Clichy, February 15th, 2010 at 6:00 pm

L'ORÉAL

News Release

2009 Annual Results

WITH SOLID, GOOD QUALITY RESULTS L'OREAL HAS PREPARED ITSELF WELL FOR A RETURN TO GROWTH IN 2010

- **2009 sales: 17.5 billion euros**
- **Good quality operating profit**
    - Improvement in gross profit rate
    - Reduction in selling, general and administrative expenses
    - Increase in R&D and advertising & promotion expenses
- **Strong growth in cash flow**
- **Net earnings per share* at 3.42 euros**
- **Growth in dividend** to 1.50 euro** (+4.2%)

COMMENTS:

The Board of Directors of L'Oréal met on February 15th, 2010 under the chairmanship of Sir Lindsay Owen-Jones and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2009.

Commenting on the figures, Mr Jean-Paul Agon, Chief Executive Officer of L'Oréal, said:
"After a difficult start to the year due to a contraction in sell-out and drastic inventory reduction by the trade, the cosmetics market has gradually improved and ended up slightly positive. In this context, L'Oréal has weathered the crisis well and confirmed its position as the world leader in beauty.
2009 has been an exceptional vintage for innovation, and a year of very strong dynamism in Consumer Products, along with the conquest of a large number of new hair salons and rapid growth in new markets. The group ended the year with good quality operating results, record cash flow and a very robust financial situation.
We have also devoted the year to preparing for the future with three major strategic changes: the broadening of the consumer base with the target of winning a billion new consumers, a thorough transformation of the company to make it stronger and more flexible, and finally, a determined increase of investments in R&D and advertising & promotion to accelerate growth.
Overall, L'Oréal has emerged from 2009 stronger, and has prepared itself well for a return to sales and results growth in 2010."

Furthermore, the Board of Directors has decided to propose to the Annual General Meeting on April 27th, 2010 the payment of a dividend of €1.50 per share, an increase of +4.2% compared with 2008.

At the end of the board meeting, Sir Lindsay Owen-Jones said: "*2009 has ended with good quality results, in a truly exceptional economic context. Thanks to the energy, imagination and combativity of Jean-Paul Agon and his teams, the group has succeeded in renewing itself and preparing for the future. The proposal by the Board of Directors to pay a dividend of 1.50 euro is an expression of our confidence in the solidity of L'Oréal and of our legitimate and particular concern to achieve the right balance.*"

The Board has decided to continue the separation of the roles of Chairman and Chief Executive Officer, and to renew the tenure of Sir Lindsay Owen-Jones as Chairman and that of Mr Jean-Paul Agon as Chief Executive Officer at the meeting to be held after the Annual General Meeting on April 27th, 2010, subject to the renewal of their terms of office as directors. This renewal and the remuneration of the Chairman and of the Chief Executive Officer will shortly be the subject of a news release which will be available on the company's Internet site.

** diluted net earnings per share, based on net profit excluding non-recurrent items attributable to the group.*
*** proposed at the Annual General Meeting of April 27th, 2010.*

A - 2009 sales

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales trend of the L'Oréal group was -1.1%.
The net impact of changes in consolidation, as a result of the acquisitions of YSL Beauté, CollaGenex Pharmaceuticals and the 100% consolidation of Club des Créateurs de Beauté, amounted to +1.9%.
Currency fluctuations had a negative impact of -1.2%.
Growth at constant exchange rates was +0.8%.
Based on reported figures, the group's sales, at December 31st, 2009, amounted to 17.473 billion euros, a decrease of -0.4%.

Sales by operational division and geographic zone

	4th quarter 2009			At December 31st 2009		
		Growth			Growth	
	€m	**Like-for-like**	**Reported**	**€m**	**Like-for-like**	**Reported**
By operational division						
Professional Products	581.6	-1.5 %	-6.7 %	2 388.5	-3.3 %	-3.4 %
Consumer Products(1)	2 074.8	5.2 %	-0.2 %	8 555.2	3.2 %	1.5 %
Luxury Products	1 159.9	-4.7 %	-9.1 %	4 079.6	-9.0 %	-2.2 %
Active Cosmetics	260.1	1.1 %	-3.4 %	1 233.8	-1.5 %	-4.3 %
Cosmetics total	**4 076.4**	**1.0 %**	**-4.0 %**	**16 257.2**	**-1.5 %**	**-0.6 %**
By geographic zone						
Western Europe	1 714.7	-6.1 %	-6.9 %	7 036.6	-6.3 %	-4.7 %
North America	904.6	-0.8 %	-10.4 %	3 801.9	-3.4 %	1.7 %
Rest of the World, of which:	1 457.1	12.2 %	4.5 %	5 418.7	7.2 %	3.4 %
- *Asia*	*559.8*	*12.6 %*	*4.9 %*	*2 147.8*	*8.3 %*	*16.5 %*
- *Eastern Europe*	*335.8*	*11.3 %*	*-3.8 %*	*1 212.8*	*3.3 %*	*-12.1 %*
- *Latin America*	*320.0*	*10.3 %*	*3.7 %*	*1 138.4*	*11.2 %*	*-1.1 %*
- *Africa-Orient-Pacific*	*241.4*	*15.3 %*	*18.7 %*	*919.7*	*5.0 %*	*6.7 %*
Cosmetics total	**4 076.4**	**1.0 %**	**-4.0 %**	**16 257.2**	**-1.5 %**	**-0.6 %**
The Body Shop	240.9	3.9 %	-2.0 %	726.3	0.7 %	-3.9 %
Dermatology(2)	151.2	14.2 %	10.3 %	489.1	10.8 %	14.6 %
Group total	**4 468.5**	**1.5 %**	**-3.5 %**	**17 472.6**	**-1.1 %**	**-0.4 %**

(1) *After reclassification of the "Distance selling" activity under the Consumer Products Division heading.*
(2) *Group share, i.e. 50%.*

1) Cosmetics sales

PROFESSIONAL PRODUCTS

In a hairdressing market which felt the strong impact of the economic context, the Professional Products Division ended 2009 at -3.3% like-for-like and is significantly strengthening its positions in all regions of the world, with a steady improvement in the second part of the year.

- In 2009 the initiatives implemented to counter the effects of the crisis led to the conversion of a record number of hair salons to the division's brands, placing it in a position of strength for the upturn in activity.
  Matrix has continued its expansion in the growth-relay countries; *Redken* is performing well in the United States; *Pureology* is being rolled out in Western Europe; *Kérastase* has proven resilient; and *L'Oréal Professionnel* has taken major initiatives to strengthen its leadership.
  In haircare the year's major successes were *Force Vector* by *L'Oréal Professionnel* for brittle hair, *Age Premium* by *Kérastase* and *Rejuvatherapie* from *Matrix* for mature hair, and *Color Extend* by *Redken* for colour-treated hair. The technical services *Oléo Relax Slim* and *Volumorphose* have bolstered the activity of *Kérastase*.
  In hair colourants, activity was strong at the end of the year with the launches of *Dream Age* by *Matrix* and *Cover Fusion* from *Redken* for mature women. *L'Oréal Professionnel* introduced a major hair colour innovation, *Inoa*, the first ammonia-free oxidation colourant with Oil Delivery System. Launched in September 2009 in Europe, *Inoa* is proving an unprecedented success and has been awarded the Prix d'Excellence Marie-Claire.

- In Western Europe, the division has seen its sales improve slightly since September, thanks particularly to *Inoa*, and is winning market share in many countries including Germany, Austria and the Scandinavian countries. In North America, sales were affected by the sharp contraction in the market, but the division is accentuating its leadership, particularly thanks to *Redken*. In December, two further acquisitions of American distributors, Maly's Midwest and Marshall Salon Services, have extended the SalonCentric network.
  The Rest of the World zone remained dynamic with strong growth in Brazil, India and China, where the division is proving highly successful with its perms and is increasing its education efforts to build the professional markets of tomorrow.

CONSUMER PRODUCTS

The Consumer Products Division achieved annual growth of +3.2% like-for-like, with a fourth quarter at +5.2%. The 2nd half thus reflected a strong upturn in amounts invoiced, bolstered in particular by the *Garnier* and *Maybelline* brands, the dynamism of the new markets, and rapid growth in skincare. Over the full year, the division grew slightly faster than the worldwide market trend.

- *L'Oréal Paris* recorded a good second half, thanks to an extensive programme of innovations in all categories, particularly in make-up, with the fourth quarter launches of *Roll'on True Match* foundation and *Double Extension* mascara with renewal lash serum.
  Garnier is making fast progress thanks to strong growth in skincare, where the brand is making major breakthroughs in Asia and is holding on to its positions in the United States. It is recording strong increases in the growth-relay countries, and has successfully moved into new categories: deodorants in Latin America and Eastern Europe, and men's skincare in India and Asia.
  Maybelline is growing quickly and consistently across all zones, thanks in particular to the successes of *Color Sensational* lipstick.

- In Western Europe, the division's trend is slightly less rapid than the market, whose trend remained positive. There was a contrasting situation with, on the one hand, the United Kingdom and Germany which are still dynamic in sell-out, and on the other hand, Spain where the market is still very tough, and where the division's positions are traditionally strong.
  In North America, in a market which remained stable, the division is improving its positions, with market share gains in haircare and skincare.
  In the Rest of the World zone, the markets were again dynamic. In Eastern Europe, particularly in Russia, the division is advancing in all categories, thanks to the breakthrough of *Garnier* deodorants and the continuing success of *L'Oréal Paris* in hair colourants.

In Latin America, and Brazil in particular, the division achieved strong growth, driven by *Elsève* haircare products by *L'Oréal Paris* which are gaining ground throughout the zone, and *Garnier* deodorants, which are continuing to win market share.
In Asia, the division recorded very strong growth with the *L'Oréal Paris* and *Garnier* skincare lines. In Japan, where the market was very depressed, the division advanced thanks to the success of *Maybelline*.
In India, *Garnier* achieved very strong growth across all categories, and successfully rolled out its *Garnier Men* range.

LUXURY PRODUCTS

The Luxury Products Division ended 2009 at -9% like-for-like and -2.2% based on reported figures with the consolidation of *YSL Beauté*. The large difference between shipments to distributors and retail sales is due to the impact of inventory reduction which affected most regions. The end of the year brought a recovery in sell-out, and over the full year the division held on to its worldwide positions in sell-out terms. The weakness of the perfume market and the particularly difficult situation of some West European markets, where the division's brands are leaders, hampered its performance.

- *Lancôme* made two major technological breakthroughs in anti-ageing skincare: *Génifique* in the field of genomics, which won the Prix d'Excellence Marie-Claire, is proving a resounding commercial success, and *Absolue Precious Cells* in the stem cells field. In make-up, *Lancôme* had a great year in mascara with the launches of *Hypnôse Drama* and *Oscillation Power Booster*. *Yves Saint Laurent* saw its sell-out accelerate significantly in 2009, particularly at the end of the year in the United States and France, thanks to the success of the fragrances *La Nuit de l'Homme*, *L'Homme Yves Saint Laurent*, *Parisienne*, and *Opium*, and in make-up with *Teint Resist*, winner of the Prix d'Excellence Marie-Claire.
  Kiehl's is recording very strong worldwide growth, driven in particular by Asia, and is launching the organic skincare line *Açai*. *Diesel* is making significant advances, and its men's fragrance *Only The Brave* was one of the top launches. *Biotherm* is innovating with *Skin Vivo*, a very significant advance in skincare.

- In Western Europe, the division recorded an improvement in sell-out in the 4th quarter, particularly in France and the United Kingdom, thanks to *Yves Saint Laurent*, *Lancôme* and *Diesel*. Inventory reduction continued in the countries of Southern Europe.
  In North America the division's trend was in line with the market, with faster growth from *Lancôme* and *Yves Saint Laurent*. It is also making strong progress in alternative distribution channels: home TV shopping and Internet sales. The perfume market has remained difficult.
  In the Rest of the World zone, while the Middle East was significantly more difficult, it is worth noting the acceleration in Asia, where growth in sell-out was double-digit and faster than the market trend, particularly thanks to *Lancôme* and *Kiehl's*, whose sales are growing very quickly in South Korea, and which got off to a successful start in Japan and China.
  Travel Retail was in clear decline over the full year, but recorded a positive 4th quarter trend, thanks to a boost from Asia.

ACTIVE COSMETICS

The Active Cosmetics Division annual sales trend was -1.5% like-for-like. The 4th quarter again reflected an improvement at +1.1% like-for-like, confirming the recovery in activity compared with the 1st half. Worldwide, the division confirmed its position as number one in dermocosmetics.

- *La Roche-Posay* is expanding strongly in all geographic zones, across all categories.
  Vichy is maintaining its leadership thanks to initiatives aimed at winning new customers and strong activity in facial skincare with the launch of *Neovadiol GF*, and in the other categories with the launch of *Essentielles*, the new *Vichy* entry-level range.
  SkinCeuticals is recording good growth thanks to the success of its new serum *Phloretin CF* and the roll-out of the brand outside the United States.
  Innéov is continuing to win market share.

- Sales in Western Europe were down, reflecting inventory reductions by wholesalers and parapharmacies, as well as the difficulties of *Vichy* and *Innéov* with their seasonal products.
  In North America the division is continuing to win market share in the context of a sharp slowdown in the activity of doctors and spas.
  There were contrasting situations in the Rest of the World. Due to the financial difficulties of some distributors, sales are down in Eastern Europe. Latin America is growing strongly.

Multi-division summary by geographic zone

WESTERN EUROPE

- Annual performance came out at -6.3% like-for-like. The group's trend is still favourable in the United Kingdom, while France, Italy and particularly Spain and Travel Retail are continuing to weigh on performances in this zone. The impact of inventory reductions by distributors, which is particularly significant in Luxury Products, is gradually declining.

NORTH AMERICA

- The situation improved at the end of the year with a 4th quarter at -0.8% like-for-like, enabling the group to end 2009 at -3.4%. Over the full year, the group slightly outpaced the market in sell-out terms. The Luxury Products Division picked up in the final months of the year with the successes of *Lancôme* and *Yves Saint Laurent*. Professional Products produced one of their best ever years in market share gain terms, thanks in particular to the distribution strategy initiated 3 years ago with the acquisition of distributors. Consumer Products are growing slightly faster than the market.

REST OF THE WORLD

- **Asia:** The group's growth accelerated in the 4th quarter to +12.6% like-for-like and +17.9% excluding Japan. Over the full year, the group recorded growth of +8.3%, in a market that was stagnant because of very depressed consumption in Japan. Outside Japan, the group's growth rate was +12.2%. L'Oréal is strengthening its positions in the three major markets in this zone – Japan, South Korea and China – and in new markets such as Indonesia. The skincare category is continuing its rapid expansion. In China, where the group recorded a further market share gain, the haircare line *L'Oréal Hair Expertise* launched this summer has made a very good start.

- **Eastern Europe:** After a difficult start to the year for the market, sales accelerated sharply in the final quarter, with a growth rate of +11.3%, enabling L'Oréal to end the year at +3.3%. The group strengthened its positions, particularly in the Consumer Products Division. There is a very pronounced contrast: the sales trend in Hungary and the Czech Republic was still negative, whilst growth was strong in Ukraine, and Russia recorded a strong growth rate at the end of the year. The group has created a subsidiary in Kazakhstan.

- **Latin America:** Sales grew by +11.2% like-for-like. All major countries are recording sales growth. Brazil accelerated, ending the year at +15%. Argentina and Chile are posting double-digit growth. Mexico is gradually improving, and resumed positive growth with the haircare breakthrough of *Elvive Total Repair 5* by *L'Oréal Paris*.

- **Africa-Orient-Pacific:** Sales increased by +5% like-for-like, with strong acceleration in the 4th quarter at +15.3%. The situation is contrasting: India has a growth rate of +31.5%, and is back on the offensive, driven by the *Garnier* brand. South Africa recorded a high growth rate. The Gulf countries however had a very tough year because the Luxury Products Division was hit hard by the crisis in the region. The group has created subsidiaries in Egypt and Pakistan.

2) The Body Shop sales

The Body Shop ended the year with like-for-like growth at +0.7%. Total Retail Sales[1] grew by +1.0%. With a comparable store base[2], sales were down by -0.6%. The Body Shop proved resilient in a severely affected retail market, registering solid growth in most of Asia, the Middle East and mainland Europe. However, the economic climate continued to hamper customer footfall in countries such as the United Kingdom and in North America.

The Body Shop continued to pursue its innovations strategy with the launch of *Nutriganics*, its first certified organic skincare regime and *Love Etc*™, a fragrance using Community Trade alcohol made from organic sugar cane. The brand also launched *The Originals* collection, which includes 11 iconic The Body Shop products sold at attractive prices.

The brand further extended its reach by opening new retail outlets in airports.

At the end of 2009, The Body Shop has a total of 2,550 stores in 63 countries.

[1] Retail sales: total sales to consumers through all channels.
[2] Retail sales with a comparable store base: total sales to consumers by stores which operated continuously from January 1st to December 31st, 2008 and over the same period in 2009.

3) Galderma sales

Galderma achieved a year of solid growth at +10.8% like-for-like. Sales increased by +9.5% in the North America zone. Sales in Europe and the Rest of the World zone posted double-digit growth. The company recorded the highest absolute growth in the dermatology industry in 2009, achieving record market share.

The Adapalene molecule, which serves as the foundation for *Epiduo* and *Differin*, continued to grow market share worldwide as the leading topical treatment for acne. *Epiduo* was approved in a growing number of countries on the five continents and was ranked as the fastest growing product in dermatology. In Japan, one year after its launch, *Differin* 0.1% gel continued to conquer the acne market. *Oracea* (rosacea) was approved in Europe together with *Clobex Shampoo* (psoriasis). *Azzalure*, a botulinum toxin type A specifically developed to correct glabellar lines, was launched with success in the European market. *Vectical* was approved in the United States and rapidly adopted as an important component in the treatment of psoriasis.

B – Important events during the period 10/01/09 - 12/31/09

- On December 31st, 2009, L'Oréal USA, a subsidiary of L'Oréal, acquired, through its SalonCentric division, Maly's Midwest and Marshall Salon Services. The two companies supply over 40,000 hair salons across 8 states in the Middle West through a network of 120 representatives and 90 stores open only to professionals. Their combined sales in 2009 amounted to approximately $130m. The two acquisitions were consolidated as of December 31st, 2009.

C – 2009 Results

Audited financial statements, certification in progress.

1) Operating profitability and Consolidated profit and loss account

€m	12.31.2008*	As % of sales	12.31.2009	As % of sales
Sales	**17 542**	**100%**	**17 473**	**100%**
Cost of sales	*-5 187*	*29.6%*	*-5 162*	*29.5%*
Gross profit	**12 355**	**70.4%**	**12 311**	**70.5%**
Research and development expenses	*-588*	*3.3%*	*-609*	*3.5%*
Advertising and promotion expenses	*-5 269*	*30.0%*	*-5 389*	*30.8%*
Selling, general and administrative expenses	*-3 773*	*21.5%*	*-3 736*	*21.4%*
Operating profit	**2 725**	**15.5%**	**2 578**	**14.8%**

** Foreign exchange gains and losses have been reclassified to the various lines making up the operating profit. Net sales and operating profit remain unchanged.*

Gross margin amounted to 70.5% of sales. The improvement of 10 basis points reflects efficiency gains in plants and gains on purchasing, and, on the other hand, extra costs linked in particular to monetary parities. This improvement in gross profit was particularly significant in the second half of 2009.

Research and development expenses, as announced, increased as a percentage to reach 3.5% of sales.

Advertising and promotion expenses, at 30.8% of sales, have increased significantly compared with 2008 when they stood at 30%. Investments to support the brands have increased across all divisions and zones.

Selling, general and administrative expenses have declined to 21.4% of sales, representing a reduction of 10 basis points. This decrease was most significant in the second half.

Operating profit amounted to 2,578 million euros, down by -5.4%. The reduction in the operating profitability percentage reflects the increase in advertising and promotion investments in 2009.

2) Operating profit by branch and division

	2008		2009	
	€m	% of sales	€m	% of sales
By operational division				
Professional Products	519	21.0%	477	20.0%
Consumer Products [(1)]	1 566	18.6%	1 577	18.4%
Luxury Products	767	18.4%	617	15.1%
Active Cosmetics	259	20.1%	250	20.2%
Cosmetics divisions total	**3 110**	**19.0%**	**2 921**	**18.0%**
Non-allocated [(2)]	*-502*	*-3.1%*	*-482*	*-3.0%*
Cosmetics branch total	**2 608**	**15.9%**	**2 439**	**15.0%**
The Body Shop	**36**	**4.8%**	**54**	**7.4%**
Dermatology branch [(3)]	**80**	**18.7%**	**85**	**17.4%**
Group	**2 725**	**15.5%**	**2 578**	**14.8%**

[(1)] After reclassification of the "Distance selling" activity under the Consumer Products Division heading.
[(2)] Non-allocated = Central group expenses, fundamental research expenses, stock option expenses and miscellaneous items. As % of total sales.
[(3)] Group share, i.e. 50%.

The profitability of the Professional Products Division was slightly lower at 20.0% of sales.
The profitability of the Consumer Products Division remained practically stable at 18.4% of sales.
The profitability of the Luxury Products Division decreased by 330 basis points, of which 100 basis points are the result of the dilution of Yves Saint Laurent Beauté.
The profitability of Active Cosmetics increased very slightly to 20.2% of sales.

In 2009 The Body Shop achieved a strong improvement in its profitability, which amounted to 7.4% of sales.

Finally, the profitability of the Dermatology branch, Galderma, reached 17.4%. Galderma invested significantly in 2009 in order to take up new positions in the acne field with its new product *Epiduo*.

3) Profitability by geographic zone

Operating profit	2008		2009	
	€m	% of sales	€m	% of sales
Western Europe	1 634	**22.1%**	1 470	**20.9%**
North America	593	**15.9%**	554	**14.6%**
Rest of the World	884	**16.9%**	896	**16.5%**
Cosmetics zones total	**3 110**	**19.0%**	**2 921**	**18.0%**

The lower profitability in Western Europe at 20.9% is the result of the greater weight of research expenses and advertising and promotion expenses.
In North America and in the Rest of the World zone, the decline in profitability reflects the increase in advertising and promotion expenses.

4) Net earnings per share: €3.42

€m	12.31.2008	12.31.2009
Operating profit	**2 725**	**2 578**
Finance costs	*-181*	*-89*
Sanofi-Aventis dividends	245	260
Pre-tax profit excluding non-recurrent items	**2 789**	**2 749**
Income tax excluding non-recurrent items	*-722*	*-749*
Minority interests	*-2.6*	*-2.7*
Net profit excluding non-recurrent items after minority interests [(1)]	**2 064**	**1 997**
EPS [(2)] (€)	**3.49**	**3.42**
Diluted net profit per share (group share) (€)	**590 920 078**	**583 797 566**

[(1)] Net profit excluding non-recurrent items after minority interests does not include capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, associated tax effects or minority interests.
[(2)] Diluted net earnings per share excluding non-recurrent items after minority interests.

The finance costs were reduced by half to 89 million euros.
Dividends received from Sanofi-Aventis amounted to 260 million euros, up by +6.3%.
Tax amounted to 749 million euros, representing a rate of 27.3%.
In all, net profit excluding non-recurrent items after minority interests totalled 1,997 million euros, down by -3.2% and -2% at constant exchange rates.

Net earnings per share amounted to €3.42, down by -2.1%, and down by -0.8% at constant exchange rates.

5) Net profit excluding non-recurrent items after minority interests: €1,997m

€m	12.31.2008	12.31.2009	
Net profit excluding non-recurrent items after minority interests	**2 064**	**1 997**	**-3.2%**
Non-recurrent items net of tax	*-116*	*-205*	
Net profit after minority interests	1 948	1 792	
Diluted earnings per share (€)	3.30	3.07	

Non-recurrent items amounted to a gross amount of -278 million euros before tax (-205 million euros, net of tax) and consist primarily of:

i. 54 million euros of depreciation of intangible assets and goodwill.
ii. 223 million euros of restructuring costs.

6) Cash flow Statement, Balance sheet and Debt

Gross cash flow amounted to 2,758 million euros, an increase compared with 2008.
The working capital requirement trend was extremely favourable, with a decrease of 466 million euros at December 31st. Inventories were down by 170 million euros. Trade accounts receivable decreased by 312 million euros.
Capital expenditure was contained at 3.6% of sales, compared with 4.3% in 2008.

After dividend payment, amounting to 851 million euros, the residual cash flow comes out at 1,809 million euros, representing very strong growth compared with 2008.

The balance sheet structure is very robust, with shareholders' equity representing 58% of total assets.

Net financial debt amounted to 1,958 million euros, representing 14.4% of shareholders' equity, compared with 3,700 million euros and 32% at end-2008.

7) Proposed dividend at the Annual General Meeting on April 27th, 2010

The Board of Directors has decided to propose that the Annual General Meeting of Shareholders of April 27th, 2010 should approve a dividend of €1.50 per share, an increase of +4.2% compared with the dividend paid in 2009. This dividend will be paid on May 5th, 2010 (ex-dividend date April 29th at midnight).

8) Share capital

Finally, the Board of Directors has set the amount of the share capital at December 31st, 2009:
598,972,410 shares with a par value of 0.20 euro, representing a total of 119,794,482 euros.

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D - Annexes

Annexe 1: L'Oréal group sales 2008/2009 (€ millions)

	2008	2009
First quarter:		
Cosmetics	4 118	4 112
The Body Shop	168	162
Dermatology	73	96
First quarter total	**4 359**	**4 370**
Second quarter:		
Cosmetics	4 016	4 104
The Body Shop	166	161
Dermatology	105	134
Second quarter total	**4 287**	**4 399**
First half:		
Cosmetics	8 134	8 216
The Body Shop	334	323
Dermatology	178	230
First half total	**8 646**	**8 769**
Third quarter:		
Cosmetics	3 978	3 965
The Body Shop	176	162
Dermatology	112	108
Third quarter total	**4 266**	**4 235**
Nine months:		
Cosmetics	12 112	12 181
The Body Shop	510	485
Dermatology	290	338
Nine months total	**12 912**	**13 004**
Fourth quarter:		
Cosmetics	4 247	4 076
The Body Shop	246	241
Dermatology	137	151
Fourth quarter total	**4 630**	**4 469**
Full year		
Cosmetics	16 359	16 257
The Body Shop	756	726
Dermatology	427	489
Full year total	**17 542**	**17 473**

Annexe 2: Compared consolidated profit and loss accounts

€ millions	2009	2008 (1)	2007 (1)
Net sales	**17,472.6**	**17,541.8**	**17,062.6**
Cost of sales	-5,161.6	-5,187.2	-4,923.3
Gross profit	**12,311.0**	**12,354.6**	**12,139.3**
Research and development	-609.2	-587.5	-571.3
Advertising and promotion	-5,388.7	-5,269.1	-5,124.8
Selling. general and administrative expenses	-3,735.5	-3,773.4	-3,616.0
Operating profit	**2,577.6**	**2,724.6**	**2,827.2**
Capital gain on Sanofi-Aventis sale			642.8
Other income and expenses	-277.6	-156.3	-21.2
Operational profit	**2,299.9**	**2,568.3**	**3,448.8**
Finance costs on gross debt	-92.0	-208.8	-207.5
Finance income on cash and cash equivalents	16.0	34.6	33.0
Finance costs	**-76.0**	**-174.2**	**-174.5**
Other financial income (expense)	-13.0	-7.2	-7.6
Sanofi-Aventis dividends	260.1	244.7	250.3
Share in net income of equity affiliates	-	-	0.1
Profit before tax and minority interests	**2,471.0**	**2,631.6**	**3,517.2**
Income tax	-676.1	-680.7	-859.7
Net profit	**1,794.9**	**1,950.9**	**2,657.5**
attributable to:			
- group share	1,792.2	1,948.3	2,656.0
- minority interests	2.7	2.6	1.5
Net profit attributable to the group per share (euros)	3.07	3.31	4.42
Diluted net profit attributable to the group per share (euros)	3.07	3.30	4.38
Net profit excluding non-recurrent items attributable to the group per share (euros)	3.42	3.50	3.39
Diluted net profit excluding non-recurrent items attributable to the group per share (euros)	**3.42**	**3.49**	**3.36**

(1) Foreign exchange gains and losses have been reclassified to the various lines making up operating profit. Net sales and operating profit remain unchanged.

Annexe 3: Consolidated statement of net profit and gains and losses directly recognised in equity

€ millions	**2009**	**2008**	**2007**
Consolidated net profit of the period	**1,794.9**	**1,950.9**	**2,657.5**
Financial assets available for sale	*1,142.5*	*-2,083.9*	*-1,716.5*
Cash flows hedging	*-154.3*	*88.3*	*38.7*
Actuarial gains and losses	*-142.9*	*-160.4*	*165.2*
Tax effect on items directly recognised in equity [1]	*61.4*	*78.6*	*-35.1*
Cumulative translation adjustments	*6.5*	*-124.5*	*-364.6*
Changes in gains and losses directly recognised in equity	**913.2**	**-2,201.9**	**-1,912.3**
Total of net profit and gains and losses directly recognised in equity	**2,708.1**	**-251.0**	**745.2**
Attributable to:			
- group share	**2,705.4**	**-253.6**	**743.7**
- minority interests	2.7	2.6	1.5

[1] *The tax effects is as follows:*

€ millions	***2009***	***2008***	***2007***
Financial assets available for sale	*-19.8*	*37.7*	*30.6*
Cash flows hedging	*39.6*	*-17.4*	*-10.8*
Actuarial gains and losses	*41.6*	*58.3*	*-54.9*
Total	***61.4***	***78.6***	***-35.1***

Annexe 4: Compared consolidated balance sheets

Assets

€ millions	12.31.2009	12.31.2008 (1)	12.31.2007 (1)	01.01.2007 (1)
Non-current assets	**17,350.4**	**16,380.3**	**17,029.6**	**19,250.8**
Goodwill	5,466.0	5,532.5	4,344.4	4,053.9
Other intangible assets	2,042.4	2,038.2	1,959.2	1,792.8
Tangible assets	2,599.0	2,753.3	2,651.1	2,628.4
Non-current financial assets	6,672.2	5,557.4	7,608.9	10,168.5
Investments in equity affiliates				82.0
Deferred tax assets	570.8	498.9	466.0	525.2
Current assets	**5,941.1**	**6,526.5**	**6,102.1**	**5,505.9**
Inventories	1,476.7	1,635.5	1,547.6	1,404.4
Trade accounts receivable	2,443.3	2,694.6	2,617.5	2,558.5
Other current assets	732.8	985.8	807.9	730.1
Current tax assets	115.2	133.6	42.5	31.7
Cash and cash equivalent	1,173.1	1,077.1	1,086.7	781.2
Total	**23,291.5**	**22,906.9**	**23,131.7**	**24,756.6**

(1) The balance sheets as of 01/01/2007, 12/31/2007 and 12/31/2008 have been restated according to changes in accounting policies relating to costs of samples and other POS costs, customer loyalty programmes and recognition of actuarial gains and losses linked to employee benefits.

Liabilities & Equity

€ millions	12.31.2009	12.31.2008 (1)	12.31.2007 (1)	01.01.2007 (1)
Shareholders' equity	**13,598.3**	**11,562.5**	**13,462.7**	**14,348.6**
Capital stock	119.8	120.5	123.6	127.9
Additional paid-in capital	996.5	965.5	963.2	958.5
Other reserves	10,141.3	9,232.1	8,598.9	8,877.5
Items directly recognised in equity	2,169.9	1,263.2	3,340.7	4,888.3
Cumulative translation adjustments	-552.9	-559.4	-434.9	-70.3
Treasury stock	-1,071.6	-1,410.6	-1,787.2	-2,496.3
Net profit attributable to the group	1,792.2	1,948.3	2,656.0	2,061.0
Shareholders' equity excluding minority interests	**13,595.2**	**11,559.6**	**13,460.3**	**14,346.6**
Minority interests	3.1	2.8	2.4	2.0
Non-current liabilities	**4,306.6**	**3,978.0**	**4,059.7**	**3,636.4**
Provisions for employee retirement obligations and related benefits	1,021.4	961.6	856.7	1,110.3
Provisions for liabilities and charges	125.6	111.4	148.5	154.1
Deferred tax liabilities	418.0	398.4	471.5	479.6
Non-current borrowings and debts	2,741.6	2,506.6	2,583.0	1,892.4
Current liabilities	**5,386.5**	**7,366.4**	**5,609.3**	**6,771.6**
Trade accounts payable	2,603.1	2,656.6	2,528.7	2,485.0
Provisions for liabilities and charges	510.0	431.1	285.7	272.0
Other current liabilities	1,750.5	1,848.4	1,741.7	1,623.6
Income tax	133.2	159.7	176.5	173.0
Current borrowings and debts	389.7	2,270.6	876.8	2,218.0
Total	**23,291.5**	**22,906.9**	**23,131.7**	**24,756.6**

(1)The balance sheets as of 01/01/2007, 12/31/2007 and 12/31/2008 have been restated according to changes in accounting policies relating to costs of samples and other POS costs, customer loyalty programmes and recognition of actuarial gains and losses linked to employee benefits.

Annexe 5: Consolidated statement of changes in shareholders' equity

€ millions	Common share outstanding	Capital stock	Additionnal paid-in capital	Retained earnings and net income	Items directly recognised in equity	Treasury stock	Cumulative translation adjustments	Shareholders' equity excluding minority interests	Minority interests	Shareholders' equity
At 12.31.2006	**605,722,110**	**127.9**	**958.5**	**11,035.4**	**5,066.9**	**-2,496.3**	**-70.3**	**14,622.1**	**2.1**	**14,624.2**
Changes in accounting methods at 01.01.2007				-96.9	-178.6			-275.5	-0.1	-275.6
At 01.01.2007 [(1)]	**605,722,110**	**127.9**	**958.5**	**10,938.5**	**4,888.3**	**-2,496.3**	**-70.3**	**14,346.6**	**2.0**	**14,348.6**
Consolidated net profit of the period				2,656.0				2,656.0	1.5	2,657.5
Financial assets available for sale					*-1,685.9*			*-1,685.9*		*-1,685.9*
Cash flows hedging					*27.9*			*27.9*		*27.9*
Actuarial gains and losses					*110.3*			*110.3*		*110.3*
Cumulative translation adjustments							*-364.6*	*-364.6*		*-364.6*
Change in gains and losses directly recognised in equity					-1,547.7		-364.6	-1,912.3		-1,912.3
Total of net profit and gains and losses directly recognised in equity				2,656.0	-1,547.7		-364.6	743.7	1.5	745.2
Capital increase	75,050		4.7					4.7		4.7
Cancellation of treasury stock		-4.3		-1,704.8		1,709.1				
Dividends paid (not paid on treasury stock)				-711.6				-711.6	-0.9	-712.5
Share-based payment				69.1				69.1		69.1
Net changes in treasury stock	-10,486,487			-1.6		-1,000.0		-1,001.6		-1,001.6
Other movements				9.3				9.3	-0.1	9.2
At 12.31.2007 [(1)]	**595,310,673**	**123.6**	**963.2**	**11,254.9**	**3,340.6**	**-1,787.2**	**-434.9**	**13,460.2**	**2.4**	**13,462.7**
Consolidated net profit of the period				1,948.3				1,948.3	2.6	1,950.9
Financial assets available for sale					*-2,046.2*			*-2,046.2*		*-2,046.2*
Cash flows hedging					*70.9*			*70.9*		*70.9*
Actuarial gains and losses					*-102.1*			*-102.1*		*-102.1*
Cumulative translation adjustments							*-124.5*	*-124.5*		*-124.5*
Change in gains and losses directly recognised in equity					-2,077.4		-124.5	-2,201.9		-2,201.9
Total of net profit and gains and losses directly recognised in equity				1,948.3	-2,077.4		-124.5	-253.6	2.6	-251.0
Capital increase	37,600		2.3					2.3		2.3
Cancellation of treasury stock		-3.1		-1,285.8		1,288.9				
Dividends paid (not paid on treasury stock)				-817.1				-817.1	-1.1	-818.2
Share-based payment				85.9				85.9		85.9
Net changes in treasury stock	-12,207,805			-0.2		-912.3		-912.5		-912.5
Other movements				-5.6				-5.6	-1.1	-6.7
At 12.31.2008 [(1)]	**583,140,468**	**120.5**	**965.5**	**11,180.4**	**1,263.2**	**-1,410.6**	**-559.4**	**11,559.6**	**2.8**	**11,562.5**
Consolidated net profit of the period				1,792.2				1,792.2	2.7	1,794.9
Financial assets available for sale					*1,122.7*			*1,122.7*		*1,122.7*
Cash flows hedging					*-114.7*			*-114.7*		*-114.7*
Actuarial gains and losses					*-101.3*			*-101.3*		*-101.3*
Cumulative translation adjustments							*6.5*	*6.5*		*6.5*
Change in gains and losses directly recognised in equity					906.7		6.5	913.2		913.2
Total of net profit and gains and losses directly recognised in equity				1,792.2	906.7		6.5	2,705.4	2.7	2,708.1
Capital increase	527,200	0.1	31.0					31.1		31.1
Cancellation of treasury stock		-0.8		-271.5		272.3		-		
Dividends paid (not paid on treasury stock)				-839.7				-839.7	-2.4	-842.1
Share-based payment				76.7				76.7		76.7
Net changes in treasury stock	1,067,992			-1.7		66.7		65.0		65.0
Other movements				-2.9				-2.9		-2.9
At 12.31.2009	**584,735,660**	**119.8**	**996.5**	**11,933.5**	**2,169.9**	**-1,071.6**	**-552.9**	**13,595.2**	**3.1**	**13,598.3**

(1) taking into account changes in accounting policies

Annexe 6: Compared consolidated statements of cash flows

€ millions	**2009**	**2008**	**2007**
Cash flows from operating activities			
Net profit attributable to the Group	1,792.2	1,948.3	2,656.0
Minority interests	2.7	2.6	1.5
Elimination of expenses and income with no impact on cash flows:			
depreciation, amortisation and provisions	834.0	706.1	598.5
changes in deferred taxes	51.7	6.6	38.3
share-based payment	76.7	85.9	69.1
capital gains and losses on sale of assets	0.9	-3.6	-11.7
capital gain on Sanofi-Aventis sale, net of tax	-	-	-631.9
share in net income of equity affiliates net of dividend received	-	-	0.5
Gross cash flow	**2,758.2**	**2,745.9**	**2,720.4**
Changes in working capital	466.3	-148.8	-76.3
Net cash provided by operating activities (A)	**3,224.5**	**2,597.1**	**2,644.0**
Cash flows from investing activities			
Investments in tangible and intangible assets	-628.0	-745.9	-776.0
Disposal of tangible and intangible assets	27.5	9.2	30.1
Disposal of Sanofi-Aventis, net of tax	-	-	1,465.3
Changes in other financial assets (including investments in non-consolidated companies)	36.7	-9.4	-10.2
Effect of changes in the scope of consolidation	-160.2	-1,299.1	-604.4
Net cash (used in) from investing activities (B)	**-723.9**	**-2,045.2**	**104.8**
Cash flows from financing activities			
Dividends paid	-851.5	-849.2	-725.7
Capital increase of the parent company	31.1	2.3	4.7
Disposal (acquisition) of treasury stock	65.0	-912.6	-1,001.6
Issuance (repayment) of short-term loans	-1,886.0	1,262.5	-1,439.1
Issuance of long-term borrowings	350.3	1.1	753.2
Repayment of long-term borrowings	-98.4	-62.8	-10.1
Net cash (used in) from financing activities (C)	**-2,389.4**	**-558.7**	**-2,418.7**
Net effect of exchange rate changes and fair value changes (D)	-15.3	-2.8	-24.6
Change in cash and cash equivalent (A+B+C+D)	**96.0**	**-9.6**	**305.5**
Cash and cash equivalents at beginning of the year (E)	**1,077.1**	**1,086.7**	**781.2**
Cash and cash equivalent at end of the year (A+B+C+D+E)	**1,173.1**	**1,077.1**	**1,086.7**