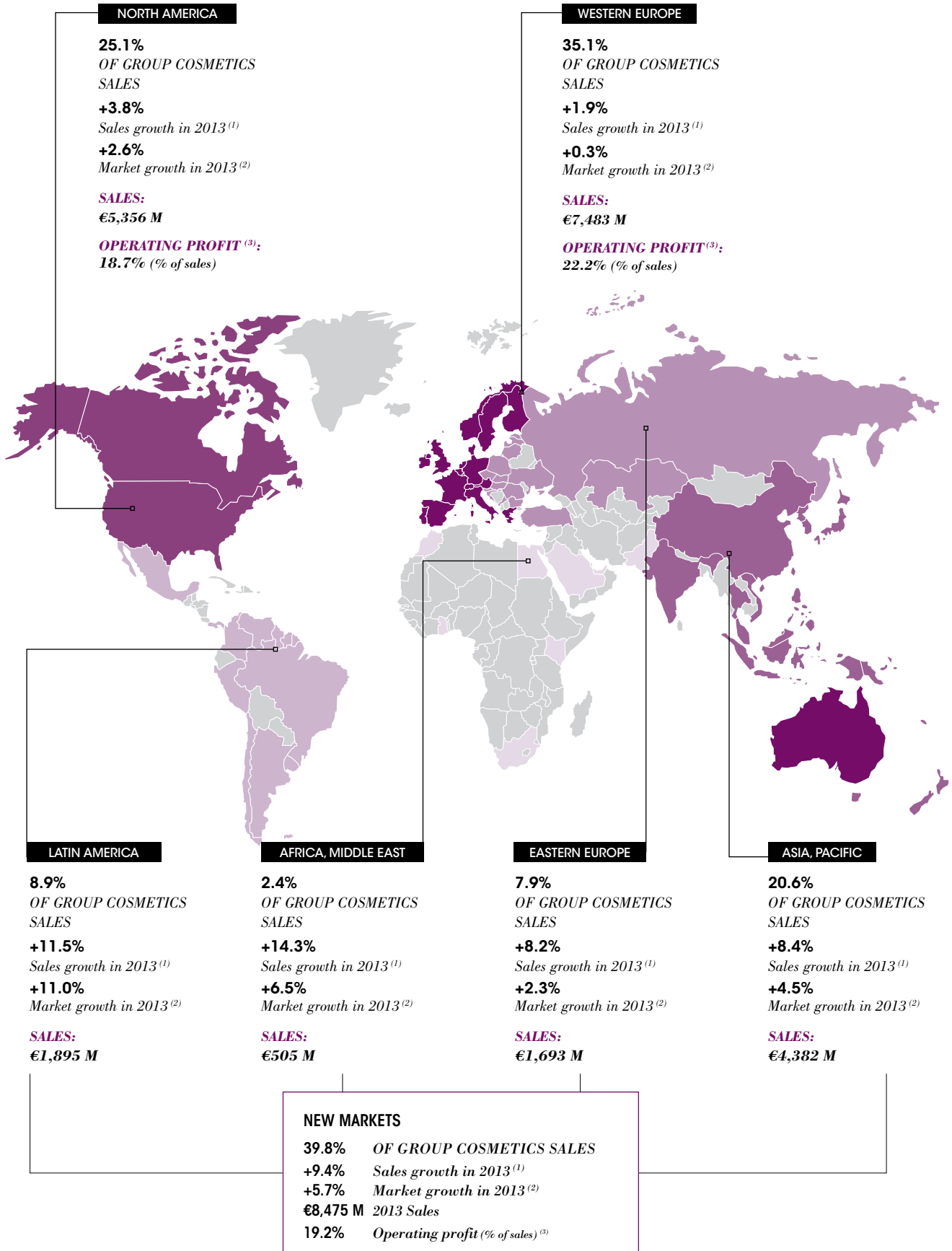
*In an economic context that is still marked by uncertainties, particularly on the monetary front, L'Oréal is confident in its ability to outperform the market once again in 2014, and to achieve another year of sales and profit growth."*

The Board of Directors has decided to propose to the Annual General Meeting of Thursday, April 17<sup>th</sup>, 2014 the payment of a dividend of €2.50 per share, an increase of 8.7% compared with the previous year.

(1) Diluted net earnings per share, based on net profit excluding non-recurring items after non-controlling interests.

(2) Proposed at the Annual General Meeting of April 17<sup>th</sup>, 2014.

## INTERNATIONAL AND COSMETICS MARKET



(1) Like-for-like.

(2) Source: L'Oréal estimates of worldwide cosmetics market based on net manufacturer prices excluding soap, toothpaste, razors and blades. Excluding currency fluctuations.

(3) Operating profit before "non-allocated". "Non-allocated" items consist of the expenses of Functional Divisions and fundamental research, stock option and free grant of shares costs, which are not allocated to the Cosmetics Divisions. This item also includes non-core activities, such as insurance, reinsurance and banking.

## 2013 SALES

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales trend of the L'Oréal Group was +5.0%.

The net impact of changes in consolidation amounted to +1.0%.

Currency fluctuations had a negative impact of -3.7%.

Growth at constant exchange rates was +6.0%.

Based on reported figures, the Group's sales, at December 31<sup>st</sup>, 2013, amounted to 22.977 billion euros, an increase of +2.3%.

### Sales by Operational Division and geographic zone

€ millions	2011	2012	2013	2012/2013 Progression	
				Like-for-like	Reported figures
<b>By Operational Division</b>					
Professional Products	2,813.8	3,002.6	2,973.8	+2.1%	-1.0%
Consumer Products	9,835.2	10,713.2	10,873.2	+4.9%	+1.5%
L'Oréal Luxe	4,800.1	5,568.1	5,865.2	+6.8%	+5.3%
Active Cosmetics	1,421.7	1,528.0	1,602.4	+7.8%	+4.9%
<b>Cosmetics Total</b>	<b>18,870.8</b>	<b>20,811.9</b>	<b>21,314.5</b>	<b>+5.2%</b>	<b>+2.4%</b>
<b>By geographical zone</b>					
Western Europe	7,246.6	7,399.6	7,483.4	+1.9%	+1.1%
North America	4,406.2	5,210.7	5,356.1	+3.8%	+2.8%
New Markets, of which:	7,218.0	8,201.6	8,475.0	+9.4%	+3.3%
Asia, Pacific	3,619.5	4,287.0	4,382.2	+8.4%	+2.2%
Latin America	1,680.9	1,826.6	1,894.5	+11.5%	+3.7%
Eastern Europe <sup>(1)</sup>	1,527.4	1,624.6	1,693.3	+8.2%	+4.2%
Africa, Middle-East <sup>(1)</sup>	390.2	463.4	505.1	+14.3%	+9.0%
<b>Cosmetics Total</b>	<b>18,870.8</b>	<b>20,811.9</b>	<b>21,314.5</b>	<b>+5.2%</b>	<b>+2.4%</b>
The Body Shop	767.6	855.3	835.8	+1.2%	-2.3%
Dermatology <sup>(2)</sup>	704.7	795.5	826.3	+3.9%	+3.9%
<b>GROUP TOTAL</b>	<b>20,343.1</b>	<b>22,462.7</b>	<b>22,976.6</b>	<b>+5.0%</b>	<b>+ 2.3%</b>

(1) As of July 1<sup>st</sup>, 2013, Turkey and Israel, which were previously included in the Africa, Middle East zone, were transferred to the Eastern Europe zone. All figures for earlier periods have been restated to allow for this change.

(2) Group share, i.e. 50%.

## Cosmetics Sales

### PROFESSIONAL PRODUCTS

The Professional Products Division recorded growth of +2.1% like-for-like and -1.0% based on reported figures in a channel that was still affected by declining salon visits in the mature markets, but remains dynamic in the New Markets.

### CONSUMER PRODUCTS

The Consumer Products Division posted growth of +4.9% like-for-like and +1.5% based on reported figures. The Division is outperforming the global market and winning market share.

### L'ORÉAL LUXE

After a strong end to the year, L'Oréal Luxe grew by +6.8% like-for-like and +5.3% based on reported figures. The Division is significantly outperforming selective market growth.

### ACTIVE COSMETICS

In 2013, the Division recorded strong sales growth of +7.8% like-for-like and +4.9% based on reported figures, clearly strengthening its position as the world leader in the dermocosmetics market.

## Multi-division summary by geographic zone

### WESTERN EUROPE

In a context that remained difficult, particularly in Southern Europe, growth came out at +1.9% like-for-like and +1.1% based on reported figures. All the Divisions are making market share gains, particularly in France, Germany and the United Kingdom. L'Oréal Luxe sales are being driven by Lancôme, Giorgio Armani and Kiehl's, and Consumer Products Division sales by Garnier and L'Oréal Paris. The success of La Roche-Posay and Vichy is enabling the Active Cosmetics Division to reinforce its number one position.

### NORTH AMERICA

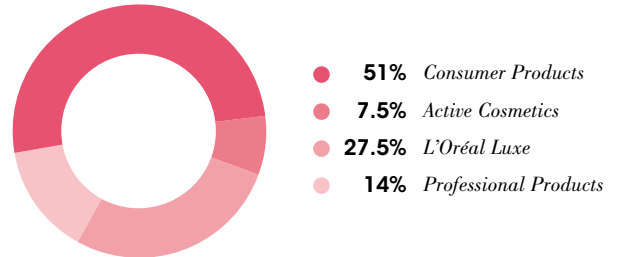
Sales advanced by +3.8% like-for-like and by +2.8% based on reported figures. In a market that was less dynamic than in 2012, the Group made market share gains. The Consumer Products Division consolidated its market leader position thanks to strong growth at L'Oréal Paris with the success of Advanced Hair Care. L'Oréal Luxe outperformed its market, thanks in particular to the very good results of its American brands Urban Decay, Clarisonic and Kiehl's. In the Professional Products Division, the launches of Diamond Oil by Redken and Essie Gel are very promising.

**NEW MARKETS**

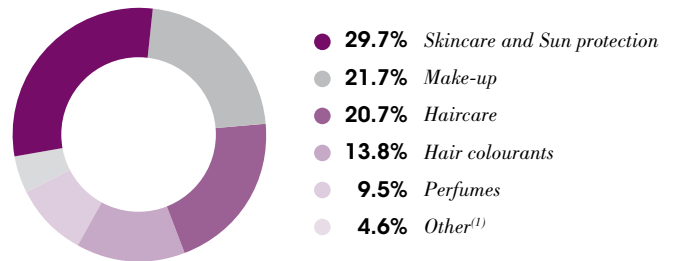
- ◆ **Asia, Pacific:** L'Oréal recorded annual growth of +8.4% like-for-like and +2.2% based on reported figures. Excluding Japan, like-for-like growth reached +9.5%. Except for South Korea, the markets remain dynamic, despite slower growth in China and India. Market share is increasing in this zone, reflecting in particular the good performance of L'Oréal Paris in China in the facial skincare and haircare categories, and of Garnier in the same categories in South-East Asia. L'Oréal is also performing very well in luxury products, thanks to the strong growth of Lancôme and Kiehl's and the roll-out of Yves Saint Laurent and Clarisonic.
- ◆ **Latin America:** L'Oréal recorded growth of +11.5% like-for-like and +3.7% based on reported figures. The Consumer Products Division is driven by Bi-O deodorants by Garnier, Maybelline make-up, the success of the BB creams at L'Oréal Paris and haircare, with the renewal of Elvive and Fructis. The Active Cosmetics Division very clearly outperformed its market. In Brazil, all the Divisions made market share gains.
- ◆ **Eastern Europe:** Sales increased by +8.2% like-for-like and +4.2% based on reported figures, significantly outperforming the market trend. The Consumer Products Division is winning market share once again, thanks to Olia hair colourants by Garnier and Dermo-Expertise skincare with Revitalift Laser. The Professional Products Division and L'Oréal Luxe made market share gains. The Active Cosmetics Division is growing faster than the market in Russia, thanks to the dynamic sales of La Roche-Posay.
- ◆ **Africa, Middle-East:** Sales increased by +14.3% like-for-like and +9.0% based on reported figures, reflecting the good performances of the new subsidiary in Saudi Arabia, strong growth in the Gulf states, Egypt and Pakistan and the recent acquisition of Interbeauty in Kenya. All the Divisions recorded double-digit growth in 2013. Performances were particularly encouraging for Lancôme, Giorgio Armani, Kérastase, Garnier, Maybelline and Vichy, all of which posted growth significantly higher than the market.

**2013 CONSOLIDATED SALES OF THE COSMETICS BRANCH**

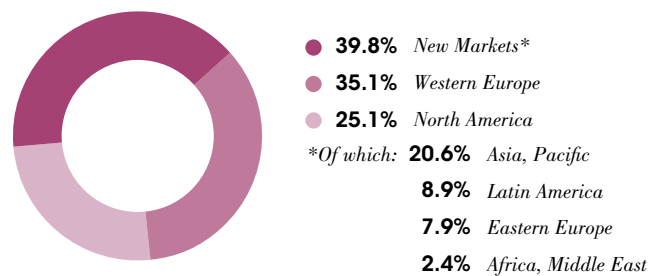
BY DIVISION



BY BUSINESS SEGMENT



BY GEOGRAPHIC ZONE



(1) "Other" includes hygiene products, sales made by American distributors with brands outside of the Group.



## The Body Shop Sales

The Body Shop recorded +1.2% like-for-like sales and -2.3% based on reported figures. The strategic body, skincare and makeup categories grew driven by iconic ranges and innovations such as Honeymania bodycare with organic Community Fair Trade honey from Ethiopia.

The Body Shop secured a good Christmas trading around its "Give Joy" programme.

The Body Shop multi-channel strategy delivered sustained growth in ecommerce, particularly in the United Kingdom and in the United States.

Geographically, the main markets which contributed to the brand's development were South Asia and Northern Europe.

## Galderma Sales

Galderma sales increased by +3.9% like-for-like and +3.9% based on reported figures, confirming the success of its innovative medical solutions in its three fields of activity.

In the prescription drug market, where competition from generics is having an impact on the performance of Galderma in Europe and the United States, Epiduo posted strong growth, confirming its position as the world's number one prescription product in the topical acne treatment market. Mirvaso, a major innovation in the treatment of rosacea-associated erythema, was successfully launched in the United States. The portfolio of self-medication products continues to grow strongly, thanks in particular to Cetaphil and Loceryl. The good performances of the aesthetic and corrective medical solutions are being driven by the strong growth of Azzalure and the growth of Restylane.

The particularly solid growth recorded in the New Markets, notably in Asia-Pacific, Russia and Latin America, is bolstering the global expansion of Galderma.

A joint news release issued on February 11<sup>th</sup>, 2014 by L'Oréal and Nestlé specifies the terms and conditions of the proposed sale by L'Oréal to Nestlé of its stake in Galderma (see page 12 of this document).

## 2013 RESULTS

### 1) Operating profitability at 16.9% of 2013 sales

	2011		2012		2013	
	€ millions	% 2011 sales	€ millions	% 2012 sales	€ millions	% 2013 sales
<b>Sales</b>	<b>20,343</b>	<b>100%</b>	<b>22,463</b>	<b>100%</b>	<b>22,977</b>	<b>100%</b>
Cost of sales	-5,851	28.8%	-6,588	29.3%	-6,602	28.7%
<b>Gross profit</b>	<b>14,492</b>	<b>71.2%</b>	<b>15,875</b>	<b>70.7%</b>	<b>16,375</b>	<b>71.3%</b>
Research and development expenses	-720	3.5%	-791	3.5%	-857	3.7%
Advertising and promotion expenses	-6,292	30.9%	-6,776	30.2%	6,886	30.0%
Selling, general and administrative expenses	-4,187	20.6%	-4,611	20.5%	4,757	20.7%
<b>OPERATING PROFIT</b>	<b>3,293</b>	<b>16.2%</b>	<b>3,697</b>	<b>16.5%</b>	<b>3,875</b>	<b>16.9%</b>

**Gross profit**, at 16,375 million euros, came out at 71.3% of sales, compared with 70.7% in 2012, that is an improvement of 60 basis points. This improved figure reflects on the one hand the positive effects of improvements in the production costs of products and in the product mix effect, as well as currency fluctuations, and on the other hand, the negative impact of the consolidation of the American companies Urban Decay and Emiliani.

**Research expenses** increased strongly at 8.4% and thus increased as a percentage of sales from 3.5% to 3.7%.

**Advertising and promotion expenses** came out at 30% of sales, almost identical to the 2012 level. Excluding acquisitions, expenses remained stable as a percentage of sales.

**Selling, general and administrative expenses**, at 20.7% of sales, came out slightly higher, by 20 basis points, than in 2012.

Overall, **operating profit** at 3,875 million euros, increased by 4.8% at 16.9% of sales. On a constant exchange rate basis, operating growth would have been +7.8%.



## 2) Operating profit by branch and by Division

	2011		2012		2013	
	€ millions	% 2011 sales	€ millions	% 2012 sales	€ millions	% 2013 sales
<b>By Operational Division</b>						
Professional Products	579	20.6%	615	20.5%	610	20.5%
Consumer Products	1,859	18.9%	2,051	19.1%	2,167	19.9%
L'Oréal Luxe	926	19.3%	1,077	19.3%	1,174	20.0%
Active Cosmetics	287	20.2%	311	20.4%	340	21.2%
<b>Cosmetics Divisions total</b>	<b>3,651</b>	<b>19.3%</b>	<b>4,054</b>	<b>19.5%</b>	<b>4,291</b>	<b>20.1%</b>
Non-allocated <sup>(1)</sup>	-546	-2.9%	-577	-2.8%	-605	-2.8%
<b>Cosmetics branch total</b>	<b>3,105</b>	<b>16.5%</b>	<b>3,477</b>	<b>16.7%</b>	<b>3,686</b>	<b>17.3%</b>
The Body Shop	68	8.9%	77	9.1%	72	8.6%
Dermatology branch <sup>(2)</sup>	120	17.0%	143	17.9%	117	14.1%
<b>GROUP</b>	<b>3,293</b>	<b>16.2%</b>	<b>3,697</b>	<b>16.5%</b>	<b>3,875</b>	<b>16.9%</b>

(1) Non-allocated = Central group expenses, fundamental research expenses, stock options and free grant of shares expenses and miscellaneous items. As a % of cosmetics sales.

(2) Group share, i.e. 50%.

The profitability of the Professional Products Division at 20.5% is in line with previous years. The profitability of the Consumer Products Division, at 19.9%, improved by 80 basis points. The profitability of L'Oréal Luxe grew by 70 basis points. Active Cosmetics once again improved its profitability, which amounted to 21.2%.

The profitability of The Body Shop declined by 50 basis points in 2013 to 8.6%. Finally, the profitability of Galderma, at 14.1%, reflects the impact of a difficult year in the United States.

## 3) Profitability by geographic zone

	2011		2012		2013	
	€ millions	% 2011 sales	€ millions	% 2012 sales	€ millions	% 2013 sales
<b>Operating profit</b>						
Western Europe	1,513	20.9%	1,576	21.3%	1,659	22.2%
North America	810	18.4%	960	18.4%	1,003	18.7%
New Markets	1,328	18.4%	1,518	18.5%	1,629	19.2%
<b>COSMETICS ZONES TOTAL <sup>(1)</sup></b>	<b>3,651</b>	<b>19.3%</b>	<b>4,054</b>	<b>19.5%</b>	<b>4,291</b>	<b>20.1%</b>

(1) Before non-allocated.

La Profitability in Western Europe improved by 90 basis points at 22.2%. Profitability in North America increased by 30 basis points at 18.7%.

Profitability in the New Markets increased by 70 basis points at 19.2%.

#### 4) *Net earnings per share* <sup>(1)</sup>: €5.13

€ millions	2011	2012	2013
<b>Operating profit</b>	<b>3,293</b>	<b>3,698</b>	<b>3,875</b>
Finance Costs excluding dividends received	-25	-11	-43
Sanofi dividends	295	313	328
<b>Pre-tax profit excluding non-recurring items</b>	<b>3,563</b>	<b>4,000</b>	<b>4,160</b>
Income tax excluding non-recurring items	-978	-1,025	-1,039
Non-controlling interests	-2.5	-2.7	-3.2
<b>Net profit excluding non-recurring items after non-controlling interests</b> <sup>(2)</sup>	<b>2,583</b>	<b>2,972</b>	<b>3,117</b>
<b>EPS</b> <sup>(1)</sup> (€)	<b>4.32</b>	<b>4.91</b>	<b>5.13</b>
<b>Diluted average number of shares</b>	<b>597,633,103</b>	<b>605,305,458</b>	<b>608,001,407</b>

(1) Diluted net earnings per share excluding non-recurring items after non-controlling interests.

(2) Non-recurring items include mainly capital gains and losses on long-term asset disposals, impairment of long-term assets, restructuring costs and elements relating to identified operational income and expenses, non-recurring and significant regarding the consolidated performance.

Total finance costs amounted to 43 million euros.

Dividends from Sanofi amounted to 328 million euros.

Income tax excluding non-recurring items amounted to 1,039 million euros, representing a rate of 25%, slightly below the 2012 rate of 25.6%.

Net profit excluding non-recurring items after non-controlling interests amounted to 3,117 million euros.

Net earnings per share, at 5.13 euros, increased by 4.4%.

#### 5) *Net profit after minority interest: €2,958 million*

€ millions	2011	2012	2013	Evolution 2012/2013
<b>Net profit excluding non-recurring items after non-controlling interests</b>	<b>2,583</b>	<b>2,972</b>	<b>3,117</b>	
Non-recurring items net of tax	-145	-104	-159	
<b>Net profit after non-controlling interests</b>	<b>2,438</b>	<b>2,868</b>	<b>2,958</b>	<b>+3.2%</b>
Diluted earnings per share (€)	4.08	4.74	4.87	

After allowing for non-recurring items, representing in 2013 a charge, net of tax, of 159 million euros, net profit after non-controlling interests amounted to 2,958 million euros, an increase of 3.2%.

#### 6) *Cash flow Statement, Balance sheet and Net Financial Situation*

Gross cash flow amounted to 3.906 million euros, an increase of 6.7%.

The working capital requirement increased, in 2013, by 156 million euros.

Inventories increased slightly as a percentage of sales, rising from 9.1% at end-2012 to 9.4% at end-2013. Trade accounts receivable declined slightly, from 14.3% of sales at end-2012 to 14.2% at end-2013.

Investments, at 1,060 million euros, amounted to 4.6% of sales, slightly up on 2012, when they amounted to 4.3% of sales.

As a result, operating cash flow, at 2,690 million euros, increased by 4.4%.

After dividend payment and acquisitions (primarily Vogue, InterConsumer Products, Emporio Body Store and Spirig), the Group recorded, at December 31<sup>st</sup>, 2013, a net cash surplus of 2,215 million euros, compared with 1,575 million euros at end-2012.

The balance sheet is very solid. The reinforcement of shareholders' equity compared with end-2012 is mainly the result of profit allocated to reserves and the net increase in value of the Sanofi shares, valued at market price.

#### 7) *Share capital*

The share capital amounted to €121,180,377.40 as of December 31<sup>st</sup>, 2013. It was divided into 605,901,887 shares with a par value of €0.20 each, all of the same class and ranking *pari passu*.

# / FIVE-YEAR FINANCIAL SUMMARY

## L'Oréal parent company (excluding subsidiaries)

€ millions (except for earnings per share, shown in euros)	2009	2010	2011	2012	2013
<b>I. Financial position at financial year-end</b>					
a) Share capital	119.8	120.2	120.6	121.8	121.2
b) Number of shares	598,972,410	600,992,585	602,984,082	608,810,827	605,901,887 <sup>(1)</sup>
c) Number of convertible bonds	0	0	0	0	0
<b>II. Overall results of operations</b>					
a) Net pre-tax sales	2,051.1	2,231.0	2,421.1	2,606.8	2,777.0
b) Pre-tax profit before depreciation, amortisation, provisions and reversals of provisions (including provision for investment and Profit Sharing reserve)	1,766.3	2,048.4	2,344.8	2,517.5	2,562.0
c) Income tax	-114.9	-104.6	-51.3	11.4	-9.7
d) Net profit	1,841.8	1,995.3	2,169.8	2,408.0	2,366.1
e) Amount of distributed profits	898.9	1,082.5	1,212.4	1,397.4	1,523.3 <sup>(2)</sup>
<b>III. Results of operations per share</b>					
a) Profit after tax and Profit Sharing, but before depreciation, amortisation and provisions	3.11	3.55	3.94	4.09	4.22
b) Net profit	3.07	3.32	3.60	3.96	3.91
c) Dividend paid on each share (not including tax credit)	1.50	1.80	2.00	2.30	2.50 <sup>(2)</sup>
<b>IV. Personnel</b>					
a) Number of employees	5,855	5,957	6,016	6,097	6,163
b) Total salaries	403.8	426.7	459.0	489.5	515.6
c) Amount paid for welfare benefits (social security, provident schemes, etc)	172.8	182.5	200.4	208.6	261.3

(1) At december 31<sup>st</sup> 2013, the share capital comprises 605,901,887 shares with a par value of €0.20, following the subscription of 5,961,501 shares following the exercise of options and 238,200 of free shares, as well as cancellation of 9,108,641 treasury shares.

(2) The dividend will be proposed to the Annual General Meeting of April 17<sup>th</sup>, 2014.



# / SIGNIFICANT EVENT

## THAT HAS OCCURRED SINCE THE BEGINNING OF 2014

**On February 11<sup>th</sup>, 2014, L'Oréal and Nestlé have jointly published the following information:**

Paris and Vevey, February 11<sup>th</sup>, 2014

Nestlé and L'Oréal announced today that their respective Boards of Directors, in meetings held on February 10<sup>th</sup>, 2014, have approved by unanimous decision of their voting members a strategic transaction for both companies under which L'Oréal will buy 48.5 million of its own shares (8% of its share capital) from Nestlé. This buyback will be financed:

- ♦ partially through the disposal by L'Oréal to Nestlé of its 50% stake in Swiss dermatology pharmaceuticals company Galderma (a 50/50 joint venture between L'Oréal and Nestlé) for an enterprise value of 3.1 billion euros (2.6 billion euros of equity value), paid by Nestlé in L'Oréal shares (21.2 million shares);
- ♦ for the remainder, corresponding to 27.3 million L'Oréal shares held by Nestlé, in cash for an amount of 3.4 billion euros.

The price per L'Oréal share retained for this transaction is the average of its closing prices between Monday November 11<sup>th</sup>, 2013 and Monday February 10<sup>th</sup>, 2014: 124.48 euros.

All the shares bought back by L'Oréal will be cancelled. Following the transaction, Nestlé's stake in L'Oréal will be reduced from 29.4% to 23.29% of the share capital and the Bettencourt Meyers family's stake in L'Oréal will increase from 30.6% to 33.31%. In order to reflect the change of Nestlé's stake in L'Oréal's governance, the number of Nestlé representatives on L'Oréal's Board of Directors will be adjusted from 3 to 2 Directors, and the ownership ceiling provisions of the shareholders' agreement between Nestlé and the Bettencourt Meyers family will apply to their respective new holdings.

The transaction will be accretive by more than 5% on L'Oréal's recurring earnings per share on a full year basis. The buyback will be exclusively financed with L'Oréal's available cash and through the issuance of commercial paper. It will not require the disposal of Sanofi shares held by L'Oréal.

The transaction is subject to customary conditions, including the prior consultation of Galderma's and L'Oréal's works councils and the clearance of relevant antitrust authorities. It is expected to close before the end of the first semester of 2014.

**Mr. Peter BRABECK-LETMATHE, Chairman of Nestlé, said:**

*"With this proposed acquisition of 50% of Galderma, Nestlé will pursue its strategic development in Nutrition, Health, and Wellness, by expanding its activities to medical skin treatments.*

*In this respect, Nestlé will create a new centre of activities in this area, through a new entity: Nestlé Skin Health SA. Galderma will be the foundation of this entity which will be run by Galderma's management.*

*As a wholly owned subsidiary of Nestlé, Galderma will have all the required means for its development which will benefit to the company, its employees as well as all other stakeholders.*

*Following the decrease of its stake in L'Oréal, Nestlé will continue to support the development of L'Oréal as in the past 40 years.*

*In this context, Nestlé will continue to act in concert with the Bettencourt Meyers family and the existing agreements, adapted to the new situation, will remain in place."*

**M. Jean-Paul AGON, Chairman and Chief Executive Officer of L'Oréal, said:**

*"This transaction represents a very positive strategic move for L'Oréal, its employees and its shareholders.*

*L'Oréal will focus exclusively on its Cosmetics business and its "Beauty for all" mission, its universalisation strategy and its ambition to win one billion new consumers.*

*L'Oréal will indeed benefit from a very significant and reinforced presence from the founding Bettencourt Meyers family, who will continue to fully support the company as it always did in the past.*

*L'Oréal will also continue to benefit from the support of Nestlé, which has always been a loyal and constructive shareholder.*

*Lastly, all of L'Oréal's shareholders will benefit from this transaction with an accretive impact on the company's earnings, resulting from the buyback and subsequent cancellation of L'Oréal shares held by Nestlé."*

**On the same day, the Bettencourt Meyers family and Nestlé have jointly published the following statement:**

Paris, February 11<sup>th</sup>, 2014

Nestlé and L'Oréal announced a share buyback of L'Oréal shares from Nestlé. Subject to completion of the transaction, Nestlé's ownership in L'Oréal will decrease from 29.4% to 23.29%, and the Bettencourt Meyers family's ownership will increase from 30.6% to 33.31%.

The Bettencourt Meyers family and Nestlé have amended the shareholders' agreement of 3<sup>rd</sup> February 2004 to take into account the new shareholding structure, once the transaction is completed.

The number of Nestlé representatives on the Board of Directors of L'Oréal will be brought down from 3 to 2. The ownership ceiling provisions of the agreement will continue to apply to the new levels of ownership in the same conditions.

This amendment will be communicated to the Autorité des Marchés Financiers.

The Bettencourt Meyers family and Nestlé will continue to act in concert with respect to L'Oréal for the remaining duration of the shareholders' agreement.

# / DRAFT RESOLUTIONS

## AND REPORT OF THE BOARD OF DIRECTORS, COMPOSITION OF THE BOARD OF DIRECTORS

### ORDINARY PART

#### **Resolutions 1, 2 and 3: Approval of the parent company and consolidated financial statements, allocation of the Company's net income for 2013 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 €2,366,052,070.73 for 2013, compared with €2,407,976,604.53 in 2012;
- the 2013 consolidated financial statements.

The details of these financial statements are set out in the 2013 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 €2.50 per share, representing an increase of 8.7% 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, diluted, Group share, per share) would be 48.7% and would thus continue to rise:

Year	2008	2009	2010	2011	2012
Rate of distribution	41.3%	43.9%	44.9%	46.3%	46.8%

- a preferential dividend of €2.75 per share.

The preferential dividend will be granted to the shares held in registered form since December 31<sup>st</sup>, 2011 at the latest, and which continuously remain in registered form until the dividend payment date in 2014. 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 April 29<sup>th</sup>, 2014 and they will be paid on May 5<sup>th</sup>, 2014.

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 2013 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 2013 parent company financial statements, as presented and the transactions included in these financial statements and summarised in these reports, showing net income of €2,366,052,070.73 compared with €2,407,976,604.53 for 2012.

##### **Second resolution: Approval of the 2013 consolidated financial statements**

The Annual General Meeting, having reviewed the reports of the Board of Directors and the Statutory Auditors, approves the 2013 consolidated financial statements.

##### **Third resolution: Allocation of the Company's net income for 2013 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 2013 financial year amounting to €2,366,052,070.73 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)	€1,523,260,579.75
Balance that will be allocated to the "Other reserves" item	€842,791,490.98

\* Including an initial dividend equal to 5% of the amounts paid up on the shares, i.e. on the total amount of the share capital.

This amount is calculated on the basis of the number of shares forming the capital at December 31<sup>st</sup>, 2013 and will be adjusted to reflect:

- the number of shares issued between January 1<sup>st</sup>, 2014 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 January 1<sup>st</sup>, 2014 and the date of payment of the dividend.

The Annual General Meeting therefore declares an ordinary dividend to be paid of €2.50 per share, the preferential dividend entitling eligible holders to a total of €2.75 per share. The preferential dividend will be granted to the shares held in registered form since December 31<sup>st</sup>, 2011 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 April 29<sup>th</sup>, 2014 and they will be paid on May 5<sup>th</sup>, 2014.

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:

	2010	2011	2012
Ordinary dividend per share	€1.80	€2.00	€2.30
Preferential dividend per share*		€0.20	€0.23

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

## *Resolutions 4, 5 and 6: 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 two Directors whose tenures as Directors expire at the close of this Annual General Meeting.

#### **1. L'Oréal's Board of Directors at December 31<sup>st</sup>, 2013**

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.



#### **Jean-Paul Agon**

Age: 57. French nationality. Joined the L'Oréal Group in 1978. Following an international career as General Manager of the Consumer Products Division in Greece and of L'Oréal Paris in France, International Managing Director of Biotherm, General Manager of L'Oréal Germany, Executive Vice-President of the Asia Zone, President and CEO of L'Oréal USA, Jean-Paul Agon was appointed as Deputy Chief Executive Officer of L'Oréal in 2005 and then Chief Executive Officer in April 2006 and finally Chairman and CEO in 2011. A Director of L'Oréal since 2006, he is also Chairman of the L'Oréal Corporate Foundation and Chairman of the Strategy and Sustainable Development Committee. Jean-Paul Agon is also a Director of Air Liquide.



#### **Françoise Bettencourt Meyers**

Age: 60. French nationality. The daughter of Mrs. Liliane Bettencourt, herself the daughter of the founder of L'Oréal, Eugène Schueller, has been the Chairwoman of the family-owned holding company Téthys since January 31<sup>st</sup>, 2012 and is the Chairwoman of the Bettencourt Schueller Foundation. Françoise Bettencourt Meyers has been a Director of L'Oréal since 1997 and a member of the Strategy and Sustainable Development Committee since April 2012.



#### **Peter Brabeck-Letmathe**

Age: 69. Austrian nationality. Holds the main position outside L'Oréal of Chairman of the Board of Directors of Nestlé. Peter Brabeck-Letmathe has been a Director of L'Oréal and Vice-Chairman of the Board of Directors since 1997. He has been a member of the Strategy and Sustainable Development Committee since 2005, and is a member of the Appointments and Governance Committee and the Human Resources and Remuneration Committee.



#### **Paul Bulcke**

Age: 59. Belgian nationality. Joined Nestlé in 1979, and has been its Chief Executive Officer since 2008. Paul Bulcke has been a Director of L'Oréal since 2012, a member of the Strategy and Sustainable Development Committee since April 2012 and is a Board member of Roche Holding in Switzerland.



#### **Charles-Henri Filippi**

Age: 61. French nationality. Spent his career within the HSBC Group, in which he was notably Chairman and Chief Executive Officer of HSBC France from 2004 to 2007 and Chairman of the Board of Directors in 2007 and 2008. Charles-Henri Filippi has been a Director of L'Oréal since 2007 and is a member of the Audit Committee (Committee Chairman until February 2013), a Board member of Orange, a member of the Supervisory Board of Euris and a non-voting member of the Board of Directors of Nexity. He is currently the Chairman of Citigroup for France.



#### **Xavier Fontanet**

Age: 65. French nationality. Former Chairman and Chief Executive Officer (1996-2009) and former Chairman of the Board of Directors of Essilor (2010-2012), member of the Supervisory Board of Schneider Electric, has been a Director of L'Oréal since May 2002 and is Chairman of the Appointments and Governance Committee.



## DRAFT RESOLUTIONS AND REPORT OF THE BOARD OF DIRECTORS, COMPOSITION OF THE BOARD OF DIRECTORS



### **Bernard Kasriel**

Age: 67. French nationality. Former Chief Executive Officer of Lafarge, has been a Director of L'Oréal since 2004, Chairman of the Human Resources and Remuneration Committee since 2007 and is a member of the Strategy and Sustainable Development Committee. He is also a Board member of Arkema and Nucor (United States).



### **Jean-Victor Meyers**

Age: 27. French nationality. Has been a member of the Supervisory Board of the family holding company Téthys since January 2011. He has been a Director of L'Oréal since February 2012.



### **Christiane Kuehne**

Age: 58. Swiss nationality. Is the Head of the Food Strategic Business Unit at Nestlé which she joined in 1977. Christiane Kuehne has been a member of L'Oréal's Board of Directors and a member of the Audit Committee since 2012.



### **Virginie Morgon**

Age: 44. French nationality. Is Chief Operating Officer of Eurazéo (leader of the investment team) which she joined in 2008 after working for 16 years at Lazard. She has been a Director of L'Oréal since April 26<sup>th</sup>, 2013 and is a member of the Audit Committee. She is also a Board member of Accor.



### **Marc Ladreit de Lacharrière**

Age: 73. French nationality. Member of the Institut and with L'Oréal from 1976 to 1991. Marc Ladreit de Lacharrière has been a Director of L'Oréal since 1984, is Chairman and Chief Executive Officer of Fimalac, Chairman of Fitch (United States), and a Board member of Casino, Lucien Barrière and Renault.



### **Annette Roux**

Age: 71. French nationality. Chairperson and Managing Director of Bénéteau from 1976 to 2005, then Vice-Chairperson of the Supervisory Board. Annette Roux has been a member of L'Oréal's Board of Directors since 2007. She is also Chairperson of the Bénéteau Corporate Foundation.



### **Jean-Pierre Meyers**

Age: 65. French nationality. Has been a Director of L'Oréal since 1987, Vice-Chairman of the Board of Directors since 1994, and is a member of the Strategy and Sustainable Development Committee, the Audit Committee, the Appointments and Governance Committee and the Human Resources and Remuneration Committee. He is Vice Chairman of the Supervisory Board and Chief Executive Officer of the family-owned holding company Téthys, a Board member of Nestlé and Vice-Chairman of the Bettencourt Schueller Foundation.



### **Louis Schweitzer**

Age: 71, French nationality. Chairman and Chief Executive Officer of Renault from 1992 to 2005, Chairman of the Board of Directors until 2009. Louis Schweitzer has been a Director of L'Oréal since 2005, is a member of the Audit Committee and Chairman of that Committee since February 2013, and a member of the Strategy and Sustainable Development Committee. He is also a member of the Advisory Committees of Allianz S.E (Germany) and Bosch (Germany).

The tenure as Director of L'Oréal, which is renewable, covers a period of four years according to the Articles of Association or may cover a shorter period in order to allow for staggered renewal of the tenures of Directors. The Directors each hold a minimum of 1,000 L'Oréal shares. The complete list of duties of the Directors is set out in chapter "Corporate Governance" of the company's registration document for the 2013 financial year.

## 2. Review of the independence of the 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.

The Board of Directors of L'Oréal is well-balanced. It comprises 14 members at December 31<sup>st</sup>, 2013: the Chairman and Chief Executive Officer, Jean-Paul Agon, six Directors appointed by the majority shareholders, three of whom are appointed by the Bettencourt Meyers family and three by Nestlé (the two Vice-Chairmen of the Board being chosen from among these members) and seven independent Directors: Annette Roux, Virginie Morgon, Charles-Henri Filippi, Xavier Fontanet, Bernard Kasriel, Marc Ladreit de Lacharrière and Louis Schweitzer.

The review of the independence of these Directors was made by the Appointments and Governance Committee at the end of 2013 on the basis, in particular, of the study of the relations existing between the Company and the companies in which the directors hold 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 2013 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 2014

The Appointments and Governance Committee reviewed the candidacy of a new Director that was approved by the Board of Directors. The proposed appointment of Ms. Belén Garijo is submitted to the Annual General Meeting.



**Ms. Belén Garijo**, age: 53, of Spanish nationality, is a graduate of the University of Medicine in Madrid. After a few years spent as a researcher in pharmacology at the University of Madrid, she joined the pharmaceutical industry, the business sector in which she has now worked for 25 years. In 2011 she joined Merck-Serono, a pharmaceutical subsidiary of the German Group Merck of which she is President and CEO.

In 1992, Ms. Garijo was elected as a member of the New York Academy of Sciences. She has received several awards as a female executive officer, and in particular the title of "CEO for 2009" given by the "Expansion" magazine in Spain. In 2012, she was appointed as a member of the Board of Directors of BBVA, the second largest Spanish bank, present in 40 countries.

Ms. Garijo will bring to the Board of Directors of L'Oréal her expertise in the health sector, her international experience, her knowledge of a wide variety of corporate cultures and her sense of business opportunity.

Since one of the Board members did not want their tenure to be renewed, the appointment of Ms. Garijo as an independent Director for a period of four years would increase the number of women on the Board to 5 out of 14 Directors, thus leading to a percentage of representation of women of 35.7%, and with a number of independent Directors of 7 out of 14, this would give a percentage of independent Directors of 50%.

## 4. Renewal of tenures as Directors in 2014

As the tenures as Directors of Messrs Jean-Paul Agon and Xavier Fontanet expire in 2014, the renewal of their tenures for a period of four years is submitted to the Annual General Meeting.

Mr Marc Ladreit de Lacharrière did not want the renewal of his tenure to be 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 2014, the expiry dates of the terms of office of the 14 Directors of L'Oréal would be as follows:

Directors	Expiry dates of terms of office			
	2015	2016	2017	2018
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		
Jean-Pierre Meyers		X		
Jean-Victor Meyers		X		
Virginie Morgon			X	
Annette Roux	X			
Louis Schweitzer			X	
Belén Garijo				X
<b>Number of renewals per year</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>3</b>

## DRAFT RESOLUTIONS AND REPORT OF THE BOARD OF DIRECTORS, COMPOSITION OF THE BOARD OF DIRECTORS

### **Fourth resolution: Appointment of Ms. Belén Garijo as Director**

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

Her tenure will expire at the end of the Annual General Meeting to be held in 2018 to review the financial statements for the previous financial year.

### **Fifth resolution: Renewal of the tenure as Director of Mr. Jean-Paul Agon**

The Annual General Meeting, having reviewed the Report of the Board of Directors, renews the tenure of Mr. Jean-Paul Agon for a period of four years.

His tenure will expire at the end of the Annual General Meeting to be held in 2018 to review the financial statements for the previous financial year.

### **Sixth resolution: Renewal of the tenure as Director of Mr. Xavier Fontanet**

The Annual General Meeting, having reviewed the Report of the Board of Directors, renews the tenure of Mr. Xavier Fontanet for a period of four years.

His tenure will expire at the end of the Annual General Meeting to be held in 2018 to review the financial statements for the previous financial year.

## ***Resolution 7: Setting the annual amount of attendance fees allocated to the members of the Board of Directors***

### **STATEMENT OF REASONS**

Pursuant to the French Law on Employment Security of June 14<sup>th</sup>, 2013, Directors representing the employees will serve on the Board of Directors, thus leading to an increase in the number of Directors receiving attendance fees.

Furthermore, the preparation and holding of meetings of the Board of Directors, which have increased in number, and those of its Committees, whose remits have been broadened, require greater availability and growing investment by Directors.

It is therefore proposed to the Annual General Meeting that it increase the maximum amount of annual attendance fees allocated to the Board of Directors from €1,300,000 to €1,450,000, until a new decision is made on its part. This authorisation would replace that given by the Annual Shareholders' Meeting on April 22<sup>nd</sup>, 2011.

### **Seventh resolution: Setting of the annual amount of attendance fees allocated to the members of the Board of Directors**

It is proposed to the Annual General Meeting that it allocate a maximum total amount of €1,450,000 to the Board of Directors as annual attendance fees,

until another decision is made in this respect by the Annual General Meeting, leaving it to the Board of Directors to decide on the breakdown and payment date of such attendance fees.

## ***Resolution 8: Advisory vote by the shareholders on the components of remuneration due or allocated to the Chairman and Chief Executive Officer in respect of the 2013 financial year***

### **STATEMENT OF REASONS**

In accordance with the Afep-Medef Code revised in June 2013 to which L'Oréal refers, the components of remuneration due or allocated by the Board of Directors on the proposal of the Human Resources and

Remuneration Committee to the Chairman and Chief Executive Officer, Mr. Jean-Paul Agon, with respect to the 2013 financial year are presented to the Annual General Meeting for an advisory vote.



## DRAFT RESOLUTIONS AND REPORT OF THE BOARD OF DIRECTORS, COMPOSITION OF THE BOARD OF DIRECTORS

### SUMMARY TABLES OF THE COMPONENTS OF REMUNERATION

Components of the remuneration due or allocated in respect of 2013	Amounts or value put to the vote	Description
<b>Fixed remuneration</b>	€2,100,000	At its meeting on February 11 <sup>th</sup> , 2013, the Board of Directors decided, on the proposal of the Human Resources and Remuneration Committee, to maintain the annual gross fixed remuneration of Mr. Jean-Paul Agon at an amount of €2,100,000.
<b>Annual variable remuneration</b>	€1,837,500	At its meeting on February 10 <sup>th</sup> , 2014, the Board of Directors decided, on the proposal of the Human Resources and Remuneration Committee, to allocate gross variable remuneration of €1,837,500 in respect of 2013, representing 87.50% of the target objective. <i>Assessment criteria:</i> <ul style="list-style-type: none"> <li>◆ 50% based on quantitative objectives reflecting the company's performance measured on the basis of changes in the following indicators: <ul style="list-style-type: none"> <li>- growth in comparable sales as compared to the budget,</li> <li>- market share as compared to the main competitors,</li> <li>- operating profit plus advertising and promotion expenses as compared to 2012,</li> <li>- net earnings per share as compared to 2012,</li> <li>- cash flow as compared to 2012;</li> </ul> </li> <li>◆ 50% on the basis of an assessment of the qualitative aspects of management: <ul style="list-style-type: none"> <li>- the appropriateness of strategic choices,</li> <li>- the quality of leadership and management,</li> <li>- the impact of communication,</li> <li>- actions to help society,</li> <li>- addressing the specific priorities for the year.</li> </ul> </li> </ul>
<b>Multi-annual variable remuneration</b>	€0	Not applicable inasmuch as the Board of Directors has not allocated any multi-annual variable remuneration.
<b>Exceptional remuneration</b>	€0	Not applicable inasmuch as the Board of Directors has not allocated any exceptional remuneration.
<b>Attendance fees</b>	€85,000	At its meeting on November 29 <sup>th</sup> , 2013, the Board of Directors allocated an amount of €85,000 to Mr. Jean-Paul Agon in respect of 2013, comprising: <ul style="list-style-type: none"> <li>◆ as a Director a fixed part of €30,000 and a variable part of €25,000 depending on attendance (100%);</li> <li>◆ as Chairman of the Strategy and Sustainable Development Committee an additional amount of €30,000.</li> </ul>
<b>Stock options, performance shares (and any other component of long-term remuneration)</b>	40,000 performance shares valued at €4,494,800, the estimated fair value according to the IFRS applied to prepare the consolidated financial statements	<p>Within the scope of the authorisation of the Ordinary and Extraordinary General Meeting of April 26<sup>th</sup>, 2013 (resolution No. 10), the Board of Directors decided on April 26<sup>th</sup>, 2013, on the proposal of the Human Resources and Remuneration Committee, to make a conditional grant of 40,000 shares to Mr. Jean-Paul Agon.</p> <p>It should be noted that the Board of Directors had granted 50,000 ACAs (conditional shares) to Mr. Jean-Paul Agon on April 17<sup>th</sup>, 2012. In its decision to decrease the number of ACAs granted to Mr. Jean-Paul Agon on April 26<sup>th</sup>, 2013, the Board took into account the increase in the estimated fair value of the ACAs, directly linked with the increase in the share value between these two dates (€130.30 vs. €92.70). The estimated fair value according to the IFRS applied for the preparation of the consolidated financial statements of one conditional share (ACAs) under the April 26<sup>th</sup>, 2013 Plan is €112.37 for French tax and/or social security residents, which is the case for Mr. Jean-Paul Agon. This fair value was €77.07 on April 17<sup>th</sup>, 2012.</p> <p>The estimated fair value according to the IFRS of the 40,000 conditional shares granted in 2013 to Mr. Jean-Paul Agon is therefore €4,494,800.</p> <p>Final vesting of these shares is subject to achievement of performance conditions which will be recorded at the end of a 4-year vesting period as from the date of grant.</p> <p>The number of shares that finally vests will depend, for half of them, on growth in comparable cosmetics sales as compared to those of a panel of competitors, consisting of the following companies: Procter &amp; Gamble, Unilever, Estée Lauder, Shiseido, Beiersdorf, Johnson &amp; Johnson, Henkel, LVMH, Kao, Revlon and Elizabeth Arden; and for the other half, on growth in the L'Oréal Group's consolidated operating profit.</p> <p>The calculation will be made on the basis of the arithmetical mean of the performances for the three full financial years of the vesting period.</p> <p>The first full year taken into consideration for assessment of the performance conditions relating to such grant is 2014.</p> <p>In order for it to be possible for all the free shares granted to finally vest, in respect of the criterion related to sales, for the beneficiaries at the end of the vesting period, L'Oréal must achieve a performance which is at least as good as the average increase in sales of the panel of competitors.</p> <p>No share will finally vest, in respect of the criterion related to operating profit, if it does increase in absolute value over the period.</p> <p>The grant of shares from which Mr. Jean-Paul Agon benefited in 2013 represents:</p> <ul style="list-style-type: none"> <li>◆ 3.78% of the total number of ACAs granted to the 2,092 beneficiaries of this same Plan;</li> <li>◆ 3.67% of their estimated fair value according to the IFRS.</li> </ul> <p>In accordance with the authorisation given by the shareholders on April 26<sup>th</sup>, 2013, this grant of shares does not represent over 0.6% of the share capital.</p> <p>No stock options to purchase or subscribe for shares, and no other long-term incentive tools, were granted to Mr. Jean-Paul Agon in 2013.</p>
<b>Benefits in kind</b>	€0	Mr. Jean-Paul Agon benefits from the necessary material resources for performance of his term of office such as, for example, the provision of a car with a chauffeur. These arrangements, which are strictly limited to professional use, to the exclusion of all private use, cannot be considered as benefits in kind.
<b>Indemnity for entry into office</b>	€0	Not applicable inasmuch as Mr. Jean-Paul Agon has been Chief Executive Officer since 2006 and Chairman and Chief Executive Officer since 2011.

**DRAFT RESOLUTIONS AND REPORT OF THE BOARD OF DIRECTORS,  
COMPOSITION OF THE BOARD OF DIRECTORS**

Components of remuneration due or allocated in respect of 2013 which have previously been voted by the Annual General Meeting under the agreements and commitments procedure	Amount put to the vote	Description
<b>Termination indemnity and non-competition indemnity</b>	Not applicable	<p>No indemnity is due in respect of termination of the corporate office.</p> <p>Payment of the indemnities due under the suspended employment contract was approved by the Annual General Meeting on April 27<sup>th</sup>, 2010.</p> <p>Remuneration under the employment contract, to be used to calculate all the rights attached thereto, is established on the basis of the remuneration at the date of suspension of the contract in 2006, namely fixed remuneration of €1,500,000 and variable remuneration of €1,250,000. This remuneration is reviewed every year by applying the revaluation coefficient in respect of salaries and pension contributions published by the French State pension fund. As of January 1<sup>st</sup>, 2014, the fixed remuneration amounts to €1,671,000 and variable remuneration to €1,392,500.</p> <p>In the event of departure, and depending on the reasons, Mr Jean-Paul Agon would only be paid the dismissal indemnities, except in the event of gross misconduct or gross negligence, or the retirement indemnities in the event of voluntary retirement or retirement at the Company's request due pursuant to the employment contract that has been suspended.</p> <p>These indemnities, which are attached solely to termination of the employment contract and in strict application of the National Collective Bargaining Agreement for the Chemical Industries and the company-level agreements applicable to all L'Oréal executives, are due in any event pursuant to the public policy rules of French labour law. They are not subject to any condition other than those provided for by the National Collective Bargaining Agreement for the Chemical Industries or the above-mentioned company-level agreements. The same applies to the non-competition clause and the related financial consideration.</p> <p>Pursuant to the schedule of indemnities under the National Collective Bargaining Agreement for the Chemical Industries, in the event of dismissal, except in the event of gross misconduct or gross negligence, the indemnity would be capped, in light of Mr. Jean-Paul Agon's length of service, at 20 months' remuneration under the suspended employment contract.</p> <p>In respect of the employment contract, pursuant to the provisions of the National Collective Bargaining Agreement for the Chemical Industries, in the event of termination of the employment contract, the indemnity due in consideration of the non-competition clause would be payable every month for two years on the basis of two-thirds of the monthly fixed remuneration attached to the suspended employment contract unless Mr. Jean-Paul Agon were to be released from application of the clause.</p> <p>For information purposes, the cumulative amount of the indemnity provided for under the collective bargaining agreement and the indemnity in consideration of the non-competition clause which would have been due to Mr. Jean-Paul Agon had his employment contract been terminated on December 31<sup>st</sup>, 2013 through dismissal, except in the event of gross misconduct or gross negligence, would have represented an amount of less than 24 months of the fixed and variable remuneration which he received in 2013 as a corporate officer.</p>
<b>Supplementary pension scheme</b>	Not applicable	<p>Mr. Jean-Paul Agon benefits, under his suspended employment contract, from the "Garantie de Retraite des Membres du Comité de Conjoncture" (Pension Cover of the Members of the "Comité de Conjoncture") scheme closed on December 31<sup>st</sup>, 2000.</p> <p>The main features of this scheme, which falls under Article L. 137-11 of the French Social Security Code, are as follows:</p> <ul style="list-style-type: none"> <li>◆ around 120 senior managers (active or retired) are concerned;</li> <li>◆ the minimum length of service requirement was 10 years at the time of closure of the scheme on December 31<sup>st</sup>, 2000;</li> <li>◆ the Pension Cover may not exceed 40% of the calculation basis, plus 0.5% per year for the first twenty years, then 1% per year for the following twenty years, nor exceed the average of the fixed part of the remuneration for the three years used for the calculation basis out of the seven calendar years prior to the end of the beneficiary's career in the company.</li> </ul> <p>For information purposes, the estimated amount of the pension that would be paid to Mr. Jean-Paul Agon, under L'Oréal's "Garantie de Retraite des Membres du Comité de Conjoncture" scheme, had he been able to apply for a full-rate pension from the French social security scheme on December 31<sup>st</sup>, 2013 after more than 35 years' length of service at L'Oréal, would represent around 40% of the fixed and variable remuneration he received as a corporate officer in 2013.</p> <p>This information is given as an indication after estimating the main pension entitlements accrued by Mr. Jean-Paul Agon, at 65 years of age, as a result of his professional activities, according to the rules regarding the application for payment of such pensions in force at December 31<sup>st</sup>, 2013 and which may be subject to change.</p> <p>The amount of the pension paid to Mr. Jean-Paul Agon, under L'Oréal's "Garantie de Retraite des Membres du Comité de Conjoncture" scheme will in fact only be calculated on the date when he applies for all his pensions.</p> <p>As a reminder, the rights to the defined benefit pension are uncertain and conditional on the beneficiary ending his career in the company. The funding of this scheme by L'Oréal cannot be broken down individually by employee.</p> <p>Benefit from this scheme pursuant to the suspended employment contract was approved by the Annual General Meeting on April 27<sup>th</sup>, 2010.</p>
<b>Valuation of benefits of any kind</b>	Not applicable	<p>Mr. Jean-Paul Agon continues to be treated in the same way as a senior manager during the term of his corporate office entitling him to continue to benefit from the additional social protection schemes and in particular the employee benefit and healthcare schemes available to the company's employees.</p> <p>For information purposes, the amount of the employer's contributions to these schemes totals €5,788 in 2013. The continued possibility to benefit from this treatment was approved by the Annual General Meeting on April 27<sup>th</sup>, 2010.</p>

**Eighth resolution: Advisory vote by the shareholders on the components of remuneration due or allocated to the Chairman and Chief Executive Officer in respect of the 2013 financial year**

The Annual General Meeting, consulted pursuant to the recommendation in § 24.3 of the Afep-Medef Code of June 2013 which is the Company's reference code pursuant to Article L. 225-37 of the French Commercial Code,

voting in accordance with the quorum and majority requirements for ordinary general meetings, casts a favourable advisory vote on the components of remuneration due or allocated to Mr. Jean-Paul Agon in his capacity as Chairman and Chief Executive Officer in respect of the 2013 financial year as set out in the statement of reasons for this resolution set out in particular in pages 18 and 19 of this notice.

***Resolution 9: 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 26<sup>th</sup>, 2013, the Board of Directors bought back L'Oréal shares with the aim of their cancellation.

As the existing authorisation is due to expire in October 2014, it is proposed that the Annual General Meeting give the Board a new authorisation which will enable it to pursue 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;

- ◆ liquidity provision;
- ◆ retaining them and subsequently using them as payment in connection with external growth transactions.

The purchase of the shares may be carried out by any means, on one or more occasions, on or off the stock market, including through the acquisition of blocks of shares.

The authorization would enter into force on October 27<sup>th</sup>, 2014, namely upon the termination of the current authorisation for the Company to buy back its own shares which will expire on October 26<sup>th</sup>, 2014. It would end 18 months after the date of the Annual General Meeting, namely on October 17<sup>th</sup>, 2015. The purchase price per share may not be greater than €200. The authorisation would concern no more than 10% of the capital, namely, for information purposes at December 31<sup>st</sup>, 2013, 60,590,188 shares for a maximum amount of €12.12 billion, it being stipulated that the Company may at no time hold over 10% of its own capital.

**Ninth 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 €200;
- ◆ 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 December 31<sup>st</sup>, 2013, 60,590,188 shares for a maximum amount of €12.12 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 of shares 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 for the purpose of carrying out any transaction to cover the above-mentioned employee share ownership programmes;

- ◆ liquidity provision 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 market, 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 will enter into force on October 27<sup>th</sup>, 2014, namely following the termination of the current authorisation for the Company to buy back its own shares that will expire on October 26<sup>th</sup>, 2014.

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.

***Resolution 10: Approval of the buyback agreement concerning the acquisition by L'Oréal from Nestlé of 48,500,000 L'Oréal shares representing 8% of the share capital within the scope of related party agreements procedure***

**STATEMENT OF REASONS**

The regulated agreement within the meaning of Article L. 225-38 of the French Commercial Code which you are being asked to approve was entered into in the following context:

At meetings held on February 10<sup>th</sup>, 2014, the Boards of Directors of Nestlé and L'Oréal respectively approved, by unanimous decision of their voting members, a proposed strategic transaction for both companies consisting in the purchase by L'Oréal of 48.5 million of its own shares (representing 8% of its share capital) from Nestlé. This buyback will be financed:

- ◆ partially through the sale by L'Oréal to Nestlé of its 50% stake in Swiss dermatology pharmaceuticals company Galderma (a 50/50 joint venture between L'Oréal and Nestlé) for an enterprise value of €3.1 billion (€2.6 billion of equity value), paid by Nestlé in L'Oréal shares (namely 21.2 million shares);
- ◆ for the remainder, corresponding to 27.3 million L'Oréal shares held by Nestlé, in cash for an amount of €3.4 billion.

The price per L'Oréal share retained for this transaction is the average of its closing prices between Monday November 11<sup>th</sup>, 2013 and Monday February 10<sup>th</sup>, 2014, namely €124.48.

All the shares bought back by L'Oréal will be cancelled and following this transaction, Nestlé's stake in the capital of L'Oréal will be reduced from 29.4% to 23.29%, the Bettencourt Meyers family's stake increasing from 30.6% to 33.31% of the capital. In order to reflect the change of Nestlé's stake in L'Oréal's governance, the number of Nestlé representatives on L'Oréal's Board of Directors will be adjusted from 3 to 2 Directors, and the ownership ceiling provisions of the shareholders' agreement between Nestlé and the Bettencourt Meyers family will apply to these new levels of their respective new holdings.

The transaction will be accretive by more than 5% on L'Oréal's recurring earnings per share on a full year basis. This buyback will be exclusively financed with L'Oréal's available cash and through the issuance of commercial paper. It will not require the disposal of Sanofi shares held by L'Oréal.

This transaction will be subject to the procedures for prior consultation of Galderma's and L'Oréal's works councils and obtaining of the authorisations from the relevant antitrust authorities. It is expected to close before the end of the first half of 2014.

Mr. Jean-Paul Agon, Chairman and Chief Executive Officer of L'Oréal said that this transaction will represent a very positive strategic move for L'Oréal, its employees and its shareholders. L'Oréal will focus exclusively on its Cosmetics business and its "Beauty for all" mission, its universalisation strategy and its ambition to win one billion new consumers. L'Oréal will benefit from a very significant and reinforced presence from the founding Bettencourt Meyers family, who will continue to fully support the company as it always did in the past. Furthermore, Nestlé, which has always been a loyal and constructive shareholder, will continue to provide its active support. Lastly, all of L'Oréal's shareholders will benefit from this transaction with an accretive impact on the company's earnings per share, resulting from the buyback and subsequent cancellation of L'Oréal shares held by Nestlé.

**This agreement between L'Oréal and Nestlé was authorised prior to its signature by the Board of Directors on February 10<sup>th</sup>, 2014.**

At its meeting on February 10<sup>th</sup>, 2014, the Board of Directors decided by unanimous decision of its voting members, to authorise, prior to its signature, the agreement to purchase shares concerning the acquisition by L'Oréal from Nestlé of 48,500,000 L'Oréal shares representing 8% of the share capital through the implementation by L'Oréal of a buyback programme for its own shares and decided that the shares bought back will be immediately cancelled.

The buyback is subject to fulfilment of a condition precedent, namely completion of the acquisition by Nestlé of all the shares held by L'Oréal in the companies of the Galderma group. The condition is provided for in favour of Nestlé which may waive it. Nestlé and L'Oréal have entered into exclusive negotiations for the purposes of fulfilment of the condition precedent.

The buyback was agreed for a total price of €6 billion, namely €124.48 per L'Oréal share purchased.

The transfer of the shares bought back and the closing of the sale of the Galderma group will take place at the same time. The sale price of Galderma would finance part of the purchase price of the shares bought back from Nestlé.

Inasmuch as this agreement falls within the scope of application of Article L. 225-38 of the French Commercial Code, it is subject to approval by the Annual General Meeting.

**Tenth resolution: Approval of the buyback agreement concerning the acquisition by L'Oréal from Nestlé of 48,500,000 L'Oréal shares representing 8% of the share capital within the scope of related party agreements procedure**

The Annual General Meeting, voting in accordance with the quorum and majority requirements for ordinary general meetings, after hearing the reading

of the Statutory Auditors' special report on the agreements referred to by Articles L. 225-38 *et seq.* of the French Commercial Code, approves the new agreement mentioned therein concerning the buyback by the Company of a block of 48,500,000 shares held by Nestlé.



**EXTRAORDINARY PART*****Resolution 11: Authorisation to the Board of Directors to reduce the share capital by cancelling shares purchased by the Company under Articles L. 225-209 and L. 225-208 of the French Commercial Code*****STATEMENT OF REASONS**

Concerning the authorisation given to the Board of Directors to cancel shares bought by the Company under Article L. 225-209 of the French Commercial Code.

The authorisation given to the Board of Directors in 2012 to cancel shares purchased by the Company under Article L. 225-209 of the French Commercial Code is due to expire.

It is proposed that the Annual General Meeting should give the Board a new authorisation enabling it to cancel shares, within the limits provided for by law.

This authorisation would be given for a term of twenty-six months as from the Annual General Meeting on April 17<sup>th</sup>, 2014 and would render ineffective any prior authorisation.

Concerning the authorisation given to the Board of Directors to cancel shares purchased by the Company under Article L. 225-208 of the French Commercial Code.

Certain stock options to purchase shares granted in the past can no longer be exercised as the result, for example, of their beneficiary's departure. The resolution for cancellation of the shares purchased by the Company under Article L. 225-209 of the French Commercial Code, referred to above, does not make it possible to cancel these shares as the legal treatment applicable to their cancellation is different.

The authorisation given to the Board of Directors in 2012 to cancel the corresponding shares, purchased by the Company under Article L. 225-208 of the French Commercial Code, is due to expire.

It is proposed, within the limit of a maximum of 650,000 shares, representing a maximum reduction in the share capital of €130,000, that the shares corresponding to stock options to purchase shares that may no longer be exercised should be allocated to the policy of cancellation currently being conducted by the Board of Directors.

This authorisation would be given for a period of twenty-six months as from the Annual General Meeting of April 17<sup>th</sup>, 2014 and would render ineffective any prior authorisation.

**Eleventh resolution: Reduction of share capital by cancelling shares purchased by the Company under Articles L. 225-209 and L. 225-208 of the French Commercial Code**

The Annual General Meeting, having reviewed the report of the Board of Directors and the Statutory Auditors' special report:

- ◆ authorises the Board of Directors, in accordance with Article L. 225-209 of the French Commercial Code, to cancel, on one or more occasions, the shares held by the company pursuant to Article L. 225-209 of the French Commercial Code, within the limit of 10% of the capital as of the date of cancellation, per twenty-four month period;
- ◆ authorises the Board of Directors, in accordance with Articles L. 225-204 and L. 225-205 of the French Commercial Code, to cancel, on one or more occasions, a maximum of 650,000 shares purchased by the Company on the basis of Article L. 225-208 of the French Commercial Code to cover stock options to purchase shares which currently correspond, or will correspond in future, to options that are no longer exercisable.

Full powers are given to the Board of Directors, with the possibility for it to delegate, to:

- ◆ reduce the share capital by cancelling shares;
- ◆ decide on the final amount of the reduction in the share capital;
- ◆ set the methods and record the completion of such reduction;
- ◆ allocate the difference between the book value of the shares cancelled and their par value to all reserves and available share premiums;
- ◆ amend the Articles of Association accordingly;
- ◆ and more generally, do all that is necessary to implement this resolution.

These authorisations are granted for a period of twenty-six months as from the date of this Annual General Meeting and render ineffective as of the date hereof any prior authorisation granted for the same purpose.

***Resolution 12: Amendment of the Articles of Association to determine the conditions in which the Directors representing the employees are to be appointed***

**STATEMENT OF REASONS**

A draft amendment to L'Oréal's Articles of Association is put to the vote of the Annual General Meeting in accordance with the new Article L. 225-27-1 of the French Commercial Code introduced by the Law on Employment Security of June 14<sup>th</sup>, 2013.

Pursuant to this law, the Boards of Directors of companies which, at the end of two consecutive financial years, employ at least 5,000 permanent employees in the company and its direct or indirect subsidiaries with their registered office on French territory, or at least 10,000 permanent employees in the company and its direct or indirect subsidiaries with their registered office on French territory or in other countries, and which have the obligation to set up a works council, must include Directors representing the employees. L'Oréal falls within the scope of application of this law at the end of financial years 2013 and 2012.

The Directors representing the employees are not appointed by the Annual General Meeting of shareholders but are either elected by employees or appointed by bodies representing the employees.

The number of Directors representing the employees is equal to at least two if the number of Directors appointed by the Annual General Meeting of shareholders is greater than twelve and at least one if such number is lower than or equal to twelve. At the end of this Annual General Meeting, the Board of Directors of L'Oréal will comprise of 14 directors appointed by the Annual General Meeting, subject to a vote in favour of the draft resolutions for appointment or renewal of tenures of Directors presented (Resolutions 4, 5 and 6). L'Oréal's Board of Directors will therefore have to have at least two directors representing the employees.

The Law on Employment Security provides that the Extraordinary General Meeting will proceed with the amendment of the Articles of Association to determine the conditions under which the directors representing the employees are to be appointed, in accordance with one of the methods of appointment provided for by Article L. 225-27-1 of the French Commercial Code.

The Board has endeavoured to provide for a method of appointment that is adapted to the company's specificities, consistent with the labour relations arrangements in which it is to be included, compliant with best practices and not too complex.

The Central Works Committee, consulted on the method of appointment of the Directors representing the employees, issued its opinion on January 30<sup>th</sup>, 2014.

The Board of Directors proposes to the Annual General Meeting that:

- ◆ the first Director representing the employees will be appointed, where his/her presence is required, by the trade union organisation which obtained the most votes in the first round of the elections mentioned in Articles L. 2122-1 and L. 2122-4 of the French Labour Code at L'Oréal and its direct or indirect subsidiaries with their registered office on French territory;
- ◆ the second Director representing the employees will be appointed, where his/her presence is required, by the European Works Council (called within the L'Oréal Group "Instance Européenne de Dialogue Social");
- ◆ the number of Directors representing the employees will be limited to two.

Article 8 of the Articles of Association currently provides for the obligation for directors to hold 5 shares of the Company. This obligation provided for in the Articles of Association is less than that provided for in the Internal Rules of the Board of Directors which provides for the obligation for each Director to hold at least 1,000 shares (Article 3.7). The Internal Rules are published in full in the registration document.

Article L. 225-25 of the French Commercial Code provides that the Director representing the employees cannot be required to own shares of the company (the Internal Rules provide for an exception for the Directors representing the employees).

Article 8 of the Articles of Association would be amended accordingly.

## DRAFT RESOLUTIONS AND REPORT OF THE BOARD OF DIRECTORS, COMPOSITION OF THE BOARD OF DIRECTORS

### Twelfth resolution: Amendment of the Articles of Association to determine the conditions under which the directors representing the employees are to be appointed

The Annual General Meeting, after hearing the report by the Board of Directors, decides to amend Article 8 of the Articles of Association to determine the conditions in which the Directors representing the employees are to be appointed:

Current version	Proposed new version
<p><b>"ARTICLE 8 Board of Directors</b></p> <p><i>The Company is administered by a Board of Directors consisting of at least three members and at most eighteen members; two-thirds of the Board members must not exceed 70 years of age.</i></p> <p><i>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.</i></p> <p><i>If the number of directors of over 70 years of age is greater than one-third of the directors in office, the oldest director is automatically deemed to have resigned; his tenure will expire at the end of the next Ordinary General Meeting, unless the said Meeting appoints one or more directors, so that the requirement stipulated above is met.</i></p> <p><i>If the number of directors on the Board is equal to the maximum stipulated by law or by the Articles of association, the limit on the number of directors aged over 70 will be determined after the replacement of the director(s) deemed to have resigned, and they must be replaced within a period of three months from the date of resignation.</i></p> <p><i>Each director must own five shares in the Company."</i></p>	<p><b>"ARTICLE 8 Board of Directors</b></p> <p><i>The Company is administered by a Board of Directors.</i></p> <p><i><u>The Board of Directors consists of at most eighteen members appointed by the Annual General Meeting.</u></i></p> <p><i>The length of the terms of office of directors <u>appointed by the Annual General Meeting</u> 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.</i></p> <p><i><u>The Board of Directors includes a director representing the employees appointed by the trade union organisation which obtained the most votes in the first round of the elections mentioned in Articles L. 2122-1 and L. 2122-4 of the French Labour Code at the Company and its direct or indirect subsidiaries with their registered office on French territory.</u></i></p> <p><i><u>The Board of Directors will include a second Director representing the employees who is appointed by the European Works Council (called within the L'Oréal Group "Instance Européenne de Dialogue Social") inasmuch as the Board of Directors has more than two directors appointed by the Annual General Meeting at the date of such appointment.</u></i></p> <p><i><u>If the number of directors elected by the Annual General Meeting to the Board of Directors then falls to twelve directors or less, the term of office of the director representing the employees appointed by the European Works Council will continue in force until it expires but will not be renewed.</u></i></p> <p><i><u>The term of office of a director not appointed by the Annual General Meeting is four years and ends at the close of the Ordinary General Meeting held during the year in which that director's term of office expires to review the financial statements for the previous financial year.</u></i></p> <p><i><u>In the event that the conditions for application of Article L. 225-27-1 of the French Commercial Code do not continue to apply at the end of a financial year, the terms of office of the directors representing the employees will end at the close of the Annual General Meeting that approved the financial statements for such financial year.</u></i></p> <p><i><u>Two-thirds of the Board members must not exceed 70 years of age.</u></i></p> <p><i>If the number of directors of over 70 years of age is greater than one-third of the directors in office, the oldest director is automatically deemed to have resigned; his tenure will expire at the end of the next Ordinary General Meeting, unless the said Meeting appoints one or more directors, so that the requirement stipulated above is met.</i></p> <p><i>If the number of directors on the Board is equal to the maximum stipulated by law or by the Articles of association, the limit on the number of directors aged over 70 will be determined after the replacement of the director(s) deemed to have resigned, and they must be replaced within a period of three months from the date of resignation.</i></p> <p><i>Each director <u>appointed by the Annual General Meeting</u> must own five shares in the Company."</i></p>

### ***Resolution 13: 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.

**Thirteenth 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.



## **SHARE CAPITAL: AUTHORISATIONS IN FORCE AND PROPOSED TO THE ANNUAL GENERAL MEETING**

The table set out below summarises (particularly in application of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code) the currently valid authorisations granted to the Board of Directors by the Annual General Meeting of shareholders concerning the capital, shows the use made of such authorisations over the financial year and presents the authorisations which are to be put to the vote at the Annual General Meeting on April 17<sup>th</sup>, 2014.

Authorisations in force					Authorisations proposed to the Annual General Meeting of April 17 <sup>th</sup> , 2014		
Nature of the authorisation	Date of AGM (resolution no.)	Length (expiry date)	Maximum authorised amount	Use made of the authorisation in 2013	Resolution No.	Length	Maximum ceiling
<b>Share capital increases</b>							
Capital increase through the issue of shares with maintenance of preferential subscription rights or via the capitalisation of share premiums, reserves, profits or other amounts	April 26 <sup>th</sup> , 2013 (9 <sup>th</sup> )	26 months (June 26 <sup>th</sup> , 2015)	An increase in the share capital to €169,207,813.88	None		None	
Capital increase reserved for employees	April 26 <sup>th</sup> , 2013 (11 <sup>th</sup> )	26 months (June 26 <sup>th</sup> , 2015)	1% of share capital at the date of the Annual General Meeting (i.e. a maximum of 6,054,992 shares)	None		None	
<b>Buyback by the Company of its own shares</b>							
Buyback by the Company of its own shares	April 26 <sup>th</sup> , 2013 (8 <sup>th</sup> )	18 months (October 26 <sup>th</sup> , 2014)	10% of share capital on the date of the buybacks (i.e. 60,549,917 shares at April 26 <sup>th</sup> , 2013)	5,986,391 shares	(9 <sup>th</sup> )	from October 27 <sup>th</sup> , 2014 to October 17 <sup>th</sup> , 2015	10% of share capital on the date of the buybacks (i.e. 60,590,188 shares at December 31 <sup>st</sup> , 2013)
<b>Reduction in the share capital via cancellation of shares</b>							
Cancellation of shares purchased by the Company within the scope of Article L. 225-209 of the French Commercial Code	April 17 <sup>th</sup> , 2012 (10 <sup>th</sup> )	26 months (June 17 <sup>th</sup> , 2014)	10% of share capital on the date of cancellation per 24-month period (i.e. 60,549,917 shares at April 26 <sup>th</sup> , 2013)	9,108,641 shares	(11 <sup>th</sup> )	26 months (June 17 <sup>th</sup> , 2016)	10% of share capital on the date of cancellation per 24-month period (i.e. 60,590,188 shares at December 31 <sup>st</sup> , 2013)
Cancellation of shares purchased by the Company within the scope of Article L. 225-208 of the French Commercial Code	April 17 <sup>th</sup> , 2012 (10 <sup>th</sup> )	26 months (June 17 <sup>th</sup> , 2014)	500,000 shares	None	(11 <sup>th</sup> )	26 months (June 17 <sup>th</sup> , 2016)	650,000 shares
<b>Stock options and free grants of shares</b>							
Grant of existing free shares or shares to be issued to the employees	April 26 <sup>th</sup> , 2013 (10 <sup>th</sup> )	26 months (June 26 <sup>th</sup> , 2015)	0.6% of share capital on the date of the decision to grant the shares	1,057,820 shares		None	

# / INFORMATION CONCERNING DIRECTORS

## WHOSE APPOINTMENT OR TENURE RENEWAL IS PROPOSED TO THE ANNUAL GENERAL MEETING

### APPOINTMENT PROPOSED TO THE ANNUAL GENERAL MEETING



#### **Belén Garijo**

Spanish | Age: 53.

Professional address: Merck KGaA, Frankfurterstrasse 250 - 64293 Darmstadt - Allemagne  
Holds 1,000 L'Oréal shares

#### Main corporate office held outside L'Oréal

Merck-Serono	President and CEO
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#### Other corporate offices and directorships held

##### Foreign company

BBVA (Spain) *	Director
----------------	----------

#### Corporate offices and directorships over the last five years that have expired

		Expiry date of term of office
Merck-Serono	Chief Operating Officer	2013
Sanofi	President Europe	2011

\* Listed company.

## RENEWALS PROPOSED TO THE ANNUAL GENERAL MEETING



### Jean-Paul Agon

French | Age: 57.

Director since 2006

Chairman and Chief Executive Officer

Chairman of the Strategy and Sustainable Development Committee

Professional address: L'Oréal – 41 rue Martre – 92117 Clichy Cedex – France

Holds 76,500 L'Oréal shares

**Expiry date of term of office: 2014**

#### Other corporate offices and directorships held

##### French company

L'Air Liquide S.A. *	Director
----------------------	----------

##### Foreign companies

Galderma Pharma S.A. (Switzerland) **	Director
---------------------------------------	----------

L'Oréal USA Inc. (United States)	Director
----------------------------------	----------

##### Other

L'Oréal Corporate Foundation	Chairman of the Board of Directors Director
------------------------------	--

**Expiry date  
of term of office**

#### Corporate offices and directorships over the last five years that have expired

##### Foreign companies

Galderma Pharma S.A. (Switzerland)	Vice-Chairman and Director	April 2012
------------------------------------	----------------------------	------------

The Body Shop International PLC (United-Kingdom)	Vice-Chairman and Director	March 2012
--	----------------------------	------------

\* Listed company.

\*\* 50% owned by L'Oréal.

**INFORMATION CONCERNING DIRECTORS  
WHOSE APPOINTMENT OR TENURE RENEWAL IS PROPOSED TO THE ANNUAL GENERAL MEETING**



**Xavier Fontanet**

French | Age: 65.

Director since May 2002

Chairman of the Appointments and Governance Committee

Professional address: Essilor – 147 rue de Paris – 94227 Charenton Cedex – France

Holds 1,050 L'Oréal shares

**Expiry date of term of office: 2014**

**Main corporate office held outside L'Oréal**

Essilor International S.A. *	Director
------------------------------	----------

**Other corporate offices and directorships held**

**French company**

Schneider Electric S.A. *	Member of the Supervisory Board
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**Other**

Association Nationale des Sociétés par Actions	Permanent representative of Essilor International and member of the Board of Directors
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**Corporate offices and directorships over the last five years that have expired**

**Expiry date of term of office**

**French companies**

Crédit Agricole S.A.	Director	May 2012
Essilor International S.A.	Chairman and Chief Executive Officer	January 2012
Fonds Stratégiques d'Investissement S.A.	Director	June 2011
Essilor International S.A.	Chairman and Chief Executive Officer	January 2010

**Foreign companies**

Essilor Amico (L.L.C) (United Arab Emirates)	Director	December 2011
Nikon and Essilor International Joint Research Center Co. Ltd.	Chairman and Director	December 2011
Nikon Essilor Co. Ltd (Japan)	Director	December 2011
EOA Holding Co. Inc. (United States)	Chairman and Director	October 2010
Essilor India PVT Ltd (India)	Director	June 2010
Essilor Manufacturing India PVT Ltd (India)	Director	June 2010
Transitions Optical Holding B.V. (Netherlands)	Director	May 2010
Transitions Optical Inc. (United States)	Director	May 2010
Shanghai Essilor Optical Company Ltd (China)	Director	April 2010
Essilor of America Inc. (United States)	Director	March 2010

\* Listed company.



# / STATUTORY AUDITOR'S REPORTS

## **STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS (YEAR ENDED DECEMBER 31<sup>ST</sup> 2013)**

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.*

*This report also includes information relating to the specific verification of information given in the Management Report.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31<sup>st</sup>, 2013, on:

- ◆ the audit of the accompanying financial statements of L'Oréal;
- ◆ the justification of our assessments;
- ◆ the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

### **I. OPINION ON THE FINANCIAL STATEMENTS**

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31<sup>st</sup>, 2013, and of the results of its operations for the year then ended in accordance with French accounting principles.

### **II. JUSTIFICATION OF OUR ASSESSMENTS**

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

Investments have been valued in accordance with the accounting methods described in note 1.7.1 "Accounting policies – Financial Assets – Investments and advances" to the Company's financial statements. As part of our audit, we reviewed whether these accounting methods were appropriate and evaluated the assumptions used.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### **III. SPECIFIC VERIFICATIONS AND INFORMATION**

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Management Report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the Management Report.

Neuilly-sur-Seine, February 14<sup>th</sup>, 2014  
The Statutory Auditors

PricewaterhouseCoopers Audit  
G rard Morin

Deloitte & Associ s  
David Dupont-Noel

## **STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (YEAR ENDED DECEMBER 31<sup>ST</sup> 2013)**

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information given in the Group's Management Report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31<sup>st</sup>, 2013, on:

- ◆ the audit of the accompanying consolidated financial statements of L'Oréal;
- ◆ the justification of our assessments;
- ◆ the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

### **I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31<sup>st</sup>, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### **II. JUSTIFICATION OF OUR ASSESSMENTS**

In accordance with the requirements of article L. 823-9 of French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- ◆ L'Oréal performs impairment tests on goodwill and intangible assets with indefinite useful lives at least once a year and whenever there is an indication that an asset may be impaired, in accordance with the methods set out in Notes 1.15 and 13 to the consolidated financial statements. We have reviewed the terms and conditions for implementing these impairment tests as well as the assumptions applied;
- ◆ obligations relating to pensions, early retirement benefits and other related benefits granted to employees have been valued and recorded in accordance with the accounting policies described in notes 1.23 and 21 to the consolidated financial statements. We have reviewed and analyzed the valuation methods of these obligations and the data used and the assumptions applied.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### **III. SPECIFIC VERIFICATION**

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's Management Report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine, February 14<sup>th</sup>, 2014  
The Statutory Auditors

PricewaterhouseCoopers Audit  
G rard Morin

Deloitte & Associ s  
David Dupont-Noel

## **STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH THIRD PARTIES**

***(Annual General Meeting held to approve the financial statements for the year ended December 31<sup>st</sup>, 2013)***

*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 and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and the report does not apply to those related party agreements described in IAS 24 or other equivalent accounting standards.*

In our capacity as Statutory Auditors of your Company, we hereby present our report on regulated agreements and commitments with third parties.

It is our responsibility to communicate to you, based on information provided to us, the principal terms and conditions of these agreements and commitments brought to our attention or which we may have identified as part of our engagement, without expressing an opinion on their usefulness or their merit or identifying such other agreements or commitments, if any. Under the provisions of article R. 225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is our responsibility to communicate to you the information pursuant to article L. 225-31 of the French Commercial Code relating to agreements and commitments previously approved by the Annual General Meeting during the year.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

### **AGREEMENTS AND COMMITMENTS TO BE AUTHORIZED BY THE ANNUAL GENERAL MEETING**

#### **Agreements and commitments signed during the year**

Pursuant to article L. 225-38 of the French Commercial Code, we hereby advise you that we have not been informed of any agreements or commitments signed during the year to be approved by the Annual General Meeting.

#### **Agreements and commitments signed since the year-end**

We have been made aware of the following agreement, which has been signed since the December 31<sup>st</sup>, 2013 year-end and which received the preliminary approval of the Board of Directors on February 10<sup>th</sup>, 2014.

#### **Agreement with Nestlé, shareholder of more than 10% of L'Oréal and sharing common members of the Boards of Directors**

On February 10<sup>th</sup>, 2014, the Board of Directors of L'Oréal approved, by unanimous decision of its voting members and prior to its authorization, the purchase by L'Oréal of 48.5 million of its own shares from Nestlé, representing 8% of its share capital, as part of its share buy-back programme, and decided to immediately cancel all the shares so purchased.

The buy-back amounts to €6,037,280,000. The price per L'Oréal share retained for this transaction is the average of its closing prices between Monday November 11<sup>th</sup>, 2013 and Monday February 10<sup>th</sup>, 2014, namely €124.48.

This buy-back is subject to the condition precedent that Nestlé acquires all the shares held by L'Oréal in the companies of the Galderma group. This condition, stipulated for the benefit of Nestlé, may be waived by the latter. The transfer of the shares purchased and the sale of Galderma would occur concurrently.

The individuals concerned by this agreement are the members common to both the L'Oréal and Nestlé Boards of Directors, Messrs Peter Brabeck-Letmathe, Paul Bulcke and Jean-Pierre Meyers who, pursuant to the applicable legal requirements, did not participate in the vote of the Board of Directors approving the share buy-back agreement, and Mrs Christiane Kuehne, who did not wish to take part in the vote due to her employment contract at Nestlé.

Nestlé, who owns more than 10% of the L'Oréal voting rights and has concluded the share buy-back agreement with L'Oréal, is deemed to be an interested shareholder according to the applicable law.

**AGREEMENTS AND COMMITMENTS AUTHORIZED IN PRIOR YEARS BY THE ANNUAL GENERAL MEETING**

Pursuant to article R. 225-30 of the French Commercial Code, we have been advised that the following agreement, previously approved by the Annual General Meeting of April 27<sup>th</sup>, 2010 and mentioned in our Statutory Auditors' special report of February 19<sup>th</sup>, 2010, has remained in effect during the year.

**Agreement concerning Jean-Paul Agon**

- ◆ Suspension of Mr Jean-Paul Agon's employment contract during the period of his corporate office;
- ◆ Elimination of all rights to indemnification in respect of Mr Jean-Paul Agon's corporate office.

In the event of departure, and depending on the reasons, Mr Jean-Paul Agon would only be paid the dismissal indemnities, except in the event of gross misconduct or gross negligence, or retirement indemnities in the event of voluntary retirement or retirement at the Company's request due pursuant to the employment contract that has been suspended. These indemnities, which are attached solely to termination of the employment contract and in strict application of the National Collective Bargaining Agreement for the Chemical Industries and the company-level agreements applicable to all L'Oréal executives, are due in any event pursuant to the public policy rules of French labour law. They are not subject to any condition other than those provided for by the National Collective Bargaining Agreement for the Chemical Industries or the above-mentioned company-level agreements. The same applies to the non-competition clause and the related financial consideration.

Remuneration in respect of the corporate office will in no event be taken into consideration for calculation of the indemnities due pursuant to the collective bargaining agreement and the company-level agreements applicable to all L'Oréal executives.

Mr Jean-Paul Agon will continue to benefit from the defined benefit pension scheme currently applicable to the Group's senior managers;

- ◆ Terms and conditions relating to the suspension of Mr Jean-Paul Agon's employment contract:
  - the reference remuneration to be used to calculate all the rights attached to the employment contract and in particular to compute the pension under the defined benefit scheme will be based on the amount of remuneration under the employment contract when it was suspended in 2006, namely fixed remuneration of €1,500,000 and variable remuneration of €1,250,000. This reference remuneration is reviewed every year by applying the revaluation coefficient in respect of salaries and pension contributions published by the French State pension fund. As of January 1<sup>st</sup>, 2014, the fixed remuneration amounts to €1,671,000 and the variable remuneration to €1,392,500,
  - the length of service applied will take into consideration his entire career, including the years during which he was Chairman and Chief Executive Officer;
- ◆ Mr Jean-Paul Agon will maintain the status of senior manager throughout the period of his corporate office, so that he may continue to benefit from the additional social protection schemes and in particular the employee benefit and healthcare schemes available to the Company's employees.

Neuilly-sur-Seine, February 14<sup>th</sup>, 2014  
The Statutory Auditors

PricewaterhouseCoopers Audit  
G rard Morin

Deloitte & Associ s  
David Dupont-Noel



## **STATUTORY AUDITORS' SPECIAL REPORT ON THE CANCELLATION OF SHARES PURCHASED BY THE COMPANY**

### **(Ordinary and Extraordinary Shareholders' Meeting of April 17<sup>th</sup>, 2014 – eleventh resolution)**

*This is a free translation into English of the Statutory Auditors' special report on the cancellation of shares purchased by the Company 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.*

In our capacity as Statutory Auditors of L'Oréal and pursuant to the provisions of articles L. 225-204 and L. 225-209 of the French Commercial Code (*Code de commerce*) relating to capital decreases, in particular as concerns the cancellation of shares purchased by the Company, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital decreases.

We performed the procedures we deemed necessary in accordance with French professional standards applicable to this engagement. These procedures consisted in ensuring that the reasons for and the terms and conditions of the proposed capital decreases, which are not considered to affect shareholder equality, comply with the applicable legal provisions.

#### **CANCELLATION OF SHARES HELD BY THE COMPANY WITHIN THE SCOPE OF ARTICLE L. 225-204 OF THE FRENCH COMMERCIAL CODE**

The proposed capital decrease would take place through the cancellation by the Company of its own shares purchased in accordance with the conditions of article L. 225-208 of the French Commercial Code.

Shareholders are asked to grant the Board of Directors full powers to cancel, on one or more occasions, a maximum of 650,000 shares purchased by the Company to cover share purchase options which currently correspond, or will correspond in the future, to options that are no longer exercisable. These powers would be exercisable for a period of twenty-six months from the Shareholders' Meeting of April 17<sup>th</sup>, 2014.

We have no matters to report on the reasons for or terms and conditions of the proposed share capital decrease, which would reduce the Company's share capital by a maximum of €130,000.

#### **CANCELLATION OF SHARES HELD BY THE COMPANY WITHIN THE SCOPE OF ARTICLE L. 225-209 OF THE FRENCH COMMERCIAL CODE**

Shareholders are also asked to grant the Board of Directors full powers to cancel, on one or more occasions, the shares acquired by the Company, within the limit of 10% of the capital as of the date of the cancellation, per twenty-four month period. These powers would be exercisable for a period of twenty-six months from the Shareholders' Meeting of April 17<sup>th</sup>, 2014, in accordance with article L. 225-209 of the French Commercial Code. Under the ninth resolution, the Board of Directors is seeking an eighteen-month authorization from the Shareholders' Meeting to perform this purchase.

We have no matters to report on the reasons for or terms and conditions of the proposed capital decrease, the implementation of which depends on the Shareholders' Meeting approving the purchase of the Company's shares, as proposed under the ninth resolution.

Neuilly-sur-Seine, February 14<sup>th</sup>, 2014  
The Statutory Auditors

PricewaterhouseCoopers Audit  
Gérard Morin

Deloitte & Associés  
David Dupont-Noel

# / REQUEST FOR PROVISION OF STATUTORY DOCUMENTS <sup>(1)</sup>

**ANNUAL GENERAL MEETING OF APRIL 17<sup>TH</sup>, 2014**

Documents may be seen or downloaded on the Company's Internet website:

**[www.loreal-finance.com/fr](http://www.loreal-finance.com/fr)**

I, the undersigned: .....

Surname: ..... first name:.....

Address: .....

Post code: ..... City: .....

The holder of: ..... registered shares

and/or of ..... bearer shares

registered with <sup>(2)</sup> .....

request that the document and information provided in Articles R. 225-81 et R. 225-83 of the French Commercial Code concerning the General Meeting to be held on April 17<sup>th</sup>, 2014, should be sent to me at the above address.

Signed in ....., on .....2014

*(1) This request is reserved for shareholders only and must be sent to L'Oréal, for the attention of the Director of Shareholder Relations, 41, rue Martre – 92117 Clichy Cedex – France.  
Fax: 01 47 56 86 42 - E-mail: info-ag@loreal-finance.com – Freephone number (from France only): 0 800 66 66 66, from abroad: +33 1 40 14 80 50.*

*(2) Please provide precise details of the bank, financial institution or brokerage firm which is the custodian of the shares, together with a certificate showing that the person requesting the information is a shareholder at the time of his/her request.*



# L'ORÉAL

Incorporated in France as a "Société Anonyme"  
With registered capital of €121,180,377.40  
632 012 100 RCS Paris

Headquarters:  
41, rue Martre  
92117 Clichy Cedex – France  
Tel.: +33 1 47 56 70 00  
Fax: +33 1 47 56 86 42

Registered Office:  
14, rue Royale  
75008 Paris – France

Freephone number from France:  
0 800 66 66 66

Freephone number from abroad:  
+33 1 40 14 80 50

*This document and all the documents relative to the Annual General Meeting can be found on this website: [www.loreal-finance.com](http://www.loreal-finance.com), section "the shareholders' corner", "key dates" and "Annual General Meeting".*

Visit the App Store or Google Play to download the "My loreal-finance" App for free.

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# L'ORÉAL

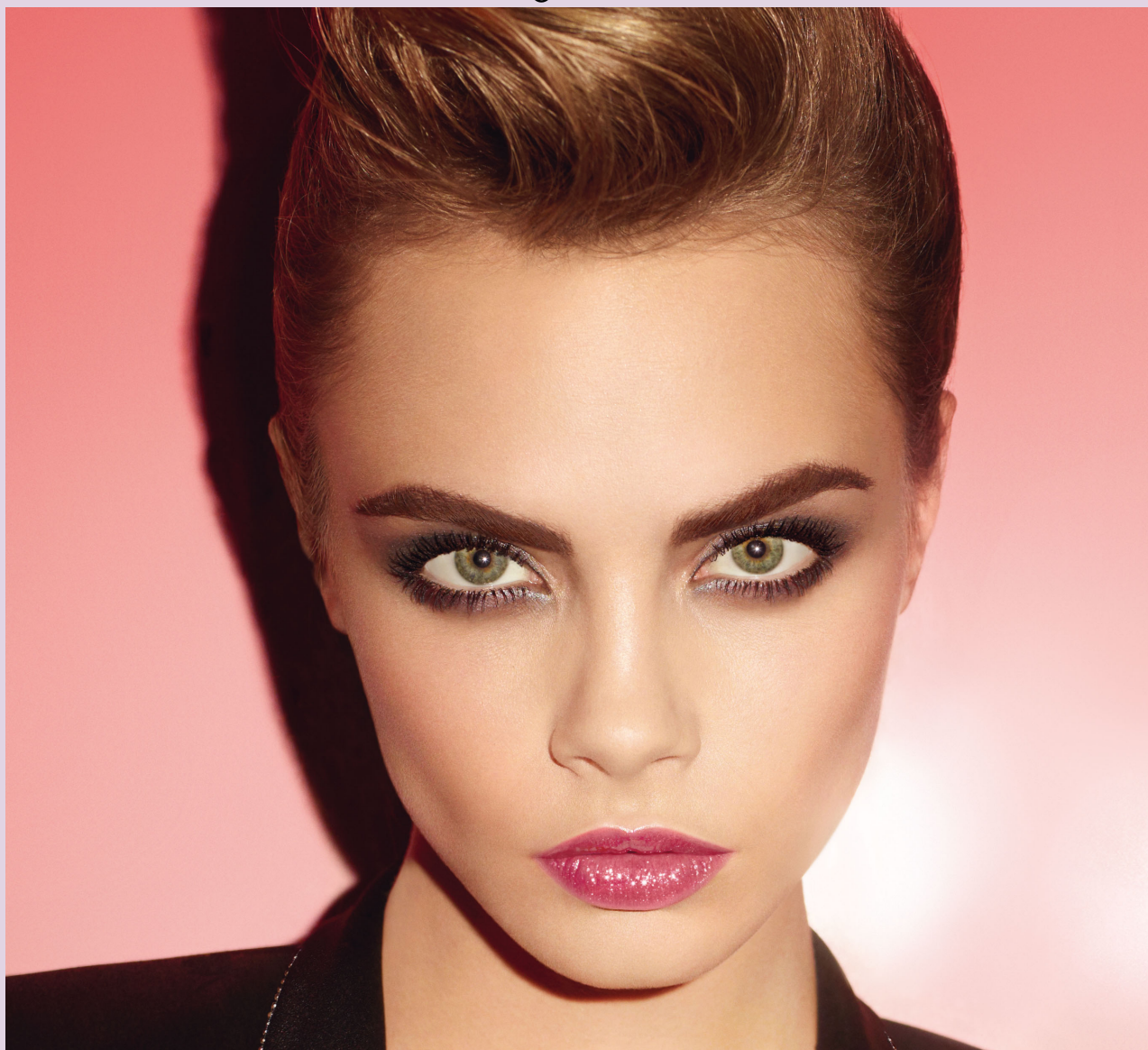
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## / CONVENING NOTICE

**ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETING**

**on Thursday, April 17<sup>th</sup>, 2014 at 10 A.M.**

Palais des Congrès - F - 75017 PARIS



### **ORDINARY PART**

1. Approval of the 2013 parent company financial statements
2. Approval of the 2013 consolidated financial statements
3. Allocation of the Company's net income for 2013 and declaration of the dividend
4. Appointment of Ms. Belén Garijo as Director
5. Renewal of the tenure as Director of Mr. Jean-Paul Agon
6. Renewal of the tenure as Director of Mr. Xavier Fontanet
7. Setting of the annual amount of attendance fees allocated to the members of the Board of Directors
8. Advisory vote on the components of remuneration due or allocated to the Chairman and Chief Executive Officer in respect of the 2013 financial year
9. Authorisation for the Company to buy back its own shares
10. Approval of the buyback agreement concerning the acquisition by L'Oréal from Nestlé of 48,500,000 L'Oréal shares representing 8% of the share capital within the scope of related party agreements procedure

### **EXTRAORDINARY PART**

11. Authorisation to the Board of Directors to reduce the share capital by cancelling shares purchased by the Company under Articles L. 225-209 and L. 225-208 of the French Commercial Code
12. Amendment of the Articles of Association to determine the conditions in which the Directors representing the employees are to be appointed
13. Powers for formalities

# / HOW TO TAKE PART IN THE ANNUAL GENERAL MEETING?

*All shareholders have the right to attend the Annual General Meeting regardless of the number of shares held or their way of custody (registered or bearer shares).*

*The right to participate in the meeting is subject to the accounting registration of the shares no later than the third working day prior to the Annual General Meeting, namely on Monday, April 14<sup>th</sup>, 2014 at zero hour (Paris local time).*

## **PARTICIPATE IN THE ANNUAL GENERAL MEETING**

You may choose between the four following methods to exercise your rights as a shareholder:

- ◆ by attending personally the meeting, using your entrance card <sup>(1)</sup>;
- ◆ by voting by post or Internet;
- ◆ by giving proxy to the Chairman of the meeting;
- ◆ by giving proxy to anyone else.

Please note that any shareholder who has already cast a vote, applied for an entrance card or requested a certificate of participation (Article R. 225-85 of the French Commercial Code):

- ◆ can no longer choose any other method of participation in the meeting;
- ◆ has the possibility of selling all or part of his/her shares.

However, if the sale takes place before Monday, April 14<sup>th</sup>, 2014 at zero hour (Paris local time), the Company will invalidate or modify accordingly, as the case may be, the vote cast, the proxy form, the entrance card or the shareholding certificate.

## **QUICKER, EASIER: THE E-ENTRANCE CARD**

You can opt for an electronic version of your entrance card, which can directly be downloaded on your computer. In order to do this, you need to follow the instructions shown on the last page of this mid-booklet.

**That "e-entrance card" can be seen and printed until the day of the Annual General Meeting, and must be shown during the registration process.**

In accordance with Article R. 225-84 of the French Commercial Code, any shareholder who wishes to submit written questions may do so in the following manner up until the fourth working day prior to the Annual General Meeting at the latest:

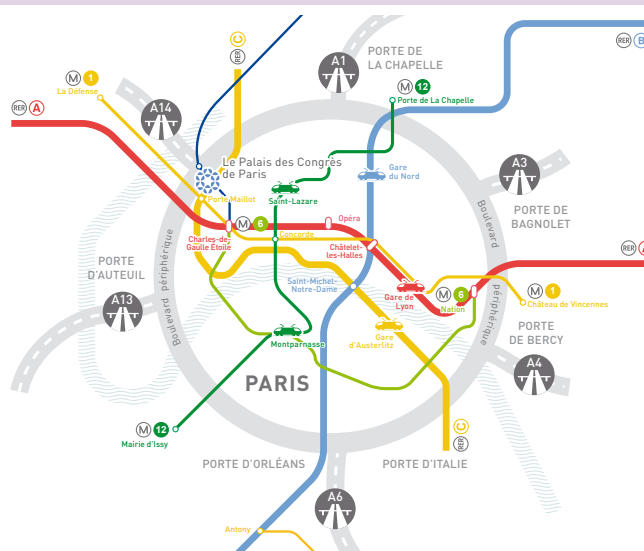
- ◆ registered letter with acknowledgement of receipt requested addressed to the Chairman of the Board of Directors, 41 rue Martre – 92117 Clichy Cedex, France;
- ◆ or to the following e-mail address:  
**info-ag@loreal-finance.com.**

For holders of bearer shares, these questions must be accompanied by a certificate confirming that the shares are recorded in a shareholder's account in the holder's name.

(1) On the day of the Annual General Meeting, each shareholder must provide proof of his shareholder status and his identity during the registration process.

## **TO GET TO THE PALAIS DES CONGRÈS 2, PLACE DE LA PORTE MAILLOT, 75017 PARIS**

- ◆ **Subway:** Line 1  
Stop "Porte Maillot";
- ◆ **RER:** RER C  
Stop "Neuilly – Porte Maillot";
- ◆ **Bus:** lines PC1, PC3, Bb, 43, 73, 82, 244  
Stop "Général Koenig – Palais des Congrès", "Porte Maillot – Palais des Congrès" or "Balabus – Porte Maillot";
- ◆ **Car:** the Palais des Congrès has an underground parking;
- ◆ **Autolib':** two autolib' stations nearby;
- ◆ **Vélib':** two vélib' stations nearby.



**FOR ANY FURTHER INFORMATION, PLEASE DO NOT HESITATE TO:**

**CHECK OUR WEBSITE [WWW.LOREAL-FINANCE.COM](http://WWW.LOREAL-FINANCE.COM);**

**CONTACT THE SHAREHOLDER SERVICES DEPARTMENT ON THE FOLLOWING NUMBER**

**WHEN CALLING FROM ABROAD: +33 1 40 14 80 50, FROM 8.45 AM TO 6 PM. (PARIS LOCAL TIME) FROM MONDAY TO FRIDAY;**

**SEND US AN E-MAIL ON: [INFO-AG@LOREAL-FINANCE.COM](mailto:INFO-AG@LOREAL-FINANCE.COM)**



# METHODS OF PARTICIPATION IN PERSON, BY PROXY OR BY CORRESPONDENCE

## YOU WISH TO PERSONALLY ATTEND THE ANNUAL GENERAL MEETING

### HOLDERS OF REGISTERED SHARES:

- ◆ Tick **box A** of the form <sup>(1)</sup>. Date and sign at the bottom of the form. Return it using the free-post envelope sent with the Convening Notice;
- ◆ You will receive your entrance card by post <sup>(2)</sup>.

### HOLDERS OF BEARER SHARES:

- ◆ Contact the institution that is custodian of your shares indicating that you want to attend the Annual General Meeting, and ask for a certificate proving your shareholder status at the date of the request;
- ◆ The custodian will then transmit it to BNP Paribas Securities Services;
- ◆ You will receive your entrance card by post <sup>(2)</sup>.

## YOU WILL NOT PERSONALLY ATTEND THE ANNUAL GENERAL MEETING

### FOR HOLDERS OF BOTH REGISTERED AND BEARER SHARES:

- If you are not personally attending the meeting you can choose one of the three following possibilities; tick the **box B** of the voting form <sup>(1)</sup>:
- ◆ Vote by post: tick box "I vote by post" (**B1**) and vote following the instructions;
  - ◆ Give your proxy to the Chairman of the meeting: tick the box "I hereby give proxy to the Chairman of the meeting" (**B2**). In that case, a vote in favor of adopting resolutions submitted or approved by the Board of Directors, and a vote against adopting any other draft resolutions will be issued <sup>(3)</sup>;
  - ◆ Give your proxy to someone else: tick the box "I hereby appoint" (**B3**) and give the name of the person appointed as your proxy who will be present at the meeting <sup>(3)</sup>.

## UNDER NO CIRCUMSTANCES SHOULD THIS VOTING BE RETURNED TO L'ORÉAL

In order for this voting form to be considered, whatever option you have chosen, it has to be:

- ◆ Duly dated and signed;
- ◆ Received by the department Assemblées Générales of BNP Paribas Securities Services, at the following address: BNP Paribas Securities Services, CTS Service Assemblées Générales, Les Grands Moulins de Pantin, 9 rue du Débarcadère, 93761 Pantin Cedex, France, no later than Monday, April 14<sup>th</sup>, 2014.

You plan to attend the Meeting in person: **check the A case.**

You do not plan to attend the Meeting in person: **check the B case.**

You want to cast a postal vote: **check here and follow the instructions.**

You want to give proxy to the Chairman of the Meeting: **check here.**

You want to give proxy to someone else, **check here, and indicate the name of the person appointed as your proxy who will be present at the Meeting.**

Ce formulaire n'est pas à utiliser dans le cas d'un vote par Internet (voir instructions ci-jointes) / This form should not be used in case of voting by Internet (see attached instruction)

**IMPORTANT : avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso / Before selecting, please refer to instructions on reverse side.**

**A.** Je désire assister à cette assemblée et demande une carte d'admission / I wish to attend the shareholder's meeting and request an admission card : date and sign at the bottom of the form.

**B.** J'utilise le formulaire de vote par correspondance ou par procuration ci-dessous, selon l'une des 3 possibilités offertes / I prefer to use the postal voting form or the proxy form as specified below.

**L'ORÉAL**

ASSEMBLÉE GÉNÉRALE MIXTE des actionnaires convoquée le jeudi 17 avril 2014 à 10h00, au Palais des Congrès, 2 Place de la Porte Maillot, 75017 PARIS - France.  
COMBINED GENERAL MEETING for the shareholders to be held on Thursday, April 17<sup>th</sup>, 2014 at 10:00 am at Palais des Congrès, 2 Place de la Porte Maillot, 75017 PARIS - France.

Société Anonyme au capital de € 121.180.377,40  
Siège social :  
14, rue Royale, 75008 PARIS-France  
632 012 100 RCS PARIS

**CADRE RÉSERVÉ À LA SOCIÉTÉ / For Company's use only**  
Identifiant / Account  
Nominatif / Registered  
Porteur / Bearer  
Vote simple / Single vote  
Vote double / Double vote  
Nombre d'actions / Number of shares  
Nombre de voix / Number of voting rights

**B1** JE VOTE PAR CORRESPONDANCE // I VOTE BY POST  
cf. au verso renvoi (2) - See reverse (2)

Je vote OUI à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directeur ou la Gérance, à l'EXCEPTION de ceux que je signale en noircissant comme ceci la case correspondante et pour lesquels je vote NON ou je m'abstiens.  
I vote YES all the draft resolutions approved by the Board of Directors EXCEPT those indicated by a shaded box - like this ■, for which I vote NO or I abstain.

Sur les projets de résolutions non agréés par le Conseil d'Administration ou le Directeur ou la Gérance, je vote en noircissant comme ceci la case correspondante à mon choix.  
On the draft resolutions not approved by the Board of Directors, I cast my vote by shading the box of my choice - like this ■.

1	2	3	4	5	6	7	8	9	Oui / Yes	Non/No	Oui / Yes	Non/No
10	11	12	13	14	15	16	17	18	A	Abst/Abs	F	Abst/Abs
19	20	21	22	23	24	25	26	27	B		G	
28	29	30	31	32	33	34	35	36	C		H	
37	38	39	40	41	42	43	44	45	D		J	
									E		K	

**B2** JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE  
cf. au verso renvoi (3)  
I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE GENERAL MEETING  
See reverse (3)

**B3** JE DONNE POUVOIR A : cf. au verso renvoi (4)  
I HEREBY APPOINT AS PROXY see reverse (4)  
M., Mme ou Mlle, Raison Sociale / Mr, Mrs or Miss, Corporate Name  
Adresse / Address

**ATTENTION:** S'il s'agit de titres au porteur, les présentes instructions ne seront valides que si elles sont directement retournées à votre banque.  
**CAUTION:** If it is about bearer securities, the present instructions will be valid only if they are directly returned to your bank.

Nom, Prénom, Adresse de l'actionnaire (si ces informations figurent déjà, les vérifier et les rectifier éventuellement)  
- Surname, first name, address of the shareholder (if this information is already supplied, please verify and correct if necessary)  
cf. au verso renvoi (1) - See reverse (1)

Si des amendements ou des résolutions nouvelles étaient présentés en assemblée / In case amendments or new resolutions are proposed during the meeting  
- Je donne pouvoir au Président de l'A.G. de voter en mon nom. / I appoint the Chairman of the general meeting to vote on my behalf  
- Je m'abstiens (l'abstention équivaut à un vote contre). / I abstain from voting (it is equivalent to a vote NO)  
- Je donne procuration (cf. au verso renvoi 4) à M., Mme ou Mlle, Raison Sociale... pour voter en mon nom / I appoint (see reverse (4)) Mr, Mrs or Miss, Corporate Name to vote on my behalf

Pour être prise en considération, toute formule (A ou B) doit parvenir au plus tard : le 14 avril 2014  
In order to be considered, all forms (A or B) must be returned no later than: April 14<sup>th</sup>, 2014  
à/ to CTS Assemblées, Les Grands Moulins de Pantin - 9 rue du Débarcadère - 93761 PANTIN Cedex  
The French version prevails; English translation is for convenience only

Date & Signature

In all cases, date and sign the form here.

Write your name and address here or verify them if they are already.

- (1) For holders of registered shares, the voting form is sent automatically with the convening notice. For holders of bearer shares who have not received the voting form, all requests have to be addressed to the institution that is custodian of your shares who will then transmit both the shareholding certificate and the postal voting form to BNP Paribas Securities Services.
- (2) If you have not received your entrance card by the third working day prior to the Annual General Meeting, namely Monday, April 14<sup>th</sup>, 2014, please ask your custodian institution for a shareholding certificate. If you are a holder of registered shares, you can go right to the Annual General Meeting (without a shareholding certificate).
- (3) In accordance with the provisions of Article R. 225-79 of French Commercial Code, it is possible to revoke a proxy who has previously been appointed. Please see the section entitled "Appointment and revocation of a proxy" on the following page of this document for further information.

## METHODS OF PARTICIPATION VIA INTERNET

### YOU ARE A DIRECTLY REGISTERED SHAREHOLDER:

Log in to the Planetshares website: <https://planetshares.bnpparibas.com>, which will be open from March 28<sup>th</sup> until April 16<sup>th</sup>, 2014 at 3 pm, using the identification number and password which have been provided to you and which you usually use to consult your account. Then follow the instructions appearing on the screen.

### YOU ARE A REGISTERED SHAREHOLDER AND YOUR SHARES ARE MANAGED BY A FINANCIAL INTERMEDIARY:

If you want to vote via internet, look at your paper voting form, enclosed with this brochure containing notice of the Annual General Meeting, which contains your identifier in the top right-hand corner.

This identifier will enable you to access the Planetshares website: <https://planetshares.bnpparibas.com>, open from March 28<sup>th</sup> until April 16<sup>th</sup>, 2014 at 3 pm.

If you do not have your password, you should ask for it by clicking as follows:

- ◆ If you have forgotten your password, click on the link "Forgotten your password?" in the top right-hand corner of the homepage of the Planetshares website;
- ◆ If you are connecting for the first time, click on the link "Connecting for the first time?" in the top right-hand corner of the homepage of the Planetshares website.

Then follow the instructions appearing on the screen to obtain your password to connect to the site.

### YOU ARE A HOLDER OF BEARER SHARES:

You can use the "Votaccess" service to vote via Internet (if the financial intermediary managing your shares offers this service).

To access the "Votaccess" service, which will be available from March 28<sup>th</sup>, 2014 until the day before the Annual General Meeting, namely until April 16<sup>th</sup>, 2014 at 3pm, connect to your financial intermediary's "stock market" ("Bourse"). Then follow the instructions appearing on the screen.

### FROM THEN ON, AND REGARDLESS OF THE WAY OF CUSTODY OF YOUR SHARES, YOU CAN:

- ◆ Vote by Internet;
- ◆ Give your proxy to the Chairman of the meeting or to anyone else <sup>(1)</sup>;
- ◆ Ask for your "e-entrance card" to personally attend the meeting. You will have the possibility to download your entrance card directly on your computer;
- ◆ Request your entrance card be sent to you by post.

### A FEW TIPS:

- ◆ To prevent overloading of the dedicated secure website, it is recommended not to wait until the day before the Annual General Meeting to vote;
- ◆ If you vote via Internet, do not return the participation form for postal voting.

**REMINDER FOR HOLDERS OF REGISTERED SHARES:** The Planetshares website <https://planetshares.bnpparibas.com> will be open from March 28<sup>th</sup> until April 16<sup>th</sup>, 2014 at 3 pm and accessible by clicking on the option "Participate in the Annual General Meeting" on the website home page.

## APPOINTMENT AND REVOCATION OF A PROXY FOR THE ANNUAL GENERAL MEETING

Article R. 225-79 of the French Commercial Code now makes it possible to revoke a proxy who has previously been appointed. The proxy given for an Annual General Meeting can be revoked in the same forms as are required to appoint the proxy.

### BY POST:

The person giving the proxy must send the service Assemblées Générales (Annual General Meetings department) of BNP Paribas Securities Services a letter giving the name of the Company and the date of the Annual General Meeting, the surname, first name, address and registered share account number (or bank account details for bearer shareholders) of the person giving the proxy where applicable and the surname, first name and, if possible, the address of the proxy.

Holders of bearer shares must mandatorily ask the institution that is the custodian of their shares to send written confirmation to the service Assemblées Générales, BNP Paribas Securities Services – CTS Assemblées Générales – Les Grands Moulins de Pantin 9 rue du Débarcadère – 93761 Pantin Cedex.

Appointments or revocations of proxies sent in on paper must be received no later than 3 calendar days prior to the date of the Annual General Meeting, namely at the latest Monday, April 14<sup>th</sup>, 2014 at midnight (Paris time).

### ONLINE:

#### DIRECTLY REGISTERED SHAREHOLDER OR REGISTERED SHAREHOLDER WHOSE SHARES ARE MANAGED BY A FINANCIAL INTERMEDIARY:

The shareholder will have to make his request on PlanetShares website: <https://planetshares.bnpparibas.com> by logging in with his/her usual identifiers. On the home page, he/she will have to click on "Participate in the Annual General Meeting", then follow the indications shown on the screen.

#### BEARER SHAREHOLDER:

##### If the financial intermediary is connected to Votaccess:

The shareholder will have to log in to his/her financial intermediary's "Stock market" ("Bourse") portal and access his/her securities account or share savings account in order to access the "Votaccess" portal. Then follow the instructions appearing on the screen.

##### If the financial intermediary is not connected to Votaccess:

- ◆ the shareholder will have to send an email to the following address: **paris.bp2s.france.cts.mandats@bnpparibas.com**. This email must mandatorily contain the following information: name of the Company and date of the Annual General Meeting, last name, first name, address, bank account details of the person granting the proxy and the last name, first name and, if possible, the proxy's address;
- ◆ the shareholder will mandatorily have to ask the financial intermediary which manages his/her securities account to send written confirmation to the Service Assemblées Générales of BNP Paribas Securities Services – CTS Assemblées Générales - Grands Moulins de Pantin - 9 rue du Débarcadère – 93761 Pantin Cedex.

Only notifications of appointment or revocation of proxies may be sent to the above-mentioned e-mail address and any request or notification made to this address for another purpose will not be taken into consideration and/or processed.

In order for appointments or revocations of proxies made by e-mail to be validly taken into consideration, the confirmations must be received at the latest on the day before the Annual General Meeting, namely on Wednesday, April 16<sup>th</sup>, 2014 at 3pm. (Paris time).

(1) Article R. 225-79 of the French Commercial Code makes it possible to appoint a proxy on line. For further information please see the section entitled "Appointment and revocation of a proxy for the Annual General Meeting" of this document.