



L'ORÉAL

Letter to shareholders

October 2010

n° 50

First-half 2010

**Strong
increase
in results**

+10.2%

Sales

+21.4%

Operating profit

+15.3%

Net Earnings per share⁽¹⁾

+20.9%

Cash flow⁽²⁾

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

⁽²⁾ Operating net cash.

**// L'ORÉAL IS EMERGING
FROM THE CRISIS TRANSFORMED
AND STRENGTHENED //**

Dear Shareholder,

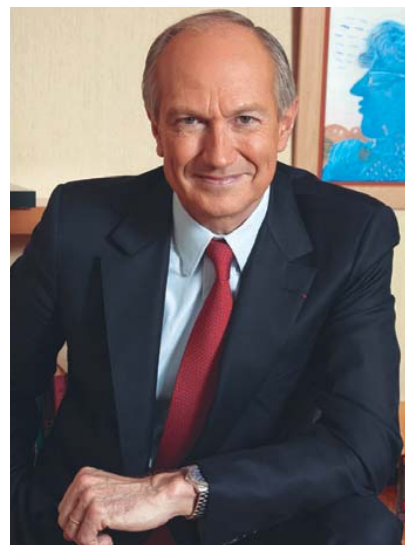
Our organic growth rate is increasing again, we are conquering global markets at a faster pace, we are gaining market shares on all continents with a strong increase in our results both in terms of value and quality. L'Oréal is emerging from the crisis transformed and strengthened.

Our performances are bearing out our major strategic choices

The strong organic growth of our four divisions, all geographic zones and all categories, is bearing out our major strategic choices: concentrating on major high value added global innovations at accessible prices; powerful and successful breakthroughs in new key product categories; accelerating geographic expansion with successful breakthroughs in many countries which are crucial for the future; increasing investments in R&D and advertising & promotion to underpin and accelerate our organic growth.

The decisions we have taken and the efforts we have made over the last two years have led, in the first half, to a return to a record level of operating profit, even though, of course, this figure cannot be extrapolated for the full year.

We are tackling the second half with confidence even though the economic environment is still very uncertain, and with the desire to continue to strengthen our worldwide position and the profitability of our businesses for the full year.



Win a billion new consumers

The group's performances have confirmed the vitality of L'Oréal's business model, and are bearing out our ambition to win a billion new consumers across the world in the next ten years.

All our employees are fully focused on achieving this target which is the major corporate mission of our company for the years to come.

Jean-Paul Agon,
Chief Executive Officer