

L'ORÉAL

L'ORÉAL SIGNS AN AGREEMENT TO ACQUIRE URBAN DECAY, ONE OF THE FASTEST-GROWING SPECIALTY MAKE-UP BRANDS IN THE USA

Clichy 26 November 2012 - L'Oréal today announced the signing of an agreement with Castanea Partners to acquire Urban Decay.

Based in Newport Beach California, Urban Decay, created in 1996 by make-up expert Wende Zomnir, has built a reputation based on the concept of "beauty with an edge" and values of femininity and irreverence. The line has star products in the eye category such as the Naked Palette and recently successfully launched its new foundation, the Naked Skin weightless liquid make-up. Urban Decay is popular among the youthful highly-involved cutting-edge consumers who are attracted by the fashion-forward image of the brand. The market for make-up specialist brands represents 44% of the luxury make-up market in the US.

In the fiscal year ended in June 2012, Urban Decay recorded net sales of 130 million US dollars.

"Urban Decay will beautifully complement L'Oréal Luxe's portfolio of iconic brands. It is the make-up specialist we needed to fully satisfy young women in search of playful colors and inspiration in selective distribution, at an accessible price point. It is totally additional to our existing propositions and as such it will contribute significantly to the growth of the Division in the years to come," said Nicolas Hieronimus, President L'Oréal Luxe.

Urban Decay is distributed in the key assisted self-service channel which includes among others Ulta and Sephora. It is one of the fastest growing segments in the US luxury retail universe. Urban Decay is also strong in e-commerce with www.urbandecay.com and www.sephora.com.

Frédéric Rozé CEO L'Oréal USA said, *"Thanks to the acquisition of Urban Decay, the Group will strengthen its position in two very dynamic distribution channels in the USA, ie assisted self-service and e-commerce. We look forward to this new and exciting opportunity."* In the US, Urban Decay will report to Carol Hamilton, President of L'Oréal Luxe USA.

"L'Oréal's strong innovation capabilities and presence in every channel of distribution will enable Urban Decay to reach its full potential in the marketplace," added Tim Warner, General Manager, Urban Decay. *"Together, we have great ambitions for the future."*

The closing is subject to regulatory approval which is expected by the end of the year.

L'Oréal

L'Oréal, the world's leading beauty company, has catered to all forms of beauty in the world for over 100 years and has built an unrivalled portfolio of 27 international, diverse and complementary brands. With sales amounting to 20.3 billion euros in 2011, L'Oréal employs 68,900 people worldwide. Regarding sustainable development, Corporate Knights, a Global Responsible Investment Network, has selected L'Oréal for its 2012 ranking of the Global 100 Most Sustainable Corporations in the World. L'Oréal has received this distinction for the 5th consecutive year. www.loreal.com

L'Oréal USA

L'Oréal USA, headquartered in New York City, with 2011 sales of over \$5.1 billion and 9,800 employees, is a wholly-owned subsidiary of L'Oréal SA, the world's leading beauty company. In addition to corporate headquarters in New York, L'Oréal USA has Research and Innovation, Manufacturing and Distribution facilities across seven states, including New Jersey, Kentucky, Arkansas, Illinois, Ohio, Texas and Washington. L'Oréal's impressive portfolio of brands includes Lancôme, Giorgio Armani Beauty, Yves Saint Laurent Beauté, Viktor & Rolf, Diesel, Cacharel, Clarisonic, L'Oréal Paris, Garnier, Vichy, La Roche-Posay, L'Oréal Professionnel, Kérastase and Shu Uemura Art of Hair, Maybelline New York, Soft-Sheen.Carson, Kieh'l's Since 1851, Ralph Lauren Fragrances, essie Cosmetics, Redken 5th Avenue NYC, Matrix, Mizani, Pureology, SkinCeuticals and Dermablend. For more information visit www.lorealusa.com.

Castanea Partners

Castanea Partners is a private equity firm founded by operating executives and private equity veterans. Castanea invests between \$15M to \$75M of equity in companies within specifically targeted industry sectors where the firm has proven investment and operating expertise. Castanea is principally focused on investing in dynamic consumer brands and marketing services companies that enable such brands to connect with their customers. Castanea is currently investing from its third fund, a \$500 million fund that targets companies with enterprise values up to \$250 million.

"This news release does not constitute an offer to sell, or a solicitation of an offer to buy L'Oréal shares. If you wish to obtain more comprehensive information about L'Oréal, please refer to the public documents registered in France with the Autorité des Marchés Financiers, also available in English on our Internet site www.loreal-finance.com.

This news release may contain some forward-looking statements. Although the Company considers that these statements are based on reasonable hypotheses at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual results to differ materially from those indicated or projected in these statements."

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