The stock options which have been granted by the Board of Directors to Mr. Jean-Paul Agon, since his appointment as a corporate officer are as follows:

Date of grant	Number of options granted	Number of options not yet exercised	1st possible date of exercise	Date of expiry	Subscription price (in €)
12.01.2006	500,000	500,000	12.02.2011	12.01.2016	78.06 (S)
11.30.2007	350,000	350,000	12.01.2012	11.30.2017	91.66 (S)
03.25.2009	-	-	-	-	-

The Board of Directors decided, within the scope of the Plan of November 30th, 2007, that Mr. Jean-Paul Agon, as a corporate officer, will retain a number of shares corresponding to 50% of the "balance of the shares resulting from the exercise of the stock options", in registered form, until the termination of his duties as Chief Executive Officer of L'Oréal.

The "balance of the shares resulting from the exercise of the stock options" should be understood to mean the total number of shares resulting from the exercise of stock options minus the number of shares that have to be sold to finance the exercise of the stock options in question and, where applicable, the payment of any immediate or deferred taxes, social levies and costs relating to the exercise of these stock options as applicable at the date of exercise of the options. If the number of shares thus determined that must be retained until the termination of Mr. Jean-Paul Agon's duties as Chief Executive Officer is not a whole number of shares, this number of shares would be rounded down to the nearest lower whole number of shares.

Furthermore, in 2009, Mr. Jean-Paul Agon declined the allocation of stock options that the Board of Directors had proposed to grant him.

2.5.4. Stock Options exercised by the corporate officers appointed by the Board

On November 20th, 2009, Sir Lindsay Owen-Jones exercised 200,000 of the stock options granted by the Board of Directors on December 7th, 1999, out of a total of 300,000 stock options, at a price of €61.00 per share.

Mr. Jean-Paul Agon did not exercise any stock options in 2009.

2.5.5. Commitments made with regard to the corporate officers

2.5.5.1 Commitments made with regard to the Chairman of the Board of Directors

As Sir Lindsay Owen-Jones, Chairman of the Board of Directors, claimed his pension entitlements in 2006, he no longer has an employment contract with L'Oréal. He is not entitled to any indemnity in the event of non-renewal or removal from his corporate office.

	Employment contract		Supplementary pension scheme (2)		Indemnities or benefits due or which may become due as a result of termination or change of duties		Indemnities relating to a non-competition clause	
Corporate officer	Yes	No	Yes	No	Yes	No	Yes	No
Sir Lindsay Owen-Jones (1) Chairman of the Board		x	NA	NA		x		x

(1) Sir Lindsay Owen-Jones has been a director since 1984. His tenure will be proposed for renewal at the Annual General meeting on April 27th, 2010.
(2) Sir Lindsay Owen-Jones benefits from the pension cover for members of the "Comité de Conjoncture" since he claimed his pension entitlements in 2006.

2.5.5.2 Commitments made with regard to the Chief Executive Officer

The provisions described below are tied in with renewal by the Board of Directors of the Chief Executive Officer's term of office at the close of the Annual General Meeting on April 27th, 2010. They will be put to the vote of the shareholders by means of a resolution subject to the condition precedent of renewal of this term of office.

The Code of Corporate Governance for listed companies, prepared jointly by the AFEP and the MEDEF, to which L'Oréal refers, recommends that companies should put an end to the practice of combining an employment contract with a corporate office (point 19) although it does not impose this as a mandatory requirement. L'Oréal's Board of Directors shares the objectives of this recommendation which aims at avoiding the possibility of concurrently obtaining benefits both from the employment contract and the corporate office and at prohibiting any interference with the possibility of removing corporate officers ad nutum. The Board of Directors therefore intends to formally lay down the methods of application of the objectives of the recommendation, as adapted to the professional context in the L'Oréal group.

The Board's intention is to use the treatment set out below for Mr. Jean-Paul Agon and, in future, for any new corporate officer appointed who has over 15 years' length of service in the group at the time of appointment.

L'Oréal's ongoing policy has been to appoint employees who have completely succeeded in the various stages of their careers in the Group as corporate officers. This is how Mr. Jean-Paul Agon, then Deputy Chief Executive Officer, was appointed as Chief Executive Officer of L'Oréal in April 2006, following a brilliant career spanning 27 years within the Group.

The Board of Directors notes that if, in accordance with the AFEP/MEDEF recommendation, Mr. Jean-Paul Agon's employment contract with L'Oréal was to be terminated, Mr. Agon would lose the status he acquired as a result of the twenty-seven years he spent working for the Group as an employee.

The Board does not want Mr. Jean-Paul Agon, who accepted the office of Chief Executive Officer after 27 years working with L'Oréal, to be deprived of the benefits to which he would have continued to be entitled had he remained an employee.

The Board of Directors considers that the objective pursued by the AFEP/MEDEF recommendation can be fully achieved by maintaining the suspension of the employment contract and clearly separating out the benefits related to the employment contract on the one hand from those relating to his corporate office on the other.

The Board of Directors has decided to eliminate all right to any indemnity in the event of termination of the 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 due in the event of voluntary retirement or compulsory retirement on the company's initiative 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 senior managers, are due in any event pursuant to public policy rules of employment 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, as described on page 99 of this Report under the heading *Employee pension schemes in France – Defined benefit scheme*.

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 above-mentioned defined benefit scheme, is based on the amount of remuneration at the date of suspension of the employment contract 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 1st, 2010, the fixed remuneration amounts to €1,570,500 and variable remuneration to €1,308,750.

The length of service applied will take into consideration his entire career, including the years during which he was Chief Executive Officer.

Mr. Jean-Paul Agon will continue to be entitled to benefit from the additional social protection schemes and in particular the employee benefit and healthcare schemes available to the company's employees due to the fact that he will be treated as a senior manager throughout the entire period of his corporate office.

The above provisions will be subject to the procedure applicable to regulated agreements and commitments; the Statutory Auditors will be informed of the provisions and the commitment will be submitted for approval to the Annual General Meeting on April 27th, 2010 when it makes a decision with regard to the special report prepared by the Statutory Auditors.

The table set out below, presented in the form recommended by the AMF, clearly shows that there are no concurrent benefits under the suspended employment contract and the corporate office.

	Employment contract (2)		Supplementary pension scheme (3)		Indemnities or benefits due or which may become due as a result of termination or change of duties (4)		Indemnities relating to a non-competition clause (5)	
Corporate officer	Yes	No	Yes	No	Yes	No	Yes	No
Mr. Jean-Paul Agon (1) Chief Executive Officer	x		x			x	x	

(1) Mr. Agon has been a director since 2006. His tenure will be proposed for renewal at the Annual General meeting on April 27th, 2010.
(2) Mr. Agon's employment contract is suspended throughout the entire length of his corporate office.
(3) Pursuant to his employment contract; Mr. Agon is entitled to benefit from the "Garantie de Retraite des Membres du Comité de Conjoncture" (Pension Cover of the Members of the "Comité de Conjoncture") as described on page 99.
(4) No indemnity is due in respect of termination of the corporate office. In respect of the employment contract, pursuant to the provisions of the National Collective Bargaining Agreement for the Chemical Industries, in the event of dismissal, except in the case of gross misconduct or gross negligence, the dismissal indemnity would be capped, in light of Mr. Agon's length of service, at 20 months' reference remuneration.
(5) 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 2/3 of the monthly reference fixed remuneration unless Mr. Agon were to be released from application of the clause.

2

2.5.6. Summary of trading by corporate officers in L'Oréal shares in 2009

(Article 223-26 of the General Regulation of the Autorité des Marchés Financiers)

Person concerned	Date of the transaction	Nature of the transaction	Unit price	Total amount
Sir Lindsay Owen-Jones, Chairman of the Board of Directors	November 20th, 2009	Exercise of stock options	€61	€12,200,000
FIMALAC DEVELOPPEMENT, a legal entity related to Mr. Marc Ladreit de Lacharrière, Director	December 11th, 2009	Sale of calls	€4,2173	€810,063

2.6. Information concerning the share capital

2.6.1. Statutory requirements governing changes in the share capital and shareholders' rights

None.

2.6.2. Issued share capital and authorised unissued share capital

The share capital amounts to €119,794,482.00 as of December 31st, 2009. It is divided into 598,972,410 shares with a par value of €0.20 each, all of the same class and ranking pari passu.

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 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 27th, 2010.