



## THE SUBSCRIPTION PROCESS

- 1 - Visit** the [www.invest2018-loreal.com](http://www.invest2018-loreal.com) website
- 2 - Click on** "Subscribe"
- 3 - Login** using your ID and password
- 4 - Fill in** the online subscription form
- 5 - Do not forget to confirm** your subscription

Only one subscription is permitted per employee.

**Minimum subscription:** one L'Oréal share.  
**Maximum subscription:** 25% of your 2018 gross annual salary.

WWW.INVEST2018-LOREAL.COM

L'ORÉAL

4-18  
June  
2018

## Employee **SHARE OWNERSHIP** Plan 2018

### OFFER AT A GLANCE



Photos credit: istockphoto - OEB\_FCPE\_CAN\_ENT8

WWW.INVEST2018-LOREAL.COM

L'ORÉAL

## UNDERSTANDING THE EMPLOYEE SHARE OWNERSHIP PLAN

L'Oréal is offering you a new way to become involved in the Group's growth: becoming a shareholder through its Employee Share Fund (FCPE), "L'Oréal Employee Share Plan".


By participating in the first Employee Share Ownership Plan, you can buy L'Oréal shares on preferential terms.

A **20% discount** on the share's reference price

A matching contribution of up to **4 shares delivered for free by L'Oréal**, depending on your personal investment


**The option of paying by salary deduction over a year or by cheque**

### BEFORE YOU INVEST

 **By participating in the Plan, you will be a L'Oréal shareholder**

As a result, you will receive any annual dividends paid, which will be reinvested in the Employee Shareholding Fund. These dividends will be increased by 10%, after you have held your shares for two calendar years, in 2021.

Like for any shareholder, your investment will follow the L'Oréal share price up and down. As a result, it involves some risk of capital loss.

 **Your investment is locked in for 5 years**

Your investment is locked in until 24 July 2023 except in the event of early releases.

**Note:** As the L'Oréal shares are listed on the Paris stock exchange in euros over the term of your investment, the value of your investment will vary as the exchange rate between the euro and your currency fluctuates.

\* The reference price is the average opening listed price of the L'Oréal shares between May 4 and 31, 2018 and will be fixed on June 1, 2018.

## MATCHING CONTRIBUTION RULE

In the context of the Employee Share Ownership Plan, the matching contribution will be paid as shown in the following table:

If you purchase this number of shares:	+ L'Oréal will make a matching contribution consisting of the following number of free shares:	= Total amount of your investment:
1	1	2 shares
2	1	3 shares
3	2	5 shares
4	2	6 shares
5	2	7 shares
6	2	8 shares
7	3	10 shares
8	3	11 shares
9	3	12 shares
10 or more	4	14 shares or more

*If you subscribe to more than 10 shares, the matching contribution is restricted to the maximum of 4 shares.*

### EXAMPLE

You wish to purchase 3 shares.

Let us assume that the **reference price of the L'Oréal shares is €180** and the **exchange rate €/CAD\$ is 1.55**.

For you, the purchase price of a share would be **\$223** (i.e., €180 minus the 20% discount x 1.55).

 In 2018, you pay for 3 shares at the discounted price, i.e., **\$670** (\$223 x 3 shares)

Let us assume that in 2023 the **value of the L'Oréal share is still €180** and the **exchange rate €/CAD\$ 1.55**. In 2023 you will be taxed on the bonus shares you will receive from L'Oréal at your marginal tax rate. Let us assume that your **marginal tax rate is 35%**.

 In 2023, L'Oréal gives you 2 bonus shares.

 In 2023, the value of your investment is **\$1,395** (i.e., €180 x 1.55 x 5 shares)

 In 2023, you pay **\$195 taxes** on your 2 bonus shares (i.e., €180 x 2 x 1.55 x 35%)

**In this example, you would see an increased value of \$530\***

\* i.e. \$1,395 - \$195 taxes - \$670 initial payment, excluding any dividends. Please note that increase or decrease in the L'Oréal share value will impact up or down the value of your investment. You can find all the information about dividends and taxes in your local supplement.

## WHO CAN SUBSCRIBE?

Any employee who has been working for the L'Oréal Group for 24 consecutive months and is still employed on 18 June 2018.

## INVESTING THROUGH THE "L'ORÉAL EMPLOYEE SHARE PLAN" FCPE

The "L'Oréal Employee Share Plan" fund is an employee share fund restricted to Group employees wishing to invest in L'Oréal shares. Your shares in the fund are locked in for five years, meaning that you cannot sell them before the end of the lock-in period except in the event of authorised early releases, as stated in the "Local Supplement" document.

The free shares you are given as the matching contribution will only be delivered on 24 July 2023, at the end of the lock-in period, subject to you being a L'Oréal Group employee on that date with the exception of the cases specified in the "Local Supplement".

**Note:** L'Oréal pays the account management fees.



VISIT

[WWW.INVEST2018-LOREAL.COM](http://WWW.INVEST2018-LOREAL.COM)

- To learn more about the offer
- To perform investment simulations
- To subscribe from June 4 to 18, 2018

### Exchange rate impact

Exchange rate fluctuations will impact up or down the value of your investment

If 2023 exchange rate €/CAD\$ is 1.50

**\$491\*\***

If 2023 exchange rate €/CAD\$ is 1.60

**\$569\*\*\***

\*\* i.e. \$1,350 - \$189 taxes - \$670 initial payment, excluding any dividends.

\*\*\* i.e. \$1,440 - \$201 taxes - \$670 initial payment, excluding any dividends.