

L'ORÉAL

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

**(Ordinary and Extraordinary Shareholders' Meeting of April 27,
2010 – fourteenth resolution)**

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**(Ordinary and Extraordinary Shareholders' Meeting of April 27, 2010 – fourteenth
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L'ORÉAL
14 rue Royale
75008 Paris

This is a free translation into English of the Statutory Auditors' special report on the cancellation of own 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.

To the Shareholders,

In our capacity as Statutory Auditors of L'Oréal and in accordance with Articles L. 225-204 and L. 225-209 of the French Commercial Code (*Code de commerce*) relating to capital decreases by cancellation of own 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 have performed the procedures that we deemed necessary with regard to French professional standards in relation to this engagement. Those procedures consist in examining the fairness of the reasons for and the terms and conditions of the proposed capital decreases. Our work consisted in particular of verifying that the capital decrease would not bring the Company's share capital below the minimum legal threshold and that it would not violate shareholder equality.

**Cancellation of shares held by the Company within the scope of Article L. 225-204 of
the French Commercial Code**

The proposed capital decrease relates to 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 500,000 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 27, 2010. This share capital decrease would reduce the Company's share capital by a maximum of €100,000.

We have no comment to make on the reasons for or terms and conditions of the proposed share capital decrease.

Cancellation of shares held by the Company within the scope of Article L. 225-209 of the French Commercial Code

The proposed capital decrease would take place further to the purchase of shares representing a maximum of 10% of the Company's capital, in accordance with Article L. 225-209 of the French Commercial Code. Under the thirteenth resolution, the Board of Directors is seeking an eighteen-month authorization from the Shareholders' Meeting to perform this purchase.

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 27, 2010.

We have no comment to make 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 thirteenth resolution.

Neuilly-sur-Seine, February 19, 2010

The Statutory Auditors

PricewaterhouseCoopers Audit

Deloitte & Associés

Etienne Boris

David Dupont-Noel