LVMH

MOËT HENNESSY . LOUIS VUITTON

TRANSLATION OF THE FRENCH DOCUMENT DE RÉFÉRENCE

FISCAL YEAR ENDED DECEMBER 31, 2013

CONTENTS

This document is a free translation into English of the original French "Document de référence", hereafter referred to as the "Reference Document". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

HISTORY

Although the history of the LVMH group began in 1987 with the merger of Moët Hennessy and Louis Vuitton, the roots of the Group actually stretch back much further, to eighteenth-century Champagne, when a man named Claude Moët decided to build on the work of Dom Pérignon, a contemporary of Louis XIV; and to nineteenth-century Paris, famous for its imperial celebrations, where Louis Vuitton, a craftsman trunk-maker, invented modern luggage. Today, the LVMH group is the world's leading luxury goods company, the result of successive alliances among companies that, from generation to generation, have successfully combined traditions of excellence and creative passion with a cosmopolitan flair and a spirit of conquest. These companies now form a powerful, global group in which the historic companies share their expertise with the newer brands, and continue to cultivate the art of growing while transcending time, without losing their soul or their image of distinction.

From the 16th century to the present

16th century	1593	Château d'Yquem
18th century	1729	Ruinart
	1743	Moët & Chandon
	1765	Hennessy
	1772	Veuve Clicquot
	1780	Chaumet
19th century	1815	Ardbeg
	1817	Cova
	1828	Guerlain
	1832	Château Cheval Blanc
	1843	Krug
		Glenmorangie
	1846	Loewe
	1849	Royal Van Lent
	1852	Le Bon Marché
	1854	Louis Vuitton
	1858	Mercier
	1860	TAG Heuer
	1865	Zenith
	1870	La Samaritaine
	1884	Bulgari
	1895	Berluti
	1897	Franck et Fils
20th century	1908	Les Echos
	1916	Acqua di Parma
	1924	Loro Piana
	1925	Fendi
	1936	Dom Pérignon
		Fred
	1942	Rossimoda
	1945	Céline
	1947	Parfums Christian Dior
		Emilio Pucci
	1951	Wen Jun
	1952	Givenchy
		Connaissance des Arts
	1957	Parfums Givenchy
	1960	DFS
		Bodegas Chandon
	1963	Miami Cruiseline
	1969	Sephora
	1970	Kenzo
	1972	Parfums Loewe
	1974	Investir-Le Journal des Finances
	1975	Montres Dior
		Ole Henriksen
	1976	Benefit Cosmetics
	1977	Newton
		Cape Mentelle
	1980	Hublot
	1982	Radio Classique
	1984	Thomas Pink
		Marc Jacobs
		Donna Karan
		Make Up For Ever
	1985	Cloudy Bay
	1988	Kenzo Parfums
	1991	Fresh
	1993	Belvedere
	1998	Numanthia Termes
	1999	Terrazas de los Andes
		Cheval des Andes
21st century	2001	De Beers Diamond Jewellers
	2004	Nicholas Kirkwood
	2005	10 Cane
	2010	Parfums Fendi

FINANCIAL HIGHLIGHTS

Key consolidated data

(EUR millions and percentage)	2013	2012	2011
Revenue	29,149	28,103	23,659
Profit from recurring operations	6,021	5,921	5,263
Net profit	3,947	3,909	3,465
Net profit, Group share	3,436	3,424	3,065
Cash from operations before changes in working capital [a]	7,329	7,113	6,137
Operating investments	1,663	1,702	1,730
Free cash flow [b]	2,958	2,474	2,177
Total equity [c] [d]	27,723	25,508	23,426
Net financial debt [e]	5,338	4,261	4,660
Net financial debt/Total equity ratio	19%	17%	20%

(a) Before tax and interest paid.
(b) Net cash from operating activities and operating investments.
(c) Including minority interests.
(d) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2 of the consolidated financial statements.
(e) Excluding purchase commitments for minority interests included in Other non-current liabilities. See Note 18.1 of the consolidated financial statements.

Data per share

(EUR)	2013	2012	2011
Earnings per share			
Basic Group share of earnings per share	6.87	6.86	6.27
Diluted Group share of earnings per share	6.83	6.82	6.23
Dividend per share			
Interim	1.20	1.10	0.80
Final	1.90	1.80	1.80
Gross amount paid for fiscal year [f] [g]	3.10	2.90	2.60

(f) Gross amount paid for fiscal year, excluding the impact of the tax regulations applicable to the beneficiary.
(g) For fiscal year 2013, amount proposed at the Shareholders' Meeting of April 10, 2014.

Information by business group

(EUR millions)	2013	2012	2011
Revenue by business group			
Wines and Spirits	4,187	4,137	3,524
Fashion and Leather Goods	9,882	9,926	8,712
Perfumes and Cosmetics	3,717	3,613	3,195
Watches and Jewelry	2,784	2,836	1,949
Selective Retailing	8,938	7,879	6,436
Other activities and eliminations	(359)	(288)	(157)
Total	**29,149**	**28,103**	**23,659**
Profit from recurring operations by business group			
Wines and Spirits	1,370	1,260	1,101
Fashion and Leather Goods	3,140	3,264	3,075
Perfumes and Cosmetics	414	408	348
Watches and Jewelry	375	334	265
Selective Retailing	901	854	716
Other activities and eliminations	(179)	(199)	(242)
Total	**6,021**	**5,921**	**5,263**

Information by geographic region

	2013	2012	2011
Revenue by geographic region of delivery *(as %)*			
France	11	11	12
Europe (excluding France)	19	20	21
United States	23	23	22
Japan	7	8	8
Asia (excluding Japan)	30	28	27
Other markets	10	10	10
Total	**100**	**100**	**100**
Revenue by invoicing currency *(as %)*			
Euro	23	24	26
US dollar	28	28	27
Japanese yen	7	8	8
Hong Kong dollar	8	6	6
Other currencies	34	34	33
Total	**100**	**100**	**100**
Number of stores (h)			
France	443	412	390
Europe (excluding France)	926	910	883
United States	669	644	621
Japan	370	370	360
Asia (excluding Japan)	749	670	621
Other markets	227	198	165
Total	**3,384**	**3,204**	**3,040**

(h) Excluding Loro Piana, whose network will be integrated in 2014.

EXECUTIVE AND SUPERVISORY BODIES; STATUTORY AUDITORS

Board of Directors

Bernard Arnault
Chairman and Chief Executive Officer

Pierre Godé
Vice-Chairman

Antonio Belloni
Group Managing Director

Antoine Arnault

Delphine Arnault

Nicolas Bazire

Bernadette Chirac [(a)]

Nicholas Clive Worms [(a)]

Charles de Croisset [(a)]

Diego Della Valle [(a)]

Albert Frère [(a)]

Gilles Hennessy

Marie-Josée Kravis [(a)]

Lord Powell of Bayswater

Marie-Laure Sauty de Chalon [(a)] [(b)]

Yves-Thibault de Silguy [(a)]

Francesco Trapani

Hubert Védrine [(a)]

Advisory Board members

Paolo Bulgari

Patrick Houël

Felix G. Rohatyn

Executive Committee

Bernard Arnault
Chairman and Chief Executive Officer

Antonio Belloni
Group Managing Director

Pierre Godé
Vice-Chairman

Nicolas Bazire
Development and acquisitions

Michael Burke
Louis Vuitton

Yves Carcelle
Fondation Louis Vuitton

Chantal Gaemperle
Human resources

Jean-Jacques Guiony
Finance

Christopher de Lapuente
Sephora

Christophe Navarre
Wines and Spirits

Daniel Piette
Investment funds

Pierre-Yves Roussel
Fashion

Philippe Schaus
DFS

Francesco Trapani [(c)]
Watches and Jewelry

Jean-Baptiste Voisin
Strategy

Mark Weber
Donna Karan

General secretary

Marc-Antoine Jamet

Performance Audit Committee

Yves-Thibault de Silguy [(a)]

Nicholas Clive Worms [(a)]

Gilles Hennessy

Nominations and Compensation Committee

Albert Frère [(a)]

Charles de Croisset [(a)]

Yves-Thibault de Silguy [(a)]

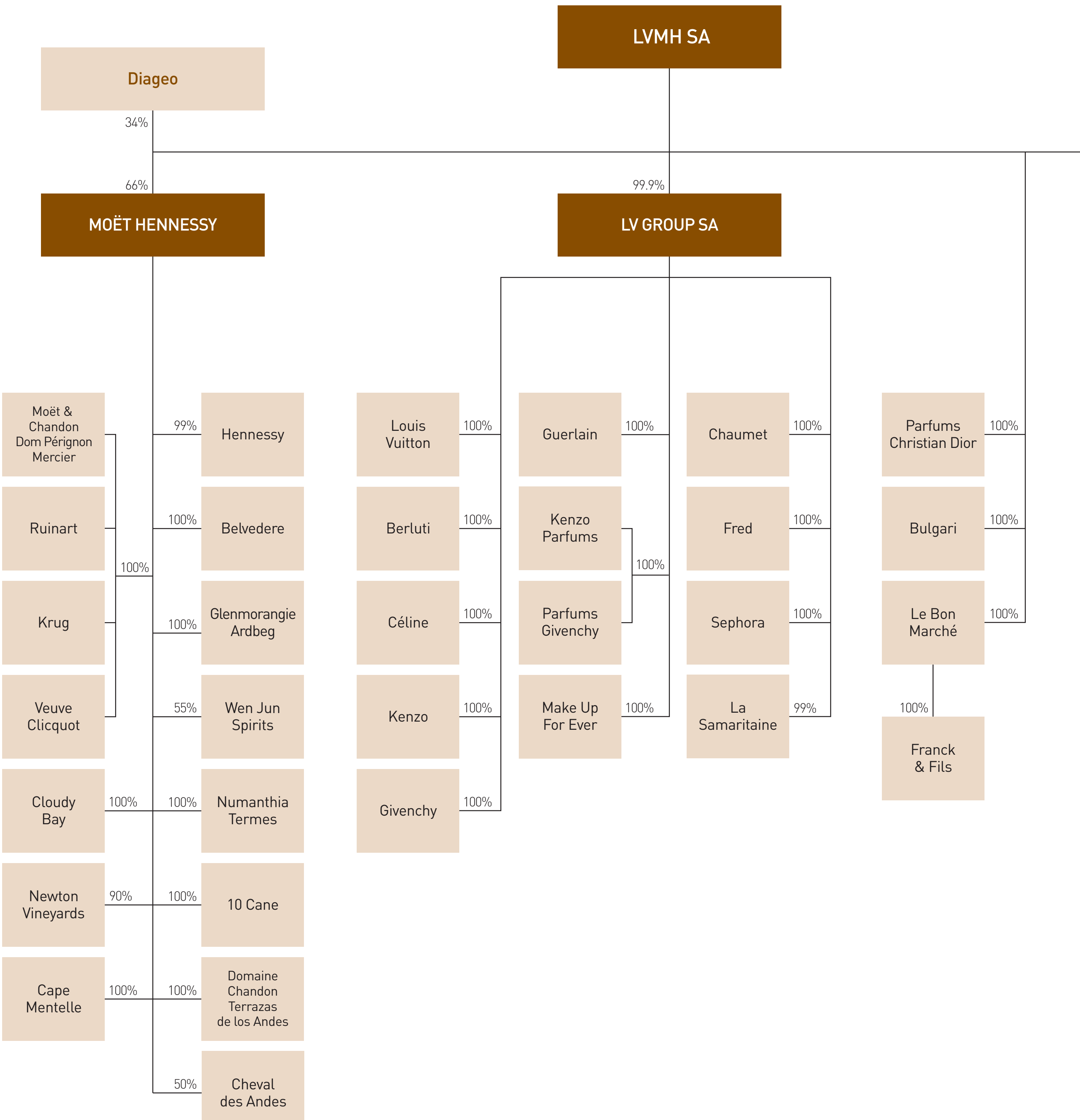
Statutory Auditors

DELOITTE & ASSOCIÉS
represented by Thierry Benoit

ERNST & YOUNG et Autres
represented by Jeanne Boillet
and Gilles Cohen

(a) Independent Director.
(b) Appointment proposed to the Shareholders' Meeting of April 10, 2014.
(c) Until March 1, 2014.

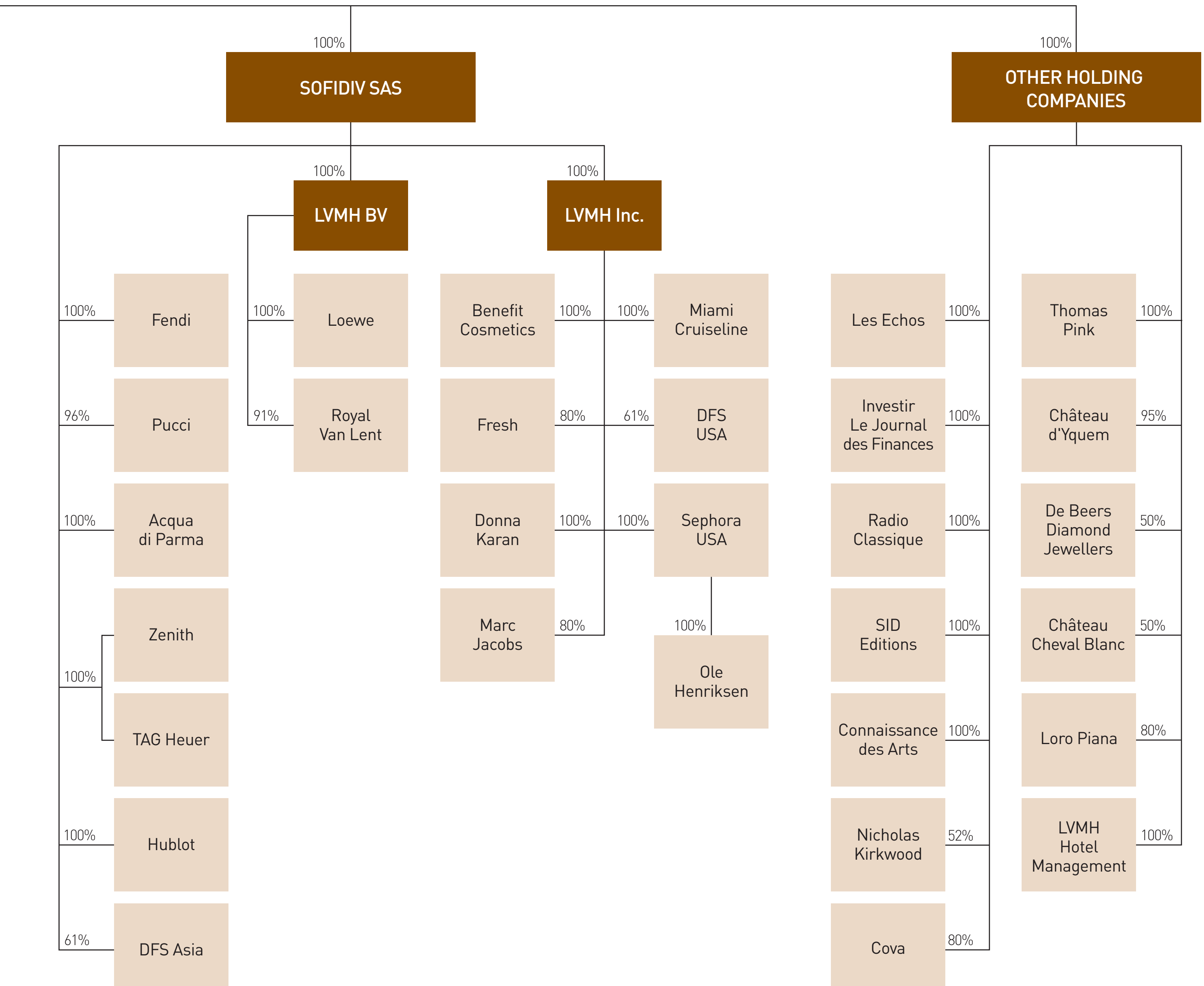
SIMPLIFIED ORGANIZATIONAL CHART OF THE GROUP AS OF JANUARY 31, 2014



The Group also holds a 23.1% investment in Hermès International SCA (Paris, France).

The objective of this chart is to present the direct and/or indirect control structure of brands and trade names by the Group's main holding companies. It does not provide a complete presentation of all Group shareholdings.

Holding companies   Brands and trade names



BUSINESS DESCRIPTION

1. WINES AND SPIRITS

The activities of LVMH in the Wines and Spirits sector are divided between two branches: the Champagne and Wines branch and the Cognac and Spirits branch. The Group's strategy is focused on the high-end segments of the global Wines and Spirits market.

In 2013, revenue for the Wines and Spirits business group amounted to 4,187 million euros, or 14% of the LVMH group's total revenue.

1.1. Champagne and Wines

In 2013, revenue for Champagne and Wines was 1,951 million euros, representing 47% of the total revenue of the Wines and Spirits business group.

1.1.1. The Champagne and Wine brands

LVMH produces and sells a very broad range of high-quality champagne wines. In addition to the Champagne region, the Group develops and distributes a range of high-end still and sparkling wines from well-known wine regions: France, Spain, California, Argentina, Brazil, Australia and New Zealand.

LVMH represents the leading portfolio of champagne brands, which hold complementary market positions. **Dom Pérignon** is a prestigious vintage produced by Moët & Chandon since 1936. **Moët & Chandon** (founded in 1743), the leading wine grower and exporter in the Champagne region, and **Veuve Clicquot Ponsardin** (founded in 1772), which ranks second in the industry, are two quality internationally-known brands. **Mercier** (founded in 1858) is a brand designed for the French market. **Ruinart** (the oldest of the champagne houses, founded in 1729) has a development strategy that is carefully targeted on a number of priority markets, which are currently mainly in Europe. **Krug** (founded in 1843 and acquired by LVMH in January 1999) is a world famous brand, specializing exclusively in high-end vintages.

The **Chandon** brand (created in 1960 in Argentina) includes the Moët Hennessy wines developed in California, Argentina, Brazil and Australia by Chandon Estates.

The Group also owns a number of prestigious wines from the New World: **Cape Mentelle** and **Green Point** in Australia, **Cloudy Bay** in New Zealand, **Newton** in California and **Terrazas de los Andes** in Argentina.

Château d'Yquem, which joined LVMH in 1999, is the most prestigious of the Sauternes. It owes its excellent international reputation to its 110 hectare vineyard located on a mosaic of exceptional soils and to the extreme care taken in its preparation throughout the year.

In 2008, LVMH acquired the Spanish wine company **Numanthia Termes**, founded in 1998 and located at the heart of the Toro region.

In 2009, LVMH proceeded with the acquisition of a 50% stake in the prestigious winery **Château Cheval Blanc**, Premier Grand Cru Classé A Saint-Émilion. Château Cheval Blanc owns a 37 hectare domain within the Saint-Émilion appellation. The strictest respect for the purest traditions of winemaking characterizing the Bordeaux *grand crus*, a terroir of superior quality, and an atypical blend of grape varietals give its wines an exceptional balance and unique personality. Château Cheval Blanc has been consolidated on a proportional basis since August 2009.

1.1.2. Competitive position

In 2013, shipments of LVMH Champagne brands declined in volume by 1% while shipments from the Champagne region as a whole were down 2%. Thus, the market share of the LVMH brands was 18.8% of the total shipments from the region, compared to 18.7% in 2012 (source: CIVC).

Champagne shipments, for the whole Champagne region, break down as follows:

(in millions of bottles and percentage)	2013			2012			2011		
	Volumes		Market share	Volumes		Market share	Volumes		Market share
	Region	LVMH	*(as %)*	Region	LVMH	*(as %)*	Region	LVMH	*(as %)*
France	167.1	9.4	5.6	171.4	9.9	5.8	181.6	10.6	5.8
Export	136.8	47.8	34.9	137.4	47.9	34.9	141.4	48.4	34.2
Total	**303.9**	**57.2**	**18.8**	**308.8**	**57.8**	**18.7**	**323.0**	**59.0**	**18.3**

(Source: Comité Interprofessionnel des Vins de Champagne – CIVC).

The geographic breakdown of LVMH champagne sales in 2013 is as follows (as a percentage of total sales expressed in number of bottles):

(in percentage)	2013	2012	2011
Germany	5	5	5
United Kingdom	9	9	10
United States	17	18	19
Italy	4	5	5
Switzerland	2	2	2
Japan	8	7	6
Other export	37	36	35
Total export	**83**	**83**	**82**
France	17	17	18
Total	**100**	**100**	**100**

1.1.3. The champagne production method

The name Champagne covers a defined area classified A.O.C. (*Appellation d'Origine Contrôlée*), which covers the 34,000 hectares that can be legally used for production. Only three types of grape varietals are authorized for the production of champagne: chardonnay, pinot noir and pinot meunier. The preparation method used for wines produced outside the Champagne region, but using the winemaking techniques used for champagne, is called the "champenoise method."

In addition to its effervescence, the primary characteristic of champagne is that it is the result of blending wines from different years and/or different varieties and land plots. The best brands are distinguished by their masterful blend and constant quality which is achieved thanks to the talent of their wine experts.

Weather conditions significantly influence the grape harvest from one year to the next. The production of champagne also requires aging in cellars for two years or more for the "premium" vintages, which are the vintages sold at more than 110% of the average sale price. To protect themselves against crop variations and manage fluctuations in demand, but also to ensure constant quality over the years, the LVMH champagne houses constantly adjust the quantities available for sale and keep reserve wines in stock. Since a lower harvest can impact sales for two or three years, or more, LVMH constantly maintains significant champagne inventories in its cellars. As of December 31, 2013 these inventories represented approximately 205 million bottles, the equivalent of 3.6 years of sales; in addition, there are also 13 million equivalent bottles of quality reserve held from sale, in accordance with professional rules applicable.

1.1.4. Grape supply sources and subcontracting

The Group owns 1,683 hectares of champagne under production, which provide a little more than one-fourth of its annual needs. In addition, Group companies purchase grapes and wines from wine growers and cooperatives on the basis of multi-year agreements; the largest supplier of grapes and wines represents less than 10% of total supplies for the Group's brands. Until 1996, a theoretical price was published by the industry; to this were added specific premiums negotiated individually between wine growers and merchants. Since 1996, industry agreements have been signed and renewed, with a view to limiting upward or downward fluctuations in grape prices. The most recent renewal of this agreement dates back to 2009, setting the framework for negotiations relating to harvests from 2009 to 2013. Each individual agreement must now include an indexation clause for grape prices. The recommended benchmark is the average sales price of a bottle of champagne, which ensures better value distribution for the market participants and more control over grape price speculation.

For about ten years, wine growers and merchants have established a qualitative reserve that will allow them to cope with variable harvests. The surplus inventories stockpiled this way can be sold in years with a poor harvest. These wines stockpiled in the qualitative reserve provide a certain security for future years with smaller harvests.

For the 2013 harvest, the *Institut national de l'origine et de la qualité* (INAO, the French organization responsible for regulating controlled place names) set the maximum yield for the Champagne appellation at 10,000 kg/ha. This maximum yield represents the maximum harvest level that can be made into wine and sold under the Champagne appellation. In 2006, the INAO redefined the legal framework for the abovementioned stockpiled reserves. It is now possible to harvest grapes beyond the marketable yield within the limits of a ceiling referred to as the *plafond limite de classement* (PLC), the highest permitted yield per hectare. This ceiling is determined each year depending on the maximum total yield. It was set at 3,100 kg/ha for the 2013 harvest. Grapes harvested over and above the marketable yield are stockpiled in reserve, kept in vats and used to complement poorer harvests. The maximum level of this stockpiled reserve is set at 10,000 kg/ha.

The price paid for each kilogram of grapes in the 2013 harvest ranged between 5.30 euros and 6.11 euros depending on the vineyard, a 2% increase compared to 2012.

Dry materials (bottles, corks, etc.) and all other elements representing containers or packaging are purchased from non-Group suppliers.

In 2013, the champagne houses used subcontractors for about 17 million euros of services, notably pressing, handling, and stocking bottles.

1.2. Cognac and Spirits

In 2013, revenue for the Cognac and Spirits segment totaled 2,236 million euros, or 53% of the total revenue for the Wines and Spirits business group.

1.2.1. Cognac and Spirits brands

LVMH holds the most powerful brand in the cognac sector with **Hennessy**. The company was founded by Richard Hennessy in 1765. Historically, the leading markets for the brand were Ireland and Great Britain, but Hennessy rapidly expanded its presence in Asia, which represented nearly 30% of its shipments as early as 1925. The brand became the world cognac leader in 1890. Hennessy created X.O (Extra Old) in 1870 and, since then, has developed a line of high-end cognac that has made its reputation.

Since 2007, LVMH has held a 100% ownership interest in Millennium, a producer and distributor of high-end vodka under the **Belvedere**[1] brand name. Millennium was founded in 1993 in order to bring a luxury vodka for connoisseurs to the American market. In 1996, Belvedere was introduced in this market. The Polmos Zyrardow distillery in Poland, which develops the luxury vodka Belvedere, was founded in 1910 and purchased by Millennium in 2001, when it was privatized. In 1999, the company decided to develop flavored vodkas.

LVMH acquired Glenmorangie in 2005. The Glenmorangie group holds the single malt whisky brands **Glenmorangie** and **Ardbeg**.

In the spring of 2005, LVMH launched a handcrafted luxury rum in the American market, under the **10 Cane** brand, which reflects the expertise of the Group at every stage of production.

In May 2007, the Group acquired 55% of the share capital of **Wen Jun Spirits** and Wen Jun Spirits Sales, which produce and distribute baijiu (white liquor) in China.

1.2.2. Competitive position

In 2013, the volumes shipped from the Cognac region were down 4% from 2012, while the volumes of Hennessy shipped decreased by 1%. The market share of Hennessy was 43.7%, compared to 42.6% in 2012 (source: *Bureau National Interprofessionnel du Cognac* – BNIC). The company is the world leader in cognac, with particularly strong positions in the United States and Asia.

The leading geographic markets for cognac, both for the industry and for LVMH, on the basis of shipments in number of bottles, excluding bulk, are as follows:

(in millions of bottles and percentage)	2013			2012			2011		
	Volumes		Market share	Volumes		Market share	Volumes		Market share
	Region	LVMH	*(as %)*	Region	LVMH	*(as %)*	Region	LVMH	*(as %)*
France	3.4	0.3	9.1	3.6	0.3	8.3	4.0	0.3	6.7
Europe (excluding France)	37.1	8.7	23.4	38.8	9.1	23.5	39.1	8.6	22.1
United States	50.5	29.9	59.2	49.5	29.1	58.8	48.2	27.9	57.9
Japan	1.3	0.8	59.2	1.2	0.7	58.3	1.2	0.7	59.0
Asia (excluding Japan)	55.8	23.6	42.2	62.3	25.6	41.1	57.5	23.1	40.2
Other markets	9.3	5.6	59.9	8.3	4.9	59.0	7.6	4.2	55.7
Total	**157.5**	**68.8**	**43.7**	**163.7**	**69.7**	**42.6**	**157.6**	**64.8**	**41.1**

(1) There is no relationship between the Belvedere brand owned by LVMH and Belvédère, the French wines and spirits group.

The geographic breakdown of LVMH cognac sales, as a percentage of total sales expressed in number of bottles, is as follows:

(in percentage)	2013	2012	2011
United States	43	42	43
Japan	1	1	1
Asia (excluding Japan)	35	37	36
Europe (excluding France)	13	13	13
Other export	8	7	7
Total export	100	100	100
France	-	-	-
Total	100	100	100

1.2.3. The cognac production method

The Cognac region is located around the Charente basin. The vineyard, which currently extends over about 75,000 hectares, consists almost exclusively of the white ugni varietal which yields a wine that produces the best *eaux-de-vie*.

This region is divided into six vineyards, each of which has its own qualities: Grande Champagne, Petite Champagne, Borderies, Fins Bois, Bons Bois and Bois Ordinaires. Hennessy selects its *eaux-de-vie* from the first four vineyards, where the quality of the wines is more suitable for the preparation of its cognacs.

Charentaise distillation is unique because it takes place in two stages, a first distillation (*première chauffe*) and a second distillation (*seconde chauffe*). The *eaux-de-vie* obtained are aged in oak barrels. An *eau-de-vie* at full maturity is not necessarily a good cognac. Cognac results from the gradual blending of *eaux-de-vie* selected on the basis of vintage, origin and age.

1.2.4. Supply sources for wines and cognac *eaux-de-vie* and subcontracting

Hennessy owns 171 hectares under production. The Group's vineyard has remained virtually stable since 2000, after 60 hectares of vines were cleared in 1999 as part of the industry plan implemented in 1998. The objective of the plan was to reduce the production area through premiums offered for clearing and assistance given to wine growers to encourage them to produce wines other than those used in the preparation of cognac.

Most of the wines and *eaux-de-vie* that Hennessy needs for its production are purchased from a network of approximately 2,500 independent producers, a collaboration which enables the company to ensure that exceptional quality is preserved. Purchase prices for wine and *eaux-de-vie* are established between the company and each producer based on supply and demand. In 2013, the price of *eaux-de-vie* from the harvest increased by 6.5% compared to the 2012 harvest.

With an optimal inventory of *eaux-de-vie*, the Group can manage the impact of price changes by adjusting its purchases from year to year.

Hennessy continued to control its purchase commitments for the year's harvest, and diversify its partnerships to prepare its future growth in various qualities.

Like the Champagne and Wine businesses, Hennessy obtains its dry materials (bottles, corks and other packaging) from non-Group suppliers. The barrels and casks used to age the cognac are also obtained from non-Group suppliers.

Hennessy makes only very limited use of subcontractors for its core business.

1.2.5. The vodka production method, supply sources and subcontracting

Vodka can be obtained from the distillation of various grains or potatoes. Belvedere vodka is the result of the quadruple distillation of Polish rye. The distillery that prepares Belvedere, owned by Millennium, performs three of these distillations itself in Zyrardow, Poland. It uses water purified using a special process that yields a vodka with a unique taste.

Belvedere flavored vodkas are obtained by macerating fruits in a pure vodka prepared using the same process as the one used for non-flavored vodka, and distillation takes place in a Charente-type still.

Overall, Millennium's top raw *eaux-de-vie* supplier represents less than 22% of the company's supplies.

1.2.6. The whisky production method

The legal definition of Scotch whisky states that the spirit must be produced at a distillery in Scotland from water and malted barley to which other cereals may be added, fermented by yeast, distilled and matured in Scotland in oak casks with a volume of less than 700 liters for a minimum of three years. Single malt Scotch whisky is the product of one single distillery. Blended Scotch whisky is made by mixing malt and grain whiskies together.

According to the rules for producing malt whisky, the malt is first ground, which produces a mixture of flour and husks called grist. This product is then mixed with hot water in large wooden tubs called mash tuns in order to extract the sugars from the malted barley. The resulting sugary liquid, known as wort, is transferred to a fermentation vessel or washback and yeast is added to allow fermentation to occur and alcohol to be created. This alcoholic liquid, known as wash, then undergoes a double distillation in copper pot stills, known as wash and spirit stills. Every distillery's stills are unique in shape and size and have a huge impact on flavor. Glenmorangie's stills are the tallest in Scotland at 5.14 meters and allow only the lightest vapors to ascend and condense. The spirit still at Ardbeg has a unique spirit purifier.

This newly made spirit is sealed into oak ex-bourbon barrels and matured in a distillery warehouse for at least three years. Maturation is a critical part of the production process, providing the whiskies' color and additional flavors. Glenmorangie and Ardbeg are normally matured for a minimum of 10 years in very high-quality casks.

1.2.7. The 10 Cane rum production method

The rum category is not highly regulated. With the exception of "Agricultural Rums", there is no *Appellation Contrôlée*. It is, however, possible to distinguish two groups based on the method of processing sugar cane: rums made from molasses, a by-product of the sugar refinement process, and rums prepared from a wine with a very diluted cane juice base as is the case in the French Antilles, for example.

The 10 Cane distillery on the island of Trinidad only uses the juice from the first pressing, and everything else is rejected. After the gradual fermentation of the pure undiluted cane juice, the distillery uses an ancestral and expressive distillation method. Double distillation in Charente stills highlights the qualities of the cane wine and, ultimately, the rum. After distillation, maturation can begin in aged oak barrels from the French Limousin region that are lightly toasted.

For the installation of its production facility, the 10 Cane distillery partnered with Angostura Trinidad Distillers, which has been present on the island for several generations. However, 10 Cane retains control in the most sensitive areas.

1.2.8. Production method for Wen Jun spirits

Wen Jun is one of the oldest and most celebrated luxury spirit producers in China. The spirits produced by Wen Jun are white liquors of the "Nong" (aromatic) style, the most popular in the country. They are produced from spring water and various grains, primarily wheat, rice, sorghum, maize and glutinous rice.

The fermentation process is carried out in a pit dug into the ground, measuring three meters on each side and in depth, whose walls are covered with a special putty mixture containing particular enzymes and bacteria beneficial to flavor development. The grains are sealed into the pit with a fermenting agent for about 70 days prior to distilling. The product obtained at the end of the distillation process is then aged for a year in ceramic jars large enough to hold 1,100 liters of the liquid. At the end of this aging process, the product is finally blended and bottled. The fermentation quality of Chinese white spirits is closely linked to the temperature, moisture and alkalinity conditions of the local environment. Sichuan, where the Wen Jun distillery has been located since the 16th century (Ming dynasty) is considered as an ideal environment for the production of "Nong" white liquors.

1.3. Wines and Spirits distribution

LVMH's Wines and Spirits are distributed to the world's major markets primarily through a network of international subsidiaries, some of which are joint ventures with the spirits group Diageo plc. In 2013, 33% of champagne and cognac sales were made through this channel.

Diageo also has a 34% stake in Moët Hennessy, which is the holding company of the LVMH group's Wines and Spirits businesses.

Since 1987, LVMH and Guinness (prior to the creation of Diageo) have signed agreements leading to the creation of joint ventures for the distribution of their top brands, including MHD in France and Schieffelin & Somerset in the United States. This joint network strengthens the positions of the two groups, improves distribution control, enhances customer service, and increases profitability by sharing distribution costs.

At the end of 2004, LVMH and Diageo announced they were separating their distribution business in the United States, run within the joint venture Schieffelin & Somerset; this agreement does not change the distribution of the products of the two groups to joint distributors, implemented on this market since 2002. Following this agreement, LVMH announced early in 2005 the creation of Moët Hennessy USA, which now markets all the LVMH brands of Wines and Spirits in the United States.

In 2010, LVMH and Diageo reorganized their product distribution channels in Japan. Moët Hennessy refocused on the distribution of its own brands of champagnes and spirits together with some of Diageo's ultra-premium spirits brands, while the distribution of Diageo's premium brands was transferred to a joint venture between Kirin and Diageo.

Until 2011, a joint venture between LVMH and Whitehall was responsible for the distribution of the Group's Wines and Spirits brands in Russia. Since 2011, as a result of the buyout by LVMH of Whitehall's stake in the joint venture, a subsidiary wholly owned by Moët Hennessy has been responsible for this distribution.

2. FASHION AND LEATHER GOODS

The Fashion and Leather Goods business group includes Louis Vuitton, the world's leading luxury brand, Donna Karan, Fendi, Loewe, Céline, Kenzo, Marc Jacobs, Givenchy, Thomas Pink, Pucci, Berluti, Rossimoda, Loro Piana and Nicholas Kirkwood. This exceptional group of brands, born in Europe and the United States, has 1,339 stores around the world (excluding Loro Piana, whose network will be integrated in 2014). While respecting the identity and creative positioning of each of its brands, LVMH supports their development by providing shared resources.

In 2013, the Fashion and Leather Goods business group posted revenue of 9,882 million euros, representing 34% of the total revenue of LVMH.

2.1. The brands of the Fashion and Leather Goods business group

In the luxury Fashion and Leather Goods sector, LVMH holds a group of brands that are primarily French, but also include Spanish, Italian, British and American companies.

Louis Vuitton (founded in 1854), the star brand of this business group, first focused its development around the art of traveling, creating trunks, rigid or flexible luggage items, innovative, practical and elegant bags and accessories, before expanding its territory and its expertise in other areas of expression. For over 150 years, its product line has continuously expanded with new travel or city models and with new materials, shapes and colors. Famous for its originality and the high quality of its creations, today Louis Vuitton is the world leader in luxury goods and, since 1998, has offered its international customers a full range of products: leather goods, ready-to-wear for men and women, shoes and accessories. Since 2002, the brand has also been present in the watch segment; Louis Vuitton launched its first line of jewelry in 2004, its first eyewear collection in 2005, and a line of High-End Leather Goods in 2011.

Fendi, founded in Rome in 1925, one of the flagship brands of Italian fashion, is part of the LVMH group since 2000. Particularly well-known for its skill and creativity in furs, the brand is also present in leather goods, accessories and ready-to-wear.

Donna Karan was founded in New York in 1984 and joined the LVMH group in 2001. Its ready-to-wear lines, the exclusive *Collection* line, and *DKNY*, a more casual clothing line, meet the needs of a very modern and international lifestyle.

Loewe, the Spanish company created in 1846 and acquired by LVMH in 1996, originally specialized in very high-quality leather work. Today it is present in leather goods and ready-to-wear. The Loewe perfumes are included in the Perfumes and Cosmetics business group.

Marc Jacobs, created in New York in 1984, named after its founder, is expanding rapidly in fashion for men and women; LVMH has been in charge of the distribution of its products since 1997.

Céline, founded in 1945 and owned by LVMH since 1996, is developing a ready-to-wear line, leather goods, shoes and accessories.

Kenzo, formed in 1970, joined the LVMH group in 1993. Today, the company operates in the areas of ready-to-wear for men and women, fashion accessories, leather goods and home furnishings. Its perfume business is part of the Perfumes and Cosmetics business group.

Givenchy, founded in 1952 by Hubert de Givenchy and part of the LVMH group since 1988, a company rooted in a tradition of excellence in *Haute Couture*, is also known for its collections of men and women's ready-to-wear and its fashion accessories. The Givenchy perfumes are included in the LVMH Perfumes and Cosmetics business group.

Thomas Pink, a brand formed in 1984, is a recognized specialist in high-end shirts in the United Kingdom. Since joining the LVMH group in 1999, the brand has been accelerating its international growth.

Emilio Pucci, an Italian brand founded in 1947, is a symbol of casual fashion in luxury ready-to-wear, a synonym of escape and refined leisure. Emilio Pucci joined LVMH in 2000.

Berluti, an artisan bootmaker established in 1895 and held by LVMH since 1993, designs and markets very high-quality men's shoes, a line of leather goods, now enriched with a line of ready-to-wear for men.

Rossimoda, an Italian company founded in 1942, which joined the Group in 2003, specializes in the manufacturing of luxury women's footwear.

Loro Piana, an Italian company founded in 1924 in which LVMH acquired an 80% stake in December 2013, creates luxury fabrics and products, particularly from cashmere, of which it is the world's foremost processor. The brand is famous for its dedication to quality and the noblest raw materials, its unrivalled standards in design and its expert craftsmanship.

Nicholas Kirkwood, the British luxury footwear company born in 2004 and named after its founder, in which LVMH acquired a 52% stake in 2013, is famous throughout the world for its unique, innovative approach to footwear design.

2.2. Design

Whether they belong to the world of *Haute Couture* or luxury fashion, the LVMH brands have founded their success first and foremost on the quality, authenticity and originality of their designs that must be renewed with each season and each collection. Thus, a strategic priority is to strengthen the design teams, ensure the collaboration of the best designers, and adapt their talent to the spirit of each brand.

LVMH believes that one of its essential assets is its ability to attract a large number of internationally recognized designers to its companies. In 2013, Nicolas Ghesquière succeeded Marc Jacobs, who had designed the Louis Vuitton women's ready-to-wear collections since 1998. Karl Lagerfeld is in charge of the creation of Fendi's ready-to-wear line for women, Silvia Fendi being in charge of accessories and men's ready-to-wear collections. Phoebe Philo was appointed as Céline's new Creative Director in 2008. The fashion designer Riccardo Tisci, who has been the Creative Director of Givenchy's *Haute Couture*, ready-to-wear and accessories lines for women since 2005, was given responsibility for the brand's ready-to-wear line for men in 2008 as well. In 2013, Jonathan Anderson succeeded Stuart Vevers as Loewe's Creative Director. In 2011, Humberto Leon and Carol Lim were appointed as Creative Directors for all of the Kenzo collections. Donna Karan continues to create the lines of the company that bears her name. In 2008, Peter Dundas was named as Emilio Pucci's Creative Director. Olga Berluti, the heiress of the expertise built up by her predecessors, is perpetuating the unique style and quality of Berluti shoes. In 2011, Alessandro Sartori was appointed as the brand's new Creative Director to launch its first men's ready-to-wear collection.

2.3. Distribution

Controlling the distribution of its products is a core strategic vector for LVMH, particularly in luxury Fashion and Leather Goods. This control allows the Group to benefit from distribution margins, and guarantees strict control of the brand image, sales reception and environment that the brands require. It also gives the Group closer contacts with its customers so that it can better anticipate their expectations.

In order to meet these objectives, LVMH created the first international network of exclusive boutiques under the banner of its Fashion and Leather Goods brands. This network included 1,339 stores as of December 31, 2013 (excluding Loro Piana, whose network will be integrated in 2014).

2.4. Supply sources and subcontracting

The seventeen leather goods manufacturing shops of Louis Vuitton Malletier – twelve in France, three in Spain and two in the United States – manufacture most of the brand's leather goods products. All development and manufacturing processes for the entire footwear line are handled at Louis Vuitton's workshops in Fiesso d'Artico, Italy. Louis Vuitton Malletier uses external manufacturers only to supplement its manufacturing and achieve production flexibility in terms of volumes.

Louis Vuitton Malletier purchases its materials from suppliers located around the world, with whom Louis Vuitton Malletier has established partnership relationships. The supplier strategy implemented over the last few years has enabled requirements to be fulfilled in terms of volumes, quality and innovation, thanks to a policy of concentration and supporting the best suppliers while limiting Louis Vuitton's dependence on them. For this reason, the leading leather supplier does not contribute more than 15% of Louis Vuitton's total leather supplies. In 2009, Louis Vuitton Malletier initiated an integration strategy particularly aimed at acquiring and mastering certain *savoir-faire* and securing access to strategic supplies. This strategy is illustrated by the acquisition of stakes in Heng Long, which specializes in exotic leather, and in Tanneries Roux, a French supplier of premium-quality calfskin.

Fendi and Loewe have leather workshops in their country of origin, and in Italy for Céline, which cover only a portion of their production needs. Generally, the subcontracting used by the business group is diversified in terms of the number of subcontractors and is located primarily in the brand's country of origin: France, Italy and Spain.

Overall, the use of subcontractors for Fashion and Leather Goods operations represented about 38% of the cost of sales in 2013.

Finally, for the different Group companies, the fabric suppliers are often Italian, but on a non-exclusive basis.

The designers and style departments of each Group company ensure that manufacturing does not generally depend on patents or exclusive expertise owned by third parties.

3. PERFUMES AND COSMETICS

The LVMH group is present in the perfume and cosmetics sector through its major French houses: Parfums Christian Dior, Guerlain, Givenchy and Kenzo. In addition to these world-renowned brands, this business group also includes Benefit Cosmetics and Fresh, two young, high-growth American cosmetics companies; the prestigious Italian brand Acqua di Parma; Parfums Loewe, a Spanish brand with strong positions in its domestic market; and Make Up For Ever, a French company initially specializing in professional make-up products. Fendi's recently launched fragrance activity is also part of this business group.

The presence of a broad spectrum of brands within the business group generates synergies and represents a market force. The volume effect means that advertising space can be purchased at better prices and better locations can be negotiated in department stores. In research and development, the Group's brands have pooled their resources since 1997 with a joint center in Saint-Jean de Braye (France), at the industrial site of Parfums Christian Dior. The use of shared services by subsidiaries increases the effectiveness of support functions for worldwide distribution and facilitates the expansion of the newest brands. These economies of scale permit larger investments in design and advertising, two key factors for success in Perfumes and Cosmetics.

The Group's Perfumes and Cosmetics brands are sold mainly through "selective retailing" channels (as opposed to mass-market retailers and drugstores), although certain brands also sell their products in their own stores. There were a total of 123 points of sale of this type for the business group as of December 31, 2013.

In 2013, the Perfumes and Cosmetics business group posted revenue of 3,717 million euros, representing 13% of LVMH's total revenue.

3.1. The brands of the Perfumes and Cosmetics business group

Parfums Christian Dior was born in 1947, the same year as the Christian Dior fashion house, with the introduction of the *Miss Dior* perfume. While developing its lines of fragrances for men and women over the years, Parfums Christian Dior expanded its activity to the make-up sector in 1955, and to skincare products in 1973. François Demachy, perfumer and Creative Director, and Tyen, Creative Director for make-up, both build on Christian Dior's rich heritage and legacy. Today, Parfums Christian Dior allocates 1.1% of its revenue to research and is on the cutting edge of innovation.

Guerlain, founded in 1828 by Pierre François Pascal Guerlain, has created more than 700 perfumes since its inception. The brand has an exceptional image in the perfume universe and many of its creations have enjoyed remarkable longevity. Today it is also known for its make-up and skincare lines.

Parfums Givenchy, founded in 1957, complements Givenchy's fashion lines with a range of fragrances for women and men, including *Amarige*, *Organza*, *Very Irrésistible Givenchy*, *Ange ou Démon*, *Play for Her* (launched in 2010) and *Dahlia Noir* (launched in 2011), in addition to *Givenchy pour Homme*, *Very Irrésistible pour Homme*, *Play*, and *Gentlemen Only*. Givenchy is also active in cosmetics, offering skincare products as well as the make-up line *Givenchy Le Makeup*.

Parfums Kenzo appeared in 1988, and developed with the success of *FlowerbyKenzo*, launched in 2000. The brand diversified its activities in the "well-being" segment by launching the *KenzoKi* line in 2001. The following years saw the launches of the women's fragrance *KenzoAmour* and the men's fragrance *KenzoPower*, the creation of *KenzoHomme eau de toilette boisée*, *Eau de Parfum Madly Kenzo* and *KenzoHomme Sport*, and the introduction of *Flower in the Air* in 2013.

Benefit Cosmetics, created in 1976 in San Francisco and acquired by LVMH at the end of 1999, owes its rapid success to the high quality of its beauty and make-up products, which convey a true sense of pleasure and are enhanced by the playful aspect of the product names and packaging. In addition to sales through its 39 exclusive boutiques across the world (California, Chicago, New York, United Kingdom, Hong Kong, China and Sydney), the brand is currently distributed at around 4,000 points of sale in 43 countries across the world.

Fresh, created in 1991 and acquired by LVMH in September 2000, initially built its reputation by creating body care products inspired by ancestral beauty recipes and entirely natural and high-quality fragrances, before expanding its concept to make-up and haircare products.

Loewe introduced its first perfume in 1972. A major player in Spain, the brand is also developing its international business, primarily in Russia, the Middle East and Latin America.

Make Up For Ever, created in 1984, joined LVMH in 1999. The brand specializes in professional make-up and its applications for consumers. Its products are sold through exclusive boutiques in Paris, New York, Los Angeles and Dallas, and through a number of selective retailing circuits, particularly in France, Europe and the United States (markets developed in partnership with Sephora), as well as in China, South Korea and the Middle East.

Acqua di Parma, founded in 1916 in Parma and acquired by LVMH in 2001, is a luxury perfume brand and a symbol of Italian high fashion. The brand specializes in perfumes and skincare and has diversified its product line to include home scents and linens. Now based in Milan, Acqua di Parma relies on an exclusive retailing network, including a brand store in Milan and Paris.

Parfums Fendi successfully transposed the aesthetic appeal, elegance and values of the House of Fendi into the world of perfume with the fragrances *Fan di Fendi* and, in 2013, *L'Acquarossa*.

3.2. Research in Perfumes and Cosmetics in 2013

Innovation plays a fundamental role in the growth strategy of the LVMH group's Perfumes and Cosmetics business group, given the current focus on speeding up the development of new products and the introduction of new regulatory constraints in certain markets. The GIE (*Groupement d'Intérêt Économique*) consortium LVMH Recherche brings the research and development laboratories of the Group's cosmetics brands together under an umbrella organization. This consortium is in charge of the research and development of new products placed on the market each year. LVMH Recherche also monitors developments in regulations with a view to making the products available for sale around the world.

In Saint-Jean de Braye (Loiret, France), at the heart of the competitiveness cluster known as Cosmetic Valley, more than 260 scientists, researchers, chemists, biologists, pharmacists and physicians work on behalf of the development of skincare, make-up and perfume products for the brands Parfums Christian Dior, Guerlain, Parfums Givenchy and Fresh, as well as the development of certain products for a number of other Group companies: Benefit, Make Up For Ever, Parfums Kenzo, Acqua di Parma, Fendi, Pucci and Loewe. By bringing together resources and expertise at a single site, LVMH Recherche is able to conduct applied research projects, in association with partners and leading universities, supporting product development for all of the business group's brands.

2013 witnessed the inauguration of the new Hélios research center at the Saint-Jean de Braye site. This 18,000 sq.m research center has HEQ (High Environmental Quality) certification, and brings all the research and development teams together in one location. Featuring ultra-modern equipment compliant with the strictest standards, this research campus was designed to foster synergies between teams and open innovation by holding scientific seminars and hosting visiting researchers as part of a collaborative partnership with the University of Orléans. Located in Cosmetic Valley, Hélios has a strong presence in the local area and actively participates in a large number of research projects.

The consortium's researchers consolidated their work in their key areas of upstream research and development. For upstream research, a high-speed active ingredient screening system significantly expands multiparameter testing capabilities and facilitates discoveries relating to the different brands' skincare products. In the area of histology, new visualization methods associated with new models for skin cell cultures have resulted in the discovery of biological targets involved in skin aging and repair. A research program has been launched to identify new ways of preventing and halting aging changes based on women's experience. Research has made it possible to improve the knowledge regarding Asian skin types in connection with lifestyle and environmental factors. Preference mapping was carried out in China to identify sensory texture targets in connection with their cosmetic potential. New image analysis protocols and methods have been developed to measure the beneficial effects of make-up or skincare products on tired-looking facial skin. New, ultra high-speed "flash" tests that measure the efficiency of cosmetic formula prototypes are an invaluable decision-making tool for the skincare and make-up formulation teams.

With respect to development, new encapsulation technologies for natural products have come to light, leading to the launch of Guerlain's *Abeille Royale* skincare treatment, for example.

In addition, to further refine formulations, research was conducted to optimize and rationalize new components and active ingredients. Collaborations between skincare experts and make-up specialists have given rise to a range of natural skin beautifiers, such as Parfum Christian Dior's *BB Cream Nude* and a major Dior skincare launch with the *Capture* line in January 2014. Innovations focusing on make-up involved the quest for ever more advanced textures, whether through the development of complex oil mixtures for sheer, high-gloss lipstick (Guerlain's *Gloss d'Enfer*) or the association of polymers and pigments treated to offer optimum lightness, hold and personalized coverage (Givenchy's *Teint Couture*).

Teams continued their research into natural products. Orchidarium, Guerlain's international platform for orchid research, expanded its collections of wild species for conservation and pursued the development of its phytochemical research program on new orchids that may provide future applications in cosmetics. Research continued on roses, a key ingredient of Parfums Christian Dior's *Prestige* line. Research facilities in Japan and China have forged partnerships for strategic projects relating to new make-up and skincare formulations.

In response to ongoing major developments in European law and cosmetics regulations around the world, LVMH Recherche's teams have made the necessary changes to their product safety assessment methods, backed by new computer-simulation methods which can help identify the toxicological profiles of new molecules on the basis of their chemical structure. LVMH is one of a very small handful of players in the perfume and cosmetics industry who not only takes part in the international validation of alternative methods but who has also developed its own in vitro toxicology unit, whose commitment to "Bonnes Pratiques de Laboratoire" (BPL, good laboratory practices) has been recognized by the supervisory authorities in France.

In addition, LVMH Recherche continues to demonstrate its commitment to consistently protecting its inventions via patents. As in prior years, the full breadth of research activities conducted by LVMH Recherche resulted in a number of scientific papers presented at various specialized international scientific conferences.

Lastly, to bolster its collaborative innovation policy, LVMH Recherche continued to support collaborative exchanges and knowledge sharing through seminars and conferences, paving the way for future innovation. LVMH Recherche also continued its active involvement in the establishment of a scientific photography exhibition in association with *La Recherche*, the French scientific journal, and participated in "Les Fondamentales", a scientific outreach event organized by the CNRS (France's National Center for Scientific Research).

3.3. Supply sources and subcontracting

The five French production centers of Guerlain, Parfums Christian Dior and LVMH Fragrance Brands provide almost all the production for the four major French brands, including Kenzo, both in fragrances, and in make-up and beauty products. Make Up For Ever also has manufacturing capacities in France. The manufacturing of Benefit, Parfums Loewe, Fresh and Parfums Fendi's products is partly provided by the Group's other brands, the remainder being subcontracted externally.

In 2013, manufacturing subcontracting represented overall about 8% of the cost of sales for this activity, plus approximately 11 million euros for logistical subcontracting.

Dry materials, such as bottles, stoppers and any other items that form the containers or packaging, are acquired from suppliers outside the Group, as are the raw materials used to elaborate the finished products. In certain cases, these materials are available only from a limited number of French or foreign suppliers.

The product formulas are developed primarily in the Saint-Jean de Braye (France) laboratories, but the Group can also acquire or develop formulas from specialized companies, particularly for perfume essences.

4. WATCHES AND JEWELRY

The most recent LVMH business group holds a portfolio of quality watch and jewelry brands with highly complementary market positions: TAG Heuer, the world's leading maker of luxury sports watches and chronographs; Hublot, a recent high-end watchmaker; the luxury watchmaker Zenith, which has its own *manufacture*; Montres Dior, which offers collections inspired by the designs of the Fashion House; Bulgari, the pace-setter for Italian fine jewelry since 1884; Chaumet, the prestigious historic jeweler on Place Vendôme in Paris; Fred, a designer of contemporary jewelry pieces; and De Beers Diamond Jewellers, a joint-venture formed in July 2001, which has continued to solidify its position as diamond jeweler.

The business group has already deployed internationally, strengthened the coordination and pooling of administrative resources, expanded its sales and marketing teams, and progressively began to establish a network of after-sale multi-brand services worldwide to improve customer satisfaction. LVMH Watches and Jewelry has a territorial organization that covers all European markets, the American continent, northern Asia, Japan, and the Asia-Pacific region.

This business group has implemented industrial coordination through the use of shared resources, such as prototype design capacities, and by sharing the best methods for preparing investment plans, improving productivity and negotiating purchasing terms with suppliers.

In 2013, the Watches and Jewelry business group posted revenue of 2,784 million euros, which represented 9% of total LVMH revenue.

4.1. The brands of the Watches and Jewelry business group

TAG Heuer, founded in 1860 in the Swiss Jura town of Saint-Imier and acquired by LVMH in November 1999, has forged strong ties over the years with the world of competitive sports, reflected in the brand's core performance values. TAG Heuer is recognized for the quality and precision of its timepieces, combined with cutting-edge design aesthetics. Its most coveted professional sport watches are the *Aquaracer*, *Link* and *Formula 1* lines. For traditional watches and chronographs, the *Carrera* and *Monaco* models enjoy strong followings. In 2010, the brand launched the *Calibre 1887*, its first automatic movement developed and built in-house. Via licenses, TAG Heuer is also active in the eyewear segment and in cellular handsets, with *Meridiist*, designed in partnership with ModeLabs.

Hublot, founded in 1980 and part of the LVMH group since 2008, has always been an innovative brand, creating the first watch in the industry's history fitted with a natural black rubber strap. Relying on a team of top-flight watchmakers, the brand is widely renowned for its original concept combining noble materials with state-of-the-art technology and for its iconic *Big Bang* model launched in 2005. Along with the many versions of this model, Hublot has relaunched its long-established *Classic Fusion* line.

Zenith (founded in 1865 and established in Le Locle near the Swiss Jura region) joined LVMH in November 1999. Zenith belongs to the very select group of watch movement *manufactures*. In the watchmaking sector, the term *manufacture* designates a company that provides the entire design and manufacturing of mechanical movements. The two master movements of Zenith, the chronograph *El Primero* and the extra-flat movement *Elite*, absolute benchmarks for Swiss watchmaking, are provided on the watches sold under this brand.

Bulgari, founded in 1884, stands for creativity and excellence worldwide and is universally recognized as one of the major players in its sector. The long-celebrated Italian brand occupies a strong leadership position in jewelry, where it is particularly well known for its iconic *Serpenti* line, and in watches, while playing an important role in the fragrance and accessories segments as well.

Chaumet, a jeweler established in 1780, has maintained its prestigious expertise for over two centuries, imposing a style that is deliberately modern and is reflected in all its designs, whether high-end jewelry pieces, jewelry or watch collections. The LVMH group acquired Chaumet in 1999.

Montres Dior has been managed since 2008 in the form of a joint-venture between the Watches and Jewelry business group and the company Christian Dior Couture. The collections of Montres Dior, particularly *Christal*, *Chiffre Rouge*, *D de Dior* and, since 2011, *Dior VIII*, are designed in complete harmony with the creative impetus of the Fashion house.

De Beers is a high jewelry brand, created in July 2001 and jointly managed by the LVMH and De Beers groups, through De Beers Diamond Jewellers Ltd. The company, headquartered in London (United Kingdom), is progressively rolling out a global network of boutiques offering jewelry under the De Beers brand name. It approaches the diamond market from an original angle, both in its creative jewelry design and its concept of points of sale.

Fred, founded in 1936 and part of the LVMH group since 1995, is present in high-end jewelry, jewelry and watchmaking. Since joining the Group, Fred has completely revamped its design, image and distribution. This revival can be seen in the bold contemporary style of its creations, exemplified by the brand's iconic *Force 10* line.

4.2. Distribution

The Watches and Jewelry brands' store network comprised 363 stores as of December 31, 2013. The jewelry brands' products are thus showcased in prestigious positions, located in some of the largest cities in the world. Moreover, TAG Heuer and Hublot are developing their store networks, including those that are directly operated and those operating under franchise, by obtaining strategically located locations which contribute to the visibility of their products.

4.3. Supply sources and subcontracting

With its Swiss workshops and *manufactures*, located in Le Locle, La Chaux-de-Fonds, Neuchâtel, Cornol, Le Sentier, Chevenez and Nyon, the Group provides almost the entire assembly of the watches and chronographs sold under the TAG Heuer, Hublot, Zenith, Bulgari, Christian Dior, Chaumet and Fred brands, as well as the design and manufacturing of the mechanical movements *El Primero* and *Elite* from Zenith, the *Calibre 1887* from TAG Heuer, *UNICO* from Hublot and the *Hautes Complications* from Bulgari. In 2011, TAG Heuer acquired the entire share capital of ArteCad, a leading Swiss manufacturer of watch dials, and Hublot acquired the entire share capital of Profusion, a supplier of carbon fiber parts and components, which complements TAG Heuer and Bulgari's current capacity for critical components such as dials, cases and straps. Zenith's *manufacture* in Le Locle underwent a major renovation in 2012. In 2013, TAG Heuer inaugurated a new movement manufacturing facility in Chevenez.

In this business, subcontracting represented 9% of the cost of sales in 2013.

Even though the Group can, in certain cases, use third parties to design its models, they are most often designed in its own studios.

5. SELECTIVE RETAILING

The Selective Retailing businesses are organized to promote an environment that is appropriate to the image and status of the luxury brands. These companies are expanding in Europe, North America, Asia and the Middle East, and operate in two segments: travel retail (the sale of luxury products to international travelers), the business of DFS and Miami Cruiseline, and the selective retail concepts represented by Sephora and the Paris department store Le Bon Marché.

In 2013, the Selective Retailing business group posted revenue of 8,938 million euros, or 31% of the total revenue of LVMH.

5.1. Travel retail

DFS

Duty Free Shoppers (“DFS”) joined LVMH in 1997.

DFS is the pioneer and the world leader in the sale of luxury products to international travelers. Its activity is closely linked to tourism cycles.

Since it was formed in 1960 as a duty-free concession in the Kai Tak airport in Hong Kong, DFS has acquired an in-depth knowledge of the needs of traveling customers, built solid partnerships with Japanese and international tour operators, and has significantly expanded its business, particularly in the tourist destinations in the Asia-Pacific region.

The strategy of the DFS group is focused on the development and promotion of its city-center *Galleria* stores, which account for more than half of its revenue today.

With an area of around 6,000 to 12,000 square meters, the *Gallerias* are located in the urban centers of major airline destinations in Asia-Pacific, the United States and Japan. Each space combines in one site, close to the hotels where travelers are lodged, two different, but complementary commercial spaces: a general luxury product offer (including perfumes and cosmetics, fashion and accessories) and a gallery of prestigious boutiques belonging or not to the LVMH group (such as Louis Vuitton, Hermès, Bulgari, Tiffany, Christian Dior, Chanel, Prada, Fendi, and Céline).

While focusing on the development of its *Gallerias*, which are its main source of growth, DFS maintains its strategic interest in the airport concessions if these can be obtained or renewed under good financial terms. DFS is currently present at some twenty international airport sites in the Asia-Pacific, the United States and Japan, notably in Hong Kong, thanks to three new concessions awarded at the end of 2012.

Miami Cruiseline

Miami Cruiseline, acquired by LVMH in 2000, is an American company founded in 1963, the world leader in the sale of duty-free luxury items on board cruise ships. It provides services to over 80 ships representing several cruise lines. It also publishes tourist reviews, catalogs and advertising sheets available on board.

5.2. Selective retail

Sephora

Sephora, founded in 1969, has developed over time a perfume and beauty format that combines direct access and customer assistance. This concept led to a new generation of stores with a sober and luxurious architecture, designed in three spaces dedicated to perfumes, make-up and skincare respectively. Based on the quality of this concept, Sephora has gained the confidence of selective perfume and cosmetics brands. In addition, Sephora has offered products sold under its own brand name since 1995 and has developed a line of exclusive products thanks to its close ties with brands selected for their bold ideas and creativity.

Since it was acquired by LVMH in July 1997, Sephora has recorded rapid growth in Europe by opening new stores and acquiring companies that operated perfume retail chains. Sephora is present in 15 European countries. The Sephora concept also crossed the Atlantic in 1998, with a strong presence in the United States, an Internet site sephora.com, and a stores network in Canada. Sephora entered the Chinese market in 2005. Having entered the Middle East in 2007, the brand has stores in five countries at the end of 2013. After entering the South American market in 2010 with its acquisition of Sack’s, the leading online retailer of selective perfumes and cosmetics in Brazil, Sephora has reinforced its presence in this country and in Mexico. Sephora has also strengthened its presence in Russia, raising its stake in Ile de Beauté, a perfume and cosmetics retail chain, to 65% in 2011.

Le Bon Marché

Established in 1852, Le Bon Marché Rive Gauche was a pioneer of modern marketing in the 19th century. The sole department store located on the left bank in Paris, it was acquired by LVMH in 1998.

Le Bon Marché Rive Gauche has a food store, La Grande Épicerie de Paris. Since 1995, it has also owned Franck et Fils, located on rue de Passy in the sixteenth district of Paris. In recent years, a fundamental overhaul that included the renovation and remodeling of its sales spaces, together with moving to a more upscale product offer, strengthened the identity of Le Bon Marché. Famous for its very demanding inventory and service policy, Le Bon Marché Rive Gauche is now the most exclusive and creative department store in Paris.

6. OTHER ACTIVITIES

The Other activities segment includes the media division managed by the Les Echos group, La Samaritaine, the Dutch luxury yacht maker Royal Van Lent, LVMH Hotel Management and, since 2013, the Cova patisserie business, based in Milan (Italy).

Les Echos group

LVMH acquired the Les Echos group in 2007. The Les Echos group includes *Les Echos*, France's leading financial newspaper, *LesEchos.fr*, the top business and financial website in France, the business magazine *Enjeux-Les Echos*, as well as other specialized business services. Les Echos group also holds several other financial and cultural media titles that were previously owned by LVMH: *Investir – Le Journal des Finances*, resulting from the 2011 merger of two financial weeklies; *Connaissance des Arts*; and the French radio station *Radio Classique*. Les Echos group also publishes trade journals, with titles produced by SID Presse, and is active in the business-to-business segment, with the organizations *Les Echos Formation* and *Les Echos Conférences*, the trade show *Le Salon des Entrepreneurs*, and *Eurostaf* market studies.

La Samaritaine

La Samaritaine is a real estate complex located at the heart of Paris, beside the Seine river. It comprised a department store in addition to leased office and retail space until 2005 when the department store was closed for safety reasons. An ambitious architectural plan was drawn up to transform the former department store into a hotel, office, shopping mall and social housing complex. The building permit was obtained at the end of 2012 and construction work started in 2013. In November 2010, LVMH acquired the 40.1% stake that had been held by Fondation Cognacq-Jay in La Samaritaine.

Royal Van Lent

Founded in 1849, Royal Van Lent designs and builds luxury yachts according to customers' specifications and markets them under the Feadship brand, one of the most prestigious in the world for yachts over 50 meters.

LVMH Hotel Management

LVMH Hotel Management handles the development of the LVMH group's hotel businesses and, in an approach based on vertical integration, favors complete control of the process, from the design phase to running the companies. As part of this approach, LVMH Hotel Management notably manages Hotel Saint Barth Isle de France, located on the island of Saint-Barthélemy (French Antilles) and acquired in 2013.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

LVMH group

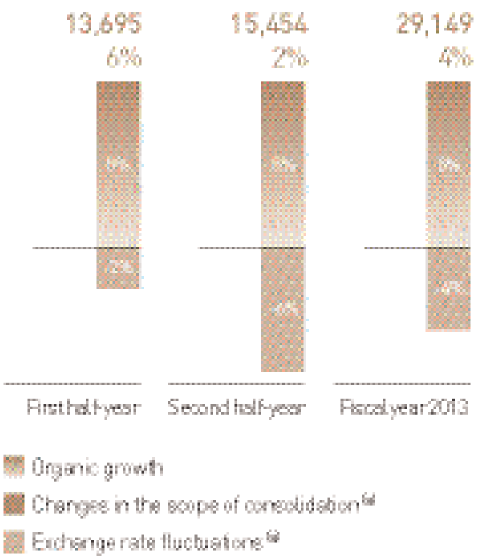
1. BUSINESS AND FINANCIAL REVIEW

1.1. Comments on the consolidated income statement

1.1.1. Analysis of revenue

Change in revenue per half-year period

(EUR millions and percentage)



(a) The principles used to determine the net impact of exchange rate fluctuations on revenue of entities reporting in foreign currencies and the net impact of changes in the scope of consolidation are described on page 27.

Consolidated revenue for the fiscal year 2013 was 29,149 million euros, up 4% over the preceding fiscal year. Revenue was impacted by the depreciation of the Group's main invoicing currencies against the euro, in particular the Japanese yen, which depreciated by 27%.

The following changes have been made in the Group's scope of consolidation since January 1, 2012: in Fashion and Leather Goods, the acquisition of 80% of Loro Piana on December 5, 2013 and 52% of British luxury footwear company Nicholas Kirkwood on October 1, 2013; in Other activities, the acquisition of 80% of the Milan based patisserie business Cova in June 2013 and Hotel Saint Barth Isle de France in September 2013. These changes in the scope of consolidation did not have any significant effect on revenue growth for the year.

On a constant consolidation scope and currency basis, revenue increased by 8%.

Revenue by invoicing currency

(as %)	2013	2012	2011
Euro	23	24	26
US dollar	28	28	27
Japanese yen	7	8	8
Hong Kong dollar	8	6	6
Other currencies	34	34	33
Total	**100**	**100**	**100**

The breakdown of revenue by invoicing currency changed as follows: the contributions of the euro and Japanese yen both fell by 1 point to 23% and 7%, respectively; the proportion of revenue denominated in US dollars and Other currencies remained stable at 28% and 34%, respectively, while the relative weight of the Hong Kong dollar rose by 2 points to 8%.

Revenue by geographic region of delivery

(as %)	2013	2012	2011
France	11	11	12
Europe (excluding France)	19	20	21
United States	23	23	22
Japan	7	8	8
Asia (excluding Japan)	30	28	27
Other markets	10	10	10
Total	**100**	**100**	**100**

By geographic region of delivery, there was a 1 point decline in the relative contributions to Group revenue by Europe (excluding France) and Japan, at 19% and 7% respectively, while Asia (excluding Japan) increased its contribution by 2 points to 30%. France, the United States and Other markets remained stable at 11%, 23% and 10% respectively.

Revenue by business group

(EUR millions)	2013	2012	2011
Wines and Spirits	4,187	4,137	3,524
Fashion and Leather Goods	9,882	9,926	8,712
Perfumes and Cosmetics	3,717	3,613	3,195
Watches and Jewelry	2,784	2,836	1,949
Selective Retailing	8,938	7,879	6,436
Other activities and eliminations	(359)	(288)	(157)
Total	**29,149**	**28,103**	**23,659**

The breakdown of the Group's revenue by business group changed appreciably as a result of the addition of three major concession contracts won in late 2012 at the Hong Kong airport in Selective Retailing, whose contribution increased by 3 points to 31%. The contributions of Fashion and Leather Goods, Wines and Spirits, and Watches and Jewelry all fell by 1 point to 34%, 14% and 9% respectively. That of Perfumes and Cosmetics remained stable at 13%.

Wines and Spirits saw an increase in revenue of 1% based on published figures. Revenue for this business group increased by 6% on a constant consolidation scope and currency basis, with the net impact of exchange rate fluctuations lowering Wines and Spirits revenue by 5 points. This performance was made possible by higher sales volumes and a sustained policy of price increases in line with the ongoing value-creation strategy. Demand remained strong in Asia and the United States. China is still the second largest market for the Wines and Spirits business group.

Fashion and Leather Goods revenue was up 5% on a constant consolidation scope and currency basis, while remaining stable in published figures. This business group's performance continued to benefit from gains made by Louis Vuitton. Céline, Kenzo, Givenchy and Berluti confirmed their potential, delivering double-digit growth.

Revenue for Perfumes and Cosmetics increased by 7% on a constant consolidation scope and currency basis, and by 3% based on published figures. This growth confirmed the effectiveness of the value-enhancing strategy resolutely pursued by the Group's brands in the face of competitive pressures spawned by the economic crisis. The Perfumes and Cosmetics business group saw appreciable revenue growth in the United States and Asia, notably China.

Revenue for Watches and Jewelry increased by 4% on a constant consolidation scope and currency basis, and fell 2% based on published figures. Economic uncertainty and an intensely competitive market caused a slowdown in purchases by multi-brand watch retailers. For all of the business group's brands, Japan was the most dynamic region.

Based on published figures, revenue for Selective Retailing increased by 13%, and by 17% on a constant consolidation scope and currency basis. The main drivers of this performance were Sephora, which saw very appreciable growth in revenue across all world regions, and DFS, which made excellent progress, spurred by the integration as of end 2012 of three major concessions at the Hong Kong airport, and by the continuing development of Chinese tourism boosting business at its stores in Hong Kong and Macao.

1.1.2. Profit from recurring operations

(EUR millions)	2013	2012	2011
Revenue	29,149	28,103	23,659
Cost of sales	(10,055)	(9,917)	(8,092)
Gross margin	19,094	18,186	15,567
Marketing and selling expenses	(10,849)	(10,101)	(8,360)
General and administrative expenses	(2,224)	(2,164)	(1,944)
Profit from recurring operations	**6,021**	**5,921**	**5,263**
Operating margin *(%)*	**21**	**21**	**22**

The Group posted a gross margin of 19,094 million euros, up 5% compared to the previous fiscal year. As a percentage of revenue the gross margin was 66%, an increase of 1 point thanks notably to effective control over the cost of goods sold.

Marketing and selling expenses totaled 10,849 million euros, up 7% based on published figures, amounting to a 12% increase on a constant consolidation scope and currency basis. This increase was mainly due to the ongoing development of the Group's retail networks, but also to higher communications investments by the Group's main brands. The level of these marketing and selling expenses nonetheless rose by only 1 point as a percentage of revenue, amounting to 37%. Among these marketing and selling expenses, advertising and promotion represented 11% of revenue, an increase of 5% on a constant consolidation scope and currency basis.

The geographic breakdown of stores is as follows:

(number)	2013	2012	2011
France	443	412	390
Europe (excluding France)	926	910	883
United States	669	644	621
Japan	370	370	360
Asia (excluding Japan)	749	670	621
Other markets	227	198	165
Total	**3,384** [a]	**3,204**	**3,040**

(a) Excluding Loro Piana, whose network will be integrated in 2014.

General and administrative expenses totaled 2,224 million euros, up 3% based on published figures, and up 6% on a constant consolidation scope and currency basis. They represented 8% of revenue, the same proportion as in 2012.

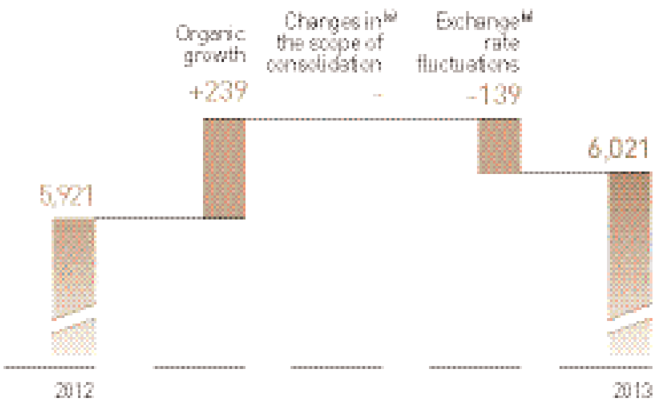
Profit from recurring operations by business group

(EUR millions)	2013	2012	2011
Wines and Spirits	1,370	1,260	1,101
Fashion and Leather Goods	3,140	3,264	3,075
Perfumes and Cosmetics	414	408	348
Watches and Jewelry	375	334	265
Selective Retailing	901	854	716
Other activities and eliminations	(179)	(199)	(242)
Total	**6,021**	**5,921**	**5,263**

The Group's profit from recurring operations was 6,021 million euros, representing an increase of 2%. The operating margin as a percentage of revenue was 21%, remaining stable compared with 2012.

Change in profit from recurring operations

(EUR millions)



(a) The principles used to determine the net impact of exchange rate fluctuations on profit from recurring operations of entities reporting in foreign currencies and the net impact of changes in the scope of consolidation are described on page 27.

Exchange rate fluctuations had a negative net impact of 139 million euros on the Group's profit from recurring operations compared to the previous fiscal year. This total comprises the following three items: the impact of changes in exchange rate parities on export and import sales and purchases by Group companies, the change in the net impact of the Group's policy of hedging its commercial exposure to various currencies, and the impact of exchange rate fluctuations on the consolidation of profit from recurring operations of subsidiaries outside the euro zone.

Excluding currency, foreign exchange hedging effects and changes in scope, the Group's profit from recurring operations increased by 4%.

Wines and Spirits

	2013	2012	2011
Revenue *(EUR millions)*	4,187	4,137	3,524
Profit from recurring operations *(EUR millions)*	1,370	1,260	1,101
Operating margin *(%)*	33	30	31

Profit from recurring operations for Wines and Spirits was 1,370 million euros, up 9% compared to 2012. This performance was the result of both sales volume growth and a sustained policy of price increases. The operating margin as a percentage of revenue rose 3 points for this business group to 33%.

Fashion and Leather Goods

	2013	2012	2011
Revenue *(EUR millions)*	9,882	9,926	8,712
Profit from recurring operations *(EUR millions)*	3,140	3,264	3,075
Operating margin *(%)*	32	33	35

Fashion and Leather Goods posted profit from recurring operations of 3,140 million euros, down 4%. Louis Vuitton maintained its very high level of profitability, while Céline and Marc Jacobs confirmed their profitable growth momentum. The business group's operating margin as a percentage of revenue fell by 1 point to 32%.

Perfumes and Cosmetics

	2013	2012	2011
Revenue *(EUR millions)*	3,717	3,613	3,195
Profit from recurring operations *(EUR millions)*	414	408	348
Operating margin *(%)*	11	11	11

Profit from recurring operations for Perfumes and Cosmetics was 414 million euros, up 2% compared to 2012. This growth was driven notably by Guerlain, Benefit and Fresh, all of which posted improved results thanks to the success of their flagship product lines and strong innovative momentum. The business group's operating margin as a percentage of revenue remained stable at 11%.

Watches and Jewelry

	2013	2012	2011
Revenue *(EUR millions)*	2,784	2,836	1,949
Profit from recurring operations *(EUR millions)*	375	334	265
Operating margin *(%)*	13	12	14

Profit from recurring operations for Watches and Jewelry was 375 million euros, up 12% with respect to 2012. The business group's operating margin as a percentage of revenue increased by 1 point to 13%.

Selective Retailing

	2013	2012	2011
Revenue *(EUR millions)*	8,938	7,879	6,436
Profit from recurring operations *(EUR millions)*	901	854	716
Operating margin *(%)*	10	11	11

Profit from recurring operations for Selective Retailing was 901 million euros, up 6% compared to 2012. The business group's operating margin as a percentage of revenue fell by 1 point to 10%.

Other activities

The net result from recurring operations of Other activities and eliminations was a loss of 179 million euros, representing an improvement compared to 2012. In addition to headquarters expenses, this heading includes the results of the Media division and those of the yacht builder Royal Van Lent.

1.1.3. Other income statement items

(EUR millions)	2013	2012	2011
Profit from recurring operations	6,021	5,921	5,263
Other operating income and expenses	(127)	(182)	(109)
Operating profit	5,894	5,739	5,154
Net financial income (expense)	(199)	(14)	(242)
Income taxes	(1,755)	(1,820)	(1,453)
Income (loss) from investments in associates	7	4	6
Net profit before minority interests	**3,947**	**3,909**	**3,465**
Minority interests	(511)	(485)	(400)
Net profit, Group share	**3,436**	**3,424**	**3,065**

Other operating income and expenses amounted to a net expense of 127 million euros, compared to a net expense of 182 million euros in 2012. In 2013, Other operating income and expenses included 88 million euros in depreciation, amortization and impairment charges for brands and goodwill. The remainder mainly consisted of expenses connected with acquisitions completed in 2013 and with costs for the reorganization of sales structures or industrial processes. In 2012, they also included impairment of fixed assets for 74 million euros.

The Group's operating profit was 5,894 million euros, representing a 3% increase over 2012.

The net financial expense for the fiscal year was 199 million euros, compared with a net financial expense of 14 million euros in 2012. This item comprises:

- the aggregate cost of net financial debt, which amounted to 103 million euros, showing a decrease compared to 2012. The increase in the average net financial debt outstanding during the fiscal year was offset by a lower average borrowing cost; and
- other financial income and expenses, amounting to a net expense of 96 million euros, compared to net income of 126 million euros in 2012. This positive result in 2012 included an exceptional dividend received in connection with the Group's shareholding in Hermès.

The Group's effective tax rate was 31%, compared to 32% in 2012. This change was due notably to the recognition of deferred tax income in certain subsidiaries.

Income from investments in associates was 7 million euros in 2013, compared to 4 million euros in 2012.

Profit attributable to minority interests was 511 million euros, compared to 485 million euros in 2012.

The Group's share of net profit was 3,436 million euros, remaining stable compared to 2012. This represented 12% of revenue in 2013, the same proportion as in 2012.

Comments on the determination of the impact of exchange rate fluctuations and changes in the scope of consolidation

The impact of exchange rate fluctuations is determined by translating the accounts for the fiscal year of entities having a functional currency other than the euro at the prior fiscal year's exchange rates, without any other adjustments.

The impact of changes in the scope of consolidation is determined:

- for the fiscal year's acquisitions, by deducting from revenue for the fiscal year the amount of revenue generated during that fiscal year by the acquired entities, as of their initial consolidation;
- for the prior fiscal year's acquisitions, by deducting from revenue for the fiscal year the amount of revenue generated over the months during which the acquired entities were not consolidated in the prior fiscal year;
- for the fiscal year's disposals, by adding to revenue for the fiscal year the amount of revenue generated by the divested entities in the prior fiscal year over the months during which those entities were no longer consolidated in the current fiscal year;
- for the prior fiscal year's disposals, by adding to revenue for the fiscal year the amount of revenue generated in the prior fiscal year by the divested entities.

Profit from recurring operations is restated in accordance with the same principles.

1.2. Wines and Spirits

	2013	2012	2011
Revenue *(EUR millions)*	**4,187**	**4,137**	**3,524**
Sales volume *(millions of bottles)*			
Champagne	57.4	56.8	55.5
Cognac	69.1	67.1	63.5
Other spirits	16.9	15.7	14.1
Still and sparkling wines	44.7	43.3	41.8
Revenue by geographic region of delivery *(%)*			
France	7	7	8
Europe (excluding France)	19	20	22
United States	23	22	23
Japan	5	6	6
Asia (excluding Japan)	31	30	26
Other markets	15	15	15
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**1,370**	**1,260**	**1,101**
Operating margin *(%)*	**33**	**30**	**31**
Operating investments *(EUR millions)*	**187**	**182**	**159**

In 2013, **Wines and Spirits** recorded organic revenue growth of 6%. Profit from recurring operations increased by 9%. In an environment characterized by strong momentum in Asia and the United States, with a mixed market in Europe, the business group continued to illustrate the priorities of its value-enhancing strategy: firm prices and a strong dynamic of innovation aimed at continuously boosting its brands' appeal. Sales volume grew by 1% across all LVMH champagne brands, with robust demand for prestige cuvées, and rose by 3% for Hennessy cognac. The brands' momentum was boosted by Moët Hennessy's powerful and responsive retail network, and by sustained investments in communication.

Moët & Chandon illustrated its new communication program by orchestrating appearances of its brand ambassador Roger Federer throughout the world. He was the guest of honor at the brand's 270th anniversary celebration in New York, which was attended by many distinguished guests. In honor of the *Grand Vintage Rosé 2004*, a vertical tasting allowed guests to discover Moët & Chandon's finest vintage rosés, culminating in the *Grand Vintage Rosé 1878*, the brand's oldest cuvée of rosé champagne. This unique event showcased Moët & Chandon's historical expertise intertwined with its contemporary vision.

Dom Pérignon reaffirmed its originality, notably through the launch of new vintages and events woven around major designers. Jeff Koons sculpted "Balloon Venus for Dom Pérignon" for the launch of *Dom Pérignon Rosé 2003*. His design was then reinterpreted as a limited-edition New Year's gift box containing this vintage and *Dom Pérignon 2004*.

Mercier gained new momentum, reviving its original values. Revitalized packaging and new communications reaffirmed the brand's identity and positioning.

Veuve Clicquot upheld its innovation strategy. Among other initiatives, its *Shakkei* gift box met with great success in Japan, while *Naturally* became the first environmentally responsible bottle casing. The brand showcased its expertise through a fine dining partnership with Joël Robuchon. It continued its expansion in China and Central and Eastern Europe, while strengthening its position in its traditional markets in the United States, Japan and Australia. Rosé continued to perform well and proved itself to be a powerful growth lever.

Ruinart consolidated its positions in France and achieved solid international growth, especially in emerging markets in Asia, Africa and Latin America. It continued to give pride of place to premium products, reflected in its new *Dom Ruinart Rosé 2002* vintage. Stepping up its commitment to contemporary art, Ruinart is now associated with major international art fairs. The artist Piet Hein Eek created a work of art in homage to the history of the champagne house and designed two limited-edition collections.

Krug focused on boosting its notoriety and winning over new customers by revisiting the notions associated with luxury. Several "Lieux Ephémères" (ephemeral venues) were organized throughout the world, and the "Krug Ambassades" network was centered around exceptional travel events reflecting the values of the House. In addition to its strong momentum in the United States and a solid performance in Europe, Krug achieved excellent results in Japan and the Asia-Pacific region.

Estates & Wines still and sparkling wines performed remarkably well. The **Chandon** brand achieved substantial growth in both domestic and export markets. Continuing their move upmarket, still wines also turned in an excellent set of performances.

Château d'Yquem reaffirmed its status as the only Sauternes ranked as Premier Cru Classé Supérieur. While markets in Europe and the United States regained momentum, Asia attracted a growing number of connoisseurs. The year was marked by the release of *Château d'Yquem 2011*, hailed by critics, and the launch of *Y 2012*. **Château Cheval Blanc** consolidated its rank as a 1er Grand Cru Classé A.

Hennessy once again posted appreciable growth, backed by the power of its brand and the geographic mix of its sales. This growth was driven in large part by the United States, which represented the biggest market by volume. In China, the brand's firm historic foothold and momentum in the nightlife segment offset the impact of government measures affecting receptions and business gifts. The brand maintained a strong position in Taiwan, Malaysia and Vietnam, while actively expanding in Cambodia, India and the Philippines. It showed strong momentum in Eastern Europe, benefiting from the Moët Hennessy retail subsidiary's establishment in Russia. Finally, it continued to build up solid growth prospects on the African and American continents, notably in Mexico and the Caribbean.

In addition to the success of its older quality grades, Hennessy breathed new life into the brand with younger grades such as *Very Special* and *Classivm*, to win over new generations of consumers. The brand stepped up its presence in the nightlife segment, around the new *Very Special* creative universe designed by Pininfarina and the *Hennessy Artistry* concert-events.

Glenmorangie and **Ardbeg** single malt whiskies once again surged ahead in their key markets. Hailed by critics, Glenmorangie's launches this year met with commercial success. The limited edition *Ealanta* was named "World Whisky of the Year" by the *Whisky Bible*, the industry reference guide. Sold online and launched to coincide with Ardbeg Day 2013, the limited edition *Ardbog* sold out on its key markets in a matter of hours.

Belvedere vodka continued to grow robustly. Supported in the United States by an extensive communication campaign, it gained market share in Europe, Asia, Brazil and Africa.

Wenjun recorded solid growth in China in a highly competitive market for premium baijiu.

Outlook

In 2014, Wines and Spirits will extend their brands' ever-increasing reach and appeal throughout the world, backed by a reputation for excellence and a vigorous policy of innovation. Substantial investments in communication, devoted to the most promising markets and segments, will support the brands' initiatives. These elements are the keys to a value-creation strategy based on moving the product mix upscale and increasing prices. The power of Moët Hennessy's global distribution network, coupled with the experience and ambition of its teams, represent substantial strengths for the business group, which will focus on consolidating its leading positions in the market for prestige wines and spirits, and will continue to build a pattern of balanced, profitable growth.

1.3. Fashion and Leather Goods

	2013	2012	2011
Revenue *(EUR millions)*	9,882	9,926	8,712
Revenue by geographic region of delivery *(%)*			
France	8	8	8
Europe (excluding France)	20	19	20
United States	20	20	18
Japan	12	14	14
Asia (excluding Japan)	31	31	32
Other markets	9	8	8
Total	100	100	100
Type of revenue as a percentage of total revenue (excluding Louis Vuitton)			
Retail	52	51	51
Wholesale	43	43	42
Licenses	5	6	7
Total	100	100	100
Profit from recurring operations *(EUR millions)*	3,140	3,264	3,075
Operating margin *(%)*	32	33	35
Operating investments *(EUR millions)*	629	579	437
Number of stores	1,339 [a]	1,280	1,246

(a) Excluding Loro Piana, whose network will be integrated in 2014.

Fashion and Leather Goods recorded organic revenue growth of 5%. Profit from recurring operations for this business group was down 4%.

Louis Vuitton maintained its creative momentum and quest for excellence in 2013, with regard to its products as well as its distribution. Louis Vuitton was equally active in the quality driven development of its network of stores.

Be they reinterpretations of iconic models or new creations, Louis Vuitton's leather lines illustrated its engagement and the savoir faire of its artisans in selecting and working the most noble leathers.

These developments, alongside a new jewelry collection launch, benefited from new communication campaigns.

Louis Vuitton continued striving to make each of its stores an exceptional venue where the essence of its different creative universes is distilled and customers the world over are offered a unique experience. This goal was reflected in the expansion and renovation of several boutiques worldwide, notably in London, Tokyo and Beijing. The year 2013 was marked by two new Maisons Louis Vuitton openings, one in Venice and one in Munich.

Following Marc Jacobs' departure to focus on developing his eponymous brand, Nicolas Ghesquière took over as Artistic Director of women's collections.

Fendi continued its growth and the quality driven expansion of its retail network, showcasing its high end offerings. In leather goods, these offerings were focused on highlighting the iconic *Selleria*, *Peekaboo* and *Baguette* lines, while the *2Jours* line launched in 2012 was the greatest success in Fendi's history. Furs enjoyed increased visibility, notably thanks to exhibits in Tokyo and Beijing of Karl Lagerfeld's best pieces from 1965 to the present day, emblems of Fendi's creativity and expert craftsmanship.

The Rome-based brand made great strides in all its markets, notably in Europe with openings of flagship stores embodying the new boutique concept on the Avenue Montaigne in Paris and the Via Montenapoleone in Milan.

Céline performed remarkably well, setting new records for revenue. Leather goods continued their rapid ascent thanks to the success of the iconic *Luggage*, *Trapeze* and *Classic* lines, while the new *Edge* and *Tie* collections met with an excellent reception. Driven by its creator, Phoebe Philo, ready-to-wear continued to vigorously reaffirm the brand's identity, associated with iconic modernity, timeless elegance and quality. Céline stepped up the pace of its worldwide boutique renovation program and continued expanding its retail network, notably in the United States and China. At the same time, its presence in multi-brand stores was more selective.

Marc Jacobs recorded steady growth, driven by rapid gains in the *Marc by Marc Jacobs* accessory collections. The recent *Dr Q* and *Too hot to handle* leather designs became true mainstays of the brand. Its new cosmetics line, exclusively distributed in Sephora stores, met with great success. Its operations in China are being acquired on a direct basis. Marc Jacobs decided to focus fully on the brand's business to support its future development. During the fiscal year, the Group raised its ownership interest in Marc Jacobs to 80%.

Donna Karan performed well thanks to the successful relaunch of its *DKNY Jeans* line and the increasing success of its accessory collections. This dynamic was particularly beneficial for international business. To revitalize its visual identity, the New York based brand gave artists from around the world carte blanche to reinterpret its logo as part of their own creative universe, under the *DKNY Artworks* program. Donna Karan continued the quality driven expansion of its retail network with targeted openings and a renovation plan for its existing stores.

Loewe continued to make strides, recording particularly remarkable growth in Japan. The emblematic *Amazona* and *Flamenco* lines continued their development. After Paris, new renovated boutiques were inaugurated in Shanghai and Rome. Loewe reinforced production capacity at its site in Getafe and founded a leatherworking school to pass on its exceptional know-how in the field. Jonathan Anderson, one of Britain's most talented young designers, was appointed as Loewe's Artistic Director.

With the arrival of Humberto Leon and Carol Lim in 2011, **Kenzo** has built on the success of its new creative positioning, boosted by a playful, offbeat advertising campaign in tune with the creative duo's aspirational spirit. The sweatshirt collections' most emblematic *Tiger* and *Eye* prints were extremely popular among a younger, very international clientele. In leather goods, the *Kalifornia* handbag joined the offering. Exclusive brand boutiques and retailers alike saw rapid growth. The website, which completed its first full year of sales activity, showed strong momentum.

Givenchy saw strong revenue growth thanks to solid performance across all product categories, especially in its directly owned stores. Its Artistic Director, designer Riccardo Tisci, was awarded the 2013 International Award by the CFDA (Council of Fashion Designers of America), crowning nearly eight years dedicated to enhancing the legacy of the brand. The retail network's expansion continued with the opening of boutiques in premium locations in Paris, Hong Kong and China.

Thomas Pink pursued its international development and opened its first stores in Indonesia and the Philippines. Online sales recorded rapid growth. A partnership was formed with the British and Irish Lions rugby team during its 125th anniversary tour in Australia.

Pucci continued to revamp its brand image, renovating its flagship stores particularly in Paris and Rome. Wholesale sales continued their development.

Berluti deployed its new boutique concept internationally, showcasing its full range of professions. New territories were added, including Singapore, Taiwan and Macao. Ready-to-wear did remarkably well. Footwear, both iconic lines and newer launches, continued to post rapid growth. The opening of its new boutique at 14 rue de Sèvres in Paris marked Berluti's entrance into the world of tailored fashion with the *Bespoke* service for shoes and *Grande-Mesure* for ready-to-wear.

Outlook

In 2014, **Louis Vuitton** will begin a thrilling new creative evolution, guided by an ambitious managerial vision and backed by the talent of all its teams. In March, Nicolas Ghesquière presented his first ready-to-wear collection. Reaffirming both its historic values and its timeless modernity, Louis Vuitton will continue to revisit and reinforce its iconic products and collections which remain the main strategic thrusts of its future growth. All these creative projects go hand-in-hand with the continuing selective and qualitative development of a globally unique retail network.

Fendi will continue to showcase its offering oriented towards high-end and fur products. It will maintain a qualitative expansion of its store network, notably including openings in London, Munich and New York.

Spurred on by their creative drive, the **other brands** will continue to strengthen their positions in their strategic markets. They will reaffirm their strong, distinct identity to best express their development potential. Creative collections and excellence in retail will remain their core objectives.

2014 will mark the integration of **Loro Piana** into LVMH, following the LVMH group's acquisition of an 80% stake in the family company at the end of 2013. With over six generations of experience, Loro Piana creates luxury fabrics and products, particularly cashmere, of which it is the world's foremost processor. The brand is famous for its dedication to quality and the noblest raw materials, its unrivalled standards in design and its expert craftsmanship. The cornerstones of this new alliance are shared values, the same attention paid to quality and a shared vision of the future for this high-potential, iconic brand.

1.4. Perfumes and Cosmetics

	2013	2012	2011
Revenue *(EUR millions)*	**3,717**	**3,613**	**3,195**
Revenue by product category *(%)*			
Perfumes	45	48	49
Make-up	37	35	34
Skincare products	18	17	17
Total	**100**	**100**	**100**
Revenue by geographic region of delivery *(%)*			
France	13	13	10
Europe (excluding France)	32	33	37
United States	12	12	9
Japan	5	6	6
Asia (excluding Japan)	24	22	22
Other markets	14	14	16
Total	**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*	**414**	**408**	**348**
Operating margin *(%)*	**11**	**11**	**11**
Operating investments *(EUR millions)*	**229**	**196**	**150**
Number of stores	**123**	**94**	**85**

Perfumes and Cosmetics recorded organic revenue growth of 7% in 2013, outpacing market growth. Profit from recurring operations increased by 2%. In a highly competitive market, LVMH brands saw their reach broadened through continuing innovation, enhanced flagship product lines and sustained communication.

Parfums Christian Dior continued to show good momentum. With the successful launch of *Voile de Parfum*, the iconic *J'adore* perfume consolidated its number-one position on a large number of markets, notably in France. *Miss Dior*, Christian Dior's first perfume created in 1947, was celebrated by the exposition devoted to it at the Grand Palais in Paris. *Dior Homme* made rapid strides, buoyed by a new communication campaign featuring Robert Pattinson. The *Collection Privée Christian Dior* introduced a refined, modern travel case, a custom offering reflecting the House's spirit of luxury perfumes.

Make-up maintained strong momentum thanks to strong performances from the latest innovations such as *Diorskin Nude BB Crème*. The iconic *Rouge Dior* lipstick met with extraordinary international success. *Prestige*, the premium product line that epitomizes Dior skincare, posted very strong performance, especially in Asia.

Guerlain performed solidly, buoyed in particular by the sustained growth of *La Petite Robe Noire*, which gained a firm hold among the top three contenders on the French market and has seen rapid growth abroad. The legendary *Shalimar* perfume benefited from a sweeping new cinematic advertising campaign. In skincare, *Orchidée Impériale* again recorded strong growth, particularly in Asia. Following an ambitious remodeling project, Guerlain's flagship boutique was inaugurated in Paris at 68 Champs-Élysées, the quintessence of its vision of glamour as seen through its exclusive collections, its artistic staging orchestrated by Peter Marino and the services it provides. Today, the "68" is the largest perfume and cosmetics boutique dedicated to a single brand.

Parfums Givenchy completed the international launch of its new men's fragrance, *Gentlemen Only*, which was highly successful. The *Very Irresistible* fragrance, embodied by its new brand ambassador Amanda Seyfried, celebrated its 10th anniversary. The make-up segment, enjoying robust growth, built on the strong performance of its new lipstick, *Le Rouge*.

Kenzo Parfums received a boost from its new fragrance, *Flower in the Air*, reaffirming the position of its *Flower* line as a classic in the perfume world. The communication material placed in stores illustrated the brand's poetic approach, unique in the market.

Fendi Parfums recorded strong growth, backed in particular by its successful launches at the end of 2012. Its new perfume, *Fan di Fendi pour Homme*, and *L'Acquarossa* fragrance, featuring Chiara Mastroianni as brand ambassador, also contributed to the brand's excellent results.

Benefit confirmed its strong momentum with the considerable success of its latest make-up innovation, *Fake Up*, a moisturizing concealer, and the continued growth of its flagship products *They're Real!* and *Porefessional*. Known for its playful, offbeat style, the brand also pursued innovative distribution techniques in several American airports in the form of its *Glam Up & Away* kiosks: beauty product vending machines in the shape of vintage pink buses.

Make Up For Ever gained market share as it deployed a new visual identity and launched its new website. Its flagship product lines *HD* and *Aqua* did exceptionally well.

Fresh stepped up its international expansion, particularly in Asia, where the brand has been very well received. Its skincare products made with natural ingredients and the sober elegance of its points of sale have stirred a growing interest among a young clientele.

Parfums Loewe bolstered its international image with its new brand ambassador, Linda Evangelista, who embodied its latest launch, *Aura Loewe*.

Reaffirming its handcrafted approach to perfume, **Acqua di Parma** showcased its colognes and other classic product lines.

Outlook

The brands of LVMH, each of which boasts strong growth potential regardless of its specific positioning, have set a new target for market share gains. They will maintain an offensive position in terms of innovation and advertising investments.

Parfums Christian Dior will concentrate its efforts on its priority markets and will continue developing its flagship product lines. It will continue to reaffirm its status as a luxury perfume house. It will perform a qualitative expansion of its distribution by increasing selectivity at its points of sale.

Guerlain will accelerate its development, spurred on by sustained investments in communication. A new men's fragrance will join the product range, while *La Petite Robe Noire* will continue to be deployed in France and abroad. A new *KissKiss* lipstick will be launched. 68 Champs-Élysées will become a space for discovery and ongoing arts and culture programs.

Parfums Givenchy will continue the global deployment of its *Gentlemen Only* line. *Dahlia Noir* will be enhanced by a new version embodied by a new brand ambassador. The make-up segment will be expanded with the arrival of several new products.

Kenzo Parfums will launch a variation on *Kenzo Amour* while the *Kenzo Flower* and *Kenzo Homme* lines will be supported by new communication campaigns.

Benefit will expand its retail reach, reaffirming its innovative positioning. The brand will continue rolling out its "Brow Bar" concept, a powerful customer loyalty lever.

Make Up For Ever will once again focus on strong growth backed by a sustained innovation strategy. Its communication campaigns will be reinforced, especially in the digital realm.

Fresh will continue expanding in Asia, opening new counters and deploying its flagship product lines. It will refine its in-store presentation and its communication campaign to fully express its unique values.

1.5. Watches and Jewelry

	2013	2012	2011
Revenue *(EUR millions)*	2,784	2,836	1,949
Revenue by geographic region of delivery *(%)*			
France	7	6	7
Europe (excluding France)	27	27	26
United States	12	12	13
Japan	13	14	14
Asia (excluding Japan)	27	26	26
Other markets	14	15	14
Total	100	100	100
Profit from recurring operations *(EUR millions)*	375	334	265
Operating margin *(%)*	13	12	14
Operating investments *(EUR millions)*	192	136	117
Number of stores [a]	363	347	327

(a) Excluding franchises.

Watches and Jewelry recorded organic revenue growth of 4%. Profit from recurring operations rose by 12%. Performance was excellent in the directly owned store network, which continued to expand around the world, helping to reinforce brand image and distribution quality.

TAG Heuer maintained its positions in an essentially stable market. Its upscale strategy proved successful, with a robust performance delivered by the price segment above 3,000 euros. Its bold, innovative products were extremely well received at Baselworld 2013, notably featuring two *Mikropendulum* watch and chronograph models, equipped with a revolutionary magnetic regulator. The brand proceeded with its manufacturing integration and a new movement manufacturing facility was inaugurated in Chevenez, confirming TAG Heuer's position among the leading Swiss luxury chronograph makers. TAG Heuer celebrated the 50th anniversary of its legendary *Carrera* collection, enriched in 2013 by several new products, including the *Jack Heuer Chronograph*, while the *Aquaracer* series was honored through the victory of Oracle Team USA, a partner of TAG Heuer, in the America's Cup. The brand also bolstered its visibility in the motor racing world, renewing its contract with the McLaren racing team and becoming a founding member and official timekeeper for the upcoming Formula E electric car championship. The distribution network continued its expansion, notably with a new boutique opened on the Champs-Élysées in Paris.

Hublot continued to record remarkable growth in volume and value terms. Offering an array of highly creative new products, its *Classic Fusion* line pursued its rapid development alongside the emblematic *Big Bang*. Hublot boosted its upscale image by presenting exceptional products such as the *Ayrton Senna* and *LaFerrari* watches, associating the brand with values of design and performance. Hublot demonstrated its manufacturing expertise with its *UNICO* manufacture chronographs and its numerous complications with high added value. Its laboratories have developed an unprecedented, high-quality red ceramic, once again illustrating the brand's capacity for innovation and its technological know-how. An ambitious marketing program has been put in place, featuring prestigious partnerships in soccer (particularly on the occasion of the upcoming World Cup in Brazil), motor racing and sailing.

Zenith continued its development within the highly exclusive group of prestige manufacturing brands. Europe, Japan and the Middle East were the most dynamic markets. Tightly focused around five emblematic lines, its collection was enriched by several targeted new products, notably the *El Primero Lightweight* and the *Pilot Aeronef*. A new communication campaign helped reinforce the brand's image, while the quality of its distribution network was bolstered by increased selectivity at its points of sale.

Bulgari had a great year, and the brand's stores in particular recorded strong growth. Jewelry showed excellent momentum, especially the fine jewelry segment, as evidenced by the success of the *Serpenti* collection, showcased at expositions organized in Shanghai, Dubai and New York. Other highlights included the launch of the new *Diva* collection. The *Bulgari Bulgari* and *B.zero1* lines also contributed to the brand's success. As its new brand ambassador, artist Carla Bruni reinforced Bulgari's international reach. In the watches segment, the *Bulgari Octo* maintained its position as the men's top-of-the-line premium timepiece. Timepiece sales in directly owned stores were also buoyed by the strong performances turned in by the *Serpenti* jewelry watches. The distribution quality of the accessories business and of perfumes was reinforced. The store network pursued its ambitious renovation and expansion program, in place since the brand was integrated into the LVMH group. The flagship stores of Ginza Tower in Tokyo and Chater House in Hong Kong epitomize this expansion strategy.

Chaumet saw solid growth within its network of directly owned stores, especially in Asia and the Middle East. It unveiled its new *Hortensia* fine jewelry collection, a delicate line inspired by floral themes, while a new watch model enhanced the *Liens* jewelry line. The store network continued to expand, with new boutiques in Shanghai, Seoul and Cannes.

Montres Dior continued its development with new launches in the *Dior VIII* collection and the sustained success of the *Grand Bal* and *D de Dior* limited editions. The brand coupled this strategy with ever increasing selectivity in its retail network.

De Beers asserted itself as the leading reference in the solitaire diamonds segment. Sales of luxury jewelry forged ahead while the brand continued its expansion in the Greater China region.

Fred continued its rapid growth, with a special focus on its development in France and Japan, and sustained work on its iconic *Force 10* and *Baie des Anges* lines. The new *Pain de Sucre* collection was highly successful.

Outlook

The business group will continue its upmarket strategy aimed at boosting the renown and image of its brands. Priority will be placed on strengthening their image within the most promising markets through sustained marketing investments. Brands will also focus on boosting the quality of their distribution network, while improving their profitability and productivity. A rigorous cost control policy will be maintained, while continuing to facilitate synergy within the business group. Investments will be targeted at moving stores upmarket and developing manufacturing capabilities, in line with the vertical integration strategy being pursued. Finally, all the brands will launch new collections, reflecting their unwavering focus on creativity, expertise and high quality.

1.6. Selective Retailing

		2013	2012	2011
Revenue *(EUR millions)*		**8,938**	**7,879**	**6,436**
Revenue by geographic region of delivery *(%)*				
France		15	17	20
Europe (excluding France)		10	11	10
United States		33	36	36
Japan		1	1	2
Asia (excluding Japan)		32	27	26
Other markets		9	8	6
Total		**100**	**100**	**100**
Profit from recurring operations *(EUR millions)*		**901**	**854**	**716**
Operating margin *(%)*		**10**	**11**	**11**
Operating investments (EUR millions)		**390**	**332**	**215**
Number of stores	Sephora	1,481	1,398	1,300
	Other trade names	60	68	68

In 2013, **Selective Retailing** recorded organic revenue growth of 17%. Profit from recurring operations increased by 6%.

DFS saw a new surge in revenue, reflecting in particular the first full year integrating three new concessions won in late 2012 at the Hong Kong airport. These concessions, which made a significant contribution to revenue growth, were invested in for extensive remodeling, as required for any business launch. Based on a comparable scope of consolidation, the main driver of revenue growth remained the brand's dynamic Asian clientele, boosting business particularly in Hong Kong and Macao. DFS continued with its strategy of upscaling across all destinations, as illustrated by the new visual identity of its stores, rebranded *T Galleria*, and the renovation of numerous points of sale. The arrival of new luxury brands also strengthened the vitality and appeal of its product range.

Miami Cruiseline reinforced its positions in the cruise market, buoyed by the growing success of cruise routes in the Mediterranean and Asia. Miami Cruiseline continued to move its boutiques further upmarket and adapt its sales approach and product range to suit the specific characteristics of each region and each cruise line's customers.

Backed by its global leadership position in selective retailing, **Sephora** turned in another strong performance and gained market share across all regions.

In Europe, Sephora showed resilience in a tough economic environment and strengthened its positions, notably in France, Italy and Russia.

In North America, Sephora continued to show excellent momentum, both in its stores and online. Since 2012, the redesigned website has proved successful in positioning the brand as a leader in the e-commerce sector. Sephora made particularly rapid strides in China, opening a flagship store in Shanghai in early 2013. With emblematic stores such as at the Dubai Mall, the Middle East has been a remarkable success and recorded exceptional revenue growth. The new territories of Southeast Asia and Latin America also confirmed their strong growth potential. Thailand was added at the end of the year, with the first store opening in Bangkok. Innovating, personalizing the relationship with each customer and enhancing both in-store and online services are at the heart of Sephora's strategy. Sephora continued to develop global initiatives such as mobile payment, the Color IQ/Profile service enabling every customer to choose the foundation that is best adapted to their skin complexion, or the My Sephora personalization tool for sales assistants.

On the product side, Sephora has aimed to make its offering more and more innovative and unique. The success of the Sephora brand has continued to grow, while its exclusive offering has been bolstered by the launch of two new brands in the United States and the Middle East: Marc Jacobs and Formula X.

Le Bon Marché Rive Gauche saw its performance buoyed by the accessories and men's fashion segments. The successful Brazil exposition was one of the highlights of 2013. Major commercial projects were carried out on the department store's ground floor, including the opening of new luxury boutiques, the inauguration of a space devoted to timepieces and the creation of a new Accessories department. The Grande Épicerie de Paris food store underwent a complete transformation, with its expertise showcased and a new restaurant created on the first floor, accessible via a new set of escalators and designed in the image of the restaurant located at the heart of Le Bon Marché's main building.

Outlook

In 2014, **DFS** will benefit from the recent development of its concessions at airports in Hong Kong, Los Angeles and New York, as well as its continuing expansion and renovation of both airport and downtown points of sale. The renewed liquor and tobacco concession at Changi Airport in Singapore will be refurbished. DFS will bolster its appeal by deploying its new visual identity across all its *T Galleria* stores, and by continuing to ramp up its marketing and services programs. The launch of new web and mobile sites, as well as specific loyalty programs for each customer segment, are among the initiatives being pursued. DFS will continue to selectively diversify its customer base and its geographical coverage.

Sephora will continue steadily expanding its retail network around the world, opening in a new country, Indonesia.

An ambitious renovation program will be carried out on its flagship stores, reflecting Sephora's aim to consistently provide its customers with the ultimate shopping experience in beauty products. In-store and online innovation will remain a core priority, both in terms of products and services.

Le Bon Marché Rive Gauche will continue to cultivate its unique character while pursuing its commercial projects and the renovation of its retail spaces. A new space devoted to jewelry will be created, while an Art of Living store will be inaugurated above the Grande Épicerie de Paris food store. A new customer relations program will be implemented, representing a future lever for growth.

1.7. Comments on the consolidated balance sheet

(EUR billions)	2013	2012[a]	Change
Tangible and intangible assets	31.0	28.1	2.9
Other non-current assets	8.6	7.6	1.0
Non-current assets	**39.6**	**35.7**	**3.9**
Inventories	8.6	8.1	0.5
Other current assets	7.5	6.2	1.3
Current assets	**16.1**	**14.3**	**1.8**
Assets	**55.7**	**50.0**	**5.7**

(EUR billions)	2013	2012[a]	Change
Total equity	27.7	25.5	2.2
Long term borrowings	4.2	3.8	0.4
Other non-current liabilities	12.1	11.2	0.9
Equity and non-current liabilities	**44.0**	**40.5**	**3.5**
Short term borrowings	4.7	3.0	1.7
Other current liabilities	7.0	6.5	0.5
Current liabilities	**11.7**	**9.5**	**2.2**
Liabilities and equity	**55.7**	**50.0**	**5.7**

(a) The balance sheet as of December 31, 2012 has been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2 of the consolidated financial statements.

LVMH's consolidated balance sheet totaled 55.7 billion euros at year-end 2013, representing an 11% increase from year-end 2012. Non-current assets rose by 3.9 billion euros and represented 71% of total assets, as at year-end 2012.

Tangible and intangible fixed assets grew by 2.9 billion euros, of which 1.9 billion euros were linked to the acquisition of Loro Piana, mainly corresponding to provisional goodwill. Investments for the year, net of disposals as well as amortization and depreciation charges, represented an additional increase of 0.6 billion euros. The comments on the cash flow statement provide further information about investments. The revaluation of purchase commitments for minority interests, reflecting in particular the strong performance of the business activities to which those commitments correspond, led to a 0.3 billion euro increase in the amount of goodwill. Finally, the market value of vineyard land rose by 0.4 billion euros. Conversely, exchange rate fluctuations generated a 0.4 billion euro decrease in the value of tangible and intangible fixed assets.

Other non-current assets increased by 1.0 billion euros, mainly due to an increase in the value of the investment in Hermès International, following the change in share price (263.50 euros as of December 31, 2013, compared to 226.30 euros at year-end 2012). At year-end 2013, the 23.1% stake in Hermès amounted to 6.4 billion euros.

Inventories increased by 0.5 billion euros, reflecting the growth of the Group's business activities. The comments on the cash flow statement provide further information on this change.

Other current assets grew by 1.3 billion euros, of which 1 billion euros were related to the increased cash balance, and 0.2 billion euros resulted from the increase in trade accounts receivable.

Other non-current liabilities, totaling 12.1 billion euros, increased by 0.9 billion euros, due mainly to the increased liability in respect of purchase commitments for minority interests. This increase includes 0.5 billion euros relating to the recognition of the commitment granted to the minority shareholders of Loro Piana for the acquisition of the 20% stake they hold in the company.

Other current liabilities increased by 0.5 billion euros, totaling 7.0 billion euros, of which 0.2 billion euros were related to the increase in trade accounts payable and 0.1 billion euros due to increased social and tax liabilities.

Net financial debt and equity

(EUR billions)	2013	2012[a]	Change
Long term borrowings	4.2	3.8	0.4
Short term borrowings and derivatives	4.5	2.8	1.7
Gross borrowings after derivatives	**8.7**	**6.6**	**2.1**
Cash and cash equivalents and current available for sale financial assets	(3.4)	(2.3)	(1.1)
Net financial debt	**5.3**	**4.3**	**1.0**
Equity	**27.7**	**25.5**	**2.2**
Net financial debt/ Total equity ratio	**19%**	**17%**	**2%**

(a) The balance sheet as of December 31, 2012 has been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2 of the consolidated financial statements.

The ratio of net financial debt to equity, which was 17% as of December 31, 2012, rose 2 points to 19%; the growth in equity was less rapid than that of net financial debt, notably as a result of the acquisitions for the year, particularly that of Loro Piana.

Total equity amounted to 27.7 billion euros at year-end 2013, representing an increase of 2.2 billion euros compared to year-end 2012. This change reflects in the first place the strong earnings achieved by companies across the Group, distributed only partially, representing a net increase of 2.0 billion euros. In addition to this, a net gain of 0.8 billion was recorded in equity, which is the combined effect of a gain of 0.9 billion euros related to the increase in the value of the investment in Hermès International, a gain of 0.2 billion reflecting the increase in the value of vineyard land, and a loss of 0.4 billion euros due to the effect of exchange rate fluctuations on the reserves of entities reporting in foreign currency. Lastly, changes in the scope of consolidation had a negative impact of 0.5 billion euros, mainly due to the booking of the purchase commitment for the 20% not purchased in Loro Piana. As of December 31, 2013, total equity accounted for 49% of the balance sheet total, compared to 51% recorded at year-end 2012.

Gross borrowings after derivatives totaled 8.7 billion euros at year-end 2013, representing a 2.1 billion euro increase compared to year-end 2012. During the year, LVMH issued a three-year and a six-year bond, each with a nominal value of 0.5 billion euros, under its EMTN program, as well as a public bond with a nominal value of 0.6 billion euros maturing in seven years, with the remaining 0.2 billion euros corresponding to the issue and subscription of other debt. Conversely, repayments of borrowings amounted to 1.0 billion euros, including a portion of the debt comprising foreign currency-denominated private placements and the bond with a nominal value of 300 million Swiss francs issued in 2007, as well as miscellaneous bank borrowings of 0.4 billion euros. Finally, commercial paper outstanding increased by 1.1 billion euros. Exchange rate fluctuations led to a 0.3 billion euro reduction in gross borrowings, partially compensated by the consolidation of Loro Piana's borrowings, totaling 0.2 billion euros. Cash and cash equivalents and current available for sale financial assets totaled 3.4 billion euros at the end of the fiscal year, up 1.1 billion euros from the 2.3 billion euros at year-end 2012.

As of year-end 2013, the Group's undrawn confirmed credit lines amounted to 4.4 billion euros, substantially exceeding the outstanding portion of its commercial paper program, which came to 2.3 billion euros as of December 31, 2013.

1.8. Comments on the consolidated cash flow statement

(EUR millions)	2013	2012	Change
Cash from operations before changes in working capital	**7,329**	**7,113**	**216**
Cost of net financial debt: interest paid	(112)	(154)	42
Income taxes paid	(1,979)	(1,970)	(9)
Net cash from operating activities before changes in working capital	**5,238**	**4,989**	**249**
Total change in working capital	(617)	(813)	196
Operating investments	(1,663)	(1,702)	39
Free cash flow	**2,958**	**2,474**	**484**
Financial investments	**(2,317)**	**(140)**	**(2,177)**
Transactions related to equity	**(1,911)**	**(1,860)**	**(51)**
Change in cash before financing activities	**(1,270)**	**474**	**(1,744)**

Cash from operations before changes in working capital totaled 7,329 million euros, compared to 7,113 million euros a year earlier, representing an increase of 3%. Net cash from operating activities before changes in working capital (i.e. after interest and income taxes paid) amounted to 5,238 million euros, up 5% compared to fiscal year 2012.

Interest paid, which totaled 112 million euros, was down compared to its 2012 amount. Lower interest rates on borrowings, better returns on available cash and a measured increase in the average amount of debt outstanding compared with 2012 explained this favorable impact.

Income taxes paid came to 1,979 million euros, remaining stable compared to the amount of 1,970 million paid in the prior year, with little change in taxable profit.

Working capital requirements increased by 617 million euros, primarily as a result of a rise in inventories, which generated a cash requirement of 765 million euros. This increase in inventories, driven by growth in volume of the Group's business activities and number of stores, was mainly related to Wines and Spirits (the champagne houses in particular), Fashion and Leather Goods, and to a lesser extent Selective Retailing. The remaining change in working capital requirements was a reduction of 148 million euros, since the 288 million euros in cash requirements related to the increase in trade accounts receivable was less than the financing provided by the increase in trade accounts payable and the change in other receivables and payables.

Operating investments net of disposals resulted in a net cash outflow of 1,663 million euros in 2013, compared to 1,702 million euros a year earlier. They consisted mainly of investments by Louis Vuitton, Sephora, DFS, Bulgari and Berluti in their retail networks, investments by the Group's champagne houses in their production facilities, and investments by Parfums Christian Dior in its counters.

Financial investments and purchases of consolidated investments accounted for a 2,317 million euro outflow in 2013, of which 2,158 million euros for purchases of consolidated investments. These include the purchase of an 80% stake in Loro Piana, representing a 1,982 million euro investment, net of cash required, with the remainder related to purchases of Hotel Saint Barth Isle de France, Cova and a 52% stake in the British footwear designer Nicholas Kirkwood.

Transactions relating to equity generated an outflow of 1,911 million euros. A portion of this amount, 1,501 million euros, corresponds to dividends paid out during the fiscal year by LVMH SA (excluding the amount attributable to treasury shares), including 900 million euros for the final dividend payment in respect of fiscal year 2012 and 600 million euros for the interim dividend payment in respect of fiscal year 2013. In addition, dividends paid out to minority shareholders of consolidated subsidiaries amounted to 220 million euros, and the impact of acquisitions of minority interests totaled 150 million euros, corresponding mainly to the acquisition of additional stakes in Château d'Yquem and Marc Jacobs. Conversely, share subscription options exercised during the fiscal year generated an inflow of 66 million euros.

The net cash outflow after all operating, investment, and equity-related activities thus amounted to 1,270 million euros. With the net cash inflow from financing activities amounting to 2,147 million euros, the cash balance at the end of the fiscal year was up 923 million euros compared to year-end 2012.

2. BUSINESS RISK FACTORS AND INSURANCE POLICY

2.1. Strategic and operational risks

2.1.1. Group's image and reputation

Around the world, the LVMH group is known for its brands, unrivaled expertise and production methods unique to its products. The reputation of the Group's brands rests on the quality and exclusiveness of its products, their distribution networks, as well as the promotional and marketing strategies applied. Products or marketing strategies not in line with brand image objectives, inappropriate behavior by our brand ambassadors, the Group's employees, distributors or suppliers, as well as detrimental information circulating in the media might endanger the reputation of the Group's brands and adversely impact sales. The net value of brands and goodwill recorded in the Group's balance sheet as of December 31, 2013 amounted to 21.4 billion euros.

LVMH maintains an extremely high level of vigilance with respect to any inappropriate use by third parties of its brand names, in both the physical and digital worlds. In particular, this vigilance involves the systematic registration of all brand and product names, whether in France or in other countries, communications to limit the risk of confusion between LVMH brands and others with similar names, and constant monitoring, which may prompt legal action by the Group, if required. Initiatives pursued by the Group aim to promote a legal framework suited to the digital world, prescribing the responsibilities of all those involved and instilling a duty of vigilance in relation to unlawful acts online to be shared by all actors at every link in the digital value chain.

In its Wines and Spirits and Perfumes and Cosmetics business groups, and to a lesser extent in its Watches and Jewelry business group, LVMH sells a portion of its products to distributors outside the Group, which are thus responsible for sales to end customers. The reputation of the Group's products thus rests in part on compliance by all distributors with the Group's requirements in terms of their approach to the handling and presentation of products, marketing and communications policies, retail price management, etc. In order to discourage inappropriate practices, distribution agreements include strict guidelines on these matters, which are also monitored on a regular basis by Group companies.

Furthermore, the Group supports and develops the reputations of its brands by working with seasoned and innovative professionals in various fields (creative directors, oenologists, cosmetics research specialists, etc.), with the involvement of the most senior executives in strategic decision-making processes (collections, distribution and communication). In this regard, LVMH's key priority is to respect and bring to the fore each brand's unique personality. All LVMH employees are conscious of the importance of acting at all times in accordance with the ethical guidelines communicated within the Group. Finally, in order to protect against risks related to an eventual public campaign against the Group or one of its brands, LVMH monitors developments in the media on a constant basis and maintains a permanent crisis management unit.

2.1.2. Counterfeit and parallel retail networks

The Group's brands, expertise and production methods can be counterfeited or copied. Its products, in particular leather goods, perfumes and cosmetics, may be distributed in parallel retail networks, including Web-based sales networks, without the Group's consent.

Counterfeiting and parallel distribution have an immediate adverse effect on revenue and profit. Activities in these illegitimate channels may damage the brand image of the relevant products over time and may also lower consumer confidence. LVMH takes all possible measures to protect itself against these risks.

Action plans have been specifically drawn up to address the counterfeiting of products, in addition to the systematic protection of brand and product names discussed above. This involves close cooperation with governmental authorities, customs officials and lawyers specializing in these matters in the countries concerned, as well as with market participants in the digital world, whom LVMH also ensures are made aware of the adverse consequences of counterfeiting. The Group also plays a key role in all of the trade bodies representing the major names in the luxury goods industry, in order to promote cooperation and a consistent global message, all of which are essential in successfully combating the problem. In addition, LVMH takes various measures to fight the sale of its products through parallel retail networks, in particular by developing product traceability, prohibiting direct sales to those networks, and taking specific initiatives aimed at better controlling retail channels.

Beyond the borders of the European Union, LVMH is not subject to any legal constraints that might impede the full exercise of its selective retail distribution policy, or limit its ability to bring proceedings against any third parties distributing Group products without proper approval. In the European Union, competition law guarantees strictly equal treatment of all economic operators, particularly in terms of distribution, potentially posing an obstacle to companies refusing to distribute their products outside a network of authorized distributors. However, Commission Regulation (EC) No. 2790/1999 of December 22, 1999 (known as the 1999 Block Exemption Regulation), by authorizing selective retail distribution systems, established an exemption to this fundamental principle, under which LVMH operates, thus providing greater protection for Group customers. This exemption was confirmed in April 2010, when the Commission renewed the Block Exemption Regulation, and extended its application to retail sales over the Internet. This legal protection gives the Group more resources in the fight against counterfeit goods and the parallel distribution of its products, a battle waged as much in the digital as in the physical world.

In 2013, anti-counterfeiting measures generated internal and external costs, in the amount of approximately 30 million euros.

2.1.3. Contractual constraints

In the context of its business activities, the Group enters into multi-year agreements with its partners and some of its suppliers (especially lease, concession, distribution and procurement agreements). Should any of these agreements be terminated before its expiration date, compensation is usually provided for under the agreement in question, which would represent an expense without any immediate offsetting income item. As of December 31, 2013, the total amount of minimum commitments undertaken by the Group in respect of multi-year lease, concession, and procurement agreements amounted to 8.0 billion euros. Detailed descriptions of these commitments may be found in Notes 30.1 and 30.2 to the consolidated financial statements. However, no single agreement exists whose termination would be likely to result in significant costs at Group level.

Any potential agreement that would result in a commitment by the Group over a multi-year period is subjected to an approval process at the Group company involved, adjusted depending on the related financial and operational risk factors. Agreements are also reviewed by the Group's in-house legal counsel, together with its insurance brokers.

In addition, the Group has entered into commitments to its partners in some of its business activities to acquire the stakes held by the latter in the activities in question should they express an interest in such a sale, according to a contractual pricing formula. As of December 31, 2013, this commitment is valued at 6 billion euros and is recognized in the Group's balance sheet under Other non-current liabilities (see Note 20 to the consolidated financial statements).

The Group has also made commitments to some of the shareholders of its subsidiaries to distribute a minimum amount of dividends, provided the subsidiaries in question have access to sufficient cash resources. This relates in particular to the businesses of Moët Hennessy and DFS, for which the minimum dividend amount is contractually agreed to be 50% of the consolidated net profit.

2.1.4. Anticipating changes in expectations of Group customers

Brands must identify new trends, changes in consumer behavior, and in consumers' tastes, in order to offer products and experiences that meet their expectations, failing which the continued success of their products would be threatened. By cultivating strong ties, continually replenishing their traditional sources of inspiration, ranging from art to sports, cinema and new technologies…, the Group's various brands aim at all times to better anticipate and fully respond to their customers' changing needs, in line with each brand's specific identify and its particular affinities in its sphere of activity.

2.1.5. International exposure of the Group

The Group conducts business internationally and as a result is subject to various types of risks and uncertainties. These include changes in customer purchasing power and the value of operating assets located abroad, economic changes that are not necessarily simultaneous from one geographic region to another, and provisions of corporate or tax law, customs regulations or import restrictions imposed by some countries that may, under certain circumstances, penalize the Group, such as China's plan in 2013 to increase the taxation of luxury goods.

In order to protect itself against the risks associated with an inadvertent failure to comply with a change in regulations, the Group has established a regulatory monitoring system in each of the regions where it operates.

The Group maintains very few operations in politically unstable regions. The legal and regulatory frameworks governing the countries where the Group operates are well established. It is important to note that the Group's activity is spread for the most part between three geographical and monetary regions: Asia, Western Europe and the United States. This geographic balance helps to offset the risk of exposure to any one area.

Furthermore, a significant portion of Group sales is directly linked to fluctuations in the number of tourists. This is especially the case for the travel retail activities within Selective Retailing, but tourists also make up a large percentage of customers frequenting the boutiques operated by companies in the Fashion and Leather Goods business group. Events likely to reduce the number of tourists (geopolitical instability, weakening of the economic environment, natural catastrophes, etc.) might have an adverse impact on Group sales.

Lastly, the Group is an active participant in current global discussions in support of a new generation of free-trade agreements between the European Union and non-EU countries, which involves not only access to external markets, but also the signing of agreements facilitating access by tourists from non-EU countries to the European Union.

2.1.6. Consumer safety

In France, the European Union and all other countries in which the Group operates, many of its products are subject to specific regulations. Regulations apply to production and manufacturing conditions, as well as to sales, consumer safety, product labeling and composition. In addition to industrial safety, the Group's companies also work to ensure greater product safety and traceability to reinforce the Group's anticipation and responsiveness in the event of a product recall. A legal intelligence team has also been set up in order to better manage the heightened risk of liability litigation, notably that to which the Group's brands are particularly exposed.

For further information on this subject, see the "*Management report of the Board of Directors* – LVMH and the environment", §6 Consumer health and safety.

2.1.7. Seasonality

Nearly all of the Group's activities are subject to seasonal variations in demand. A significant proportion of the Group's sales – approximately 30% of the annual total for all businesses – is generated during the peak holiday season in the fourth quarter of the year. Unexpected events in the final months of the year may have a significant effect on the Group's business volume and earnings.

2.1.8. Supply sources and strategic competencies

The attractiveness of the Group's products depends, from a quantitative and qualitative standpoint, on being able to ensure adequate supplies of certain raw materials. In addition, from a qualitative perspective, these products must meet the Group's exacting quality standards. This mainly involves the supply of grapes and *eaux-de-vie* in connection with the activities of the Wines and Spirits business group, of leathers, canvases and furs in connection with the activities of the Fashion and Leather Goods business group, as well as watchmaking components, gemstones and precious metals in connection with the activities of the Watches and Jewelry business group. In order to guarantee sources of supply corresponding to its demands, the Group sets up preferred partnerships with the suppliers in question. Although the Group enters into these partnerships in the context of long term commitments, it is constantly on the lookout for new suppliers also able to meet its requirements. By way of illustration, an assessment of the risk that a vendor may fail has been carried out and good practices have been exchanged, leading notably to implementing the policy of splitting supplies for strategic Perfumes and Cosmetics products.

In addition, for some rarer materials, or those whose preparation requires very specific expertise, such as certain precious leathers or high-end watchmaking components, the Group pursues a vertical integration strategy on an ad hoc basis.

With respect to supply sources and sub-contracting, please refer in addition to the *Business description* section of the Reference Document.

LVMH's professions also require highly specific skills and expertise, in the areas of leather goods or watchmaking, for example. In order to avoid any dissipation of this know-how, LVMH implements a range of measures to encourage training and to safeguard these professions, which are essential to the quality of its products, notably by promoting the recognition of the luxury trades as professions of excellence, with criteria specific to the luxury sector and geared to respond in the best possible manner to its demands and requirements.

Lastly, the Group's success also rests on the development of its retail network and on its ability to obtain the best locations without undermining the future profitability of its points of sale. LVMH has built up specific expertise in the real estate field which, shared with that of companies across the Group, contributes to the optimal development of its retail network.

2.1.9. Information systems

The Group is exposed to the risk of information systems failure, as a result of a malfunction or malicious intent. The occurrence of this type of risk event may result in the loss or corruption of sensitive data, including information relating to products, customers or financial data. Such an event may also involve the partial or total unavailability of some systems, impeding the normal operation of the processes concerned. In order to protect against this risk, the Group puts in place a decentralized architecture to avoid any propagation of this risk. Supported by its network of IT security managers, the Group continues to implement a full set of measures to protect its sensitive data as well as business continuity plans at each Group company. This sensitive data includes personal information obtained from the Group's customers and employees, which requires very specific protection procedures. The Group has thus developed good governance tools intended for use by all Group companies, including guidelines for online marketing and the protection of data.

2.1.10. Industrial, environmental and meteorological risks

A detailed presentation of the Group's environmental risk factors and of the measures taken to ensure compliance by its business activities with legal and regulatory provisions is provided in the section "LVMH and the environment" of the *Management report of the Board of Directors*.

In Wines and Spirits, production activities depend upon weather conditions before the grape harvest. Champagne growers and merchants have set up a mechanism in order to cope with variable harvests, which involves stockpiling wines in a qualitative reserve. For a description of this mechanism, see §1.1.4 Grape supply sources and subcontracting in the *Business description* section of the Reference Document.

In the context of its production and storage activities, the Group is exposed to the occurrence of losses such as fires, water damage, or natural catastrophes.

To identify, analyze and provide protection against industrial and environmental risks, the Group relies on a combination of independent experts and qualified professionals from various Group companies, and in particular safety, quality and environmental managers. The definition and implementation of the risk management policy are handled by the Finance Department.

The protection of the Group's assets is a fundamental part of the industrial risk prevention policy, which meets the highest safety standards (NFPA fire safety standards). Working with its insurers, LVMH has adopted HPR (Highly Protected Risk) standards, the objective of which is to significantly reduce fire risk and associated operating losses. Continuous improvement in the quality of risk prevention is an important factor taken into account by insurers in evaluating these risks and, accordingly, in the granting of comprehensive coverage at competitive rates.

This approach is combined with an industrial and environmental risk monitoring program. In 2013, engineering consultants audited about 100 sites.

In addition, prevention and protection schemes include contingency planning to ensure business continuity.

2.2. Insurance policy

The Group has a dynamic global risk management policy based primarily on the following:

- systematic identification and documentation of risks;
- risk prevention and mitigation procedures for both human risk and industrial assets;
- implementation of international contingency plans;
- a comprehensive risk financing program to limit the consequences of major events on the Group's financial position;
- optimization and coordination of global "master" insurance programs.

LVMH's overall approach is primarily based on transferring its risks to the insurance markets at reasonable financial terms, and under conditions available in those markets both in terms of scope of coverage and limits. The extent of insurance coverage is directly related either to a quantification of the maximum possible loss, or to the constraints of the insurance market.

Compared with LVMH's financial capacity, the Group's level of self-insurance is not significant. The deductibles payable by Group companies in the event of a claim reflect an optimal balance between coverage and the total cost of risk. Insurance costs paid by Group companies are less than 0.17% of consolidated annual revenue.

The financial ratings of the Group's main insurance partners are reviewed on a regular basis, and if necessary one insurer may be replaced by another.

The main insurance programs coordinated by the Group are designed to cover property damage and business interruption, transportation, credit, third party liability and product recall.

2.2.1. Property and business interruption insurance

Most of the Group's manufacturing operations are covered under a consolidated international insurance program for property damage and resulting business interruption.

Property damage insurance limits are in line with the values of assets insured. Business interruption insurance limits reflect gross margin exposures of the Group companies for a period of indemnity extending from 12 to 24 months based on actual risk exposures. The coverage limit of this program is 1.750 billion euros per claim, an amount determined based on an analysis of the Group's maximum possible losses.

Coverage for "natural events" provided under the Group's international property insurance program totals 75 million euros per claim and per year. As a result of a Japanese earthquake risk modeling study performed in 2009, specific coverage in the amount of 140 million euros was taken out for this risk. These limits are in line with the Group companies' risk exposures.

2.2.2. Transportation Insurance

All Group operating entities are covered by an international cargo and transportation insurance contract. The coverage limit of this program (60 million euros) corresponds to the maximum possible transport loss arising as a result of transportation in progress at a given moment.

2.2.3. Third-party liability

The LVMH group has established a third-party liability and product recall insurance program for all its subsidiaries throughout the world. This program is designed to provide the most comprehensive coverage for LVMH's risks, given the insurance capacity and coverage available internationally.

Coverage levels are in line with those of companies with comparable business operations.

Both environmental losses arising from gradual as well as sudden and accidental pollution and environmental liability (Directive 2004/35/EC) are covered under this program.

Specific insurance policies have been implemented for countries where work-related accidents are not covered by state insurance or social security regimes, such as the United States. Coverage levels are in line with the various legal requirements imposed by the different states.

2.2.4. Coverage for special risks

Insurance coverage for political risks, company officers' liability, fraud and malicious intent, trade credit risk, acts of terrorism, loss or corruption of computer data, and environmental risks is obtained through specific worldwide or local policies.

2.3. Financial risks

2.3.1. Credit risks

Because of the nature of its activities, a significant portion of the Group's sales are not exposed to customer credit risk. Sales are made directly to customers through the Selective Retailing network, the Fashion and Leather Goods stores and, to a lesser extent, the Watches and Jewelry stores. Together, these sales accounted for approximately 63% of total revenue in 2013.

Furthermore, for the remaining of revenue, the Group's businesses are not dependent on a limited number of customers whose default would have a significant impact on Group activity level or earnings. The extent of insurance against customer credit risk is satisfactory, with a cover ratio of around 90% as of December 31, 2013.

2.3.2. Counterparty risk

The financial crisis over the last few years has had a considerable impact on the banking sector worldwide, necessitating heightened controls and a more dynamic approach to the management of counterparty risk to which the Group is exposed. Risk diversification is a key objective. Special attention is given to the exposure of our bank counterparties to financial and sovereign credit risks, in addition to their credit ratings, which must always be in the top-level categories.

Banking counterparty risk is monitored on a regular and comprehensive basis, a task facilitated by the centralization of market and liquidity risk management.

2.3.3. Foreign exchange risk

A substantial portion of the Group's sales is denominated in currencies other than the euro, particularly the US dollar (or currencies tied to the US dollar such as the Hong Kong dollar or the Chinese yuan, among others) and the Japanese yen, while most of its manufacturing expenses are euro-denominated.

Exchange rate fluctuations between the euro and the main currencies in which the Group's sales are denominated can therefore significantly impact its revenue and earnings reported in euros, and complicate comparisons of its year-on-year performance.

The Group actively manages its exposure to foreign exchange risk in order to reduce its sensitivity to unfavorable currency fluctuations by implementing hedges such as forward sales and options. An analysis of the sensitivity of the Group's net profit to fluctuations in the main currencies to which the Group is exposed, as well as a description of the extent of cash flow hedging for 2014 relating to the main invoicing currencies are provided in Note 22.5 to the consolidated financial statements.

Owning substantial assets denominated in currencies other than euros (primarily the US dollar and Swiss franc) is also a source of foreign exchange risk with respect to the Group's net assets. This currency risk may be hedged either partially or in full through the use of borrowings or financial futures denominated in the same currency as the underlying asset. An analysis of the Group's exposure to foreign exchange risk related to its net assets for the main currencies involved is presented in Note 22.5 to the consolidated financial statements.

2.3.4. Interest rate risk

The Group's exposure to interest rate risk may be assessed with respect to the amount of its consolidated net financial debt, which totaled 5.3 billion euros as of December 31, 2013. After hedging, 56% of gross financial debt outstanding was subject to a fixed rate of interest and 44% was subject to a floating rate. An analysis of borrowings by maturity and type of rate applicable as well as an analysis of the sensitivity of the cost of net financial debt to changes in interest rates are presented in Notes 18.5 and 18.7 to the consolidated financial statements.

Since the Group's debt is denominated in various different currencies, the Group's exposure to fluctuations in interest rates underlying the main currency-denominated borrowings (euro, Swiss franc, Japanese yen and US dollar) varies accordingly.

This risk is managed using interest rate swaps and by purchasing options (protections against an increase in interest rate) designed to limit the adverse impact of unfavorable interest rate fluctuations.

2.3.5. Equity market risk

The Group's exposure to equity market risk relates in part to its treasury shares, which are held primarily in coverage of stock option plans and bonus share plans. LVMH treasury shares are considered as equity instruments under IFRS, and as such any changes in value have no impact on the consolidated income statement.

The Group is a shareholder in Hermès International SCA, with a 23.1% stake as of December 31, 2013. Other quoted securities may be held by some of the funds in which the Group has invested, or directly within non-current or current available for sale financial assets.

The Group may use derivatives in order to reduce its exposure to risk. Derivatives may serve as a hedge against fluctuations in share prices. For instance, they may be used to cover cash-settled compensation plans index-linked to the change in the LVMH share price. Derivatives may also be used to create a synthetic long position.

2.3.6. Commodity market risk

The Group, mainly through its Watches and Jewelry business group, may be exposed to changes in the prices of certain precious metals, such as gold. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers, or directly by purchasing hedges from top-ranking banks. In the latter case, hedging consists of purchasing gold from banks, or taking out future and/or options contracts with physical delivery upon maturity.

2.3.7. Liquidity risk

The Group's local liquidity risks are generally not significant. Its overall exposure to liquidity risk can be assessed with regard to the amount of the short term portion of its net financial debt before hedging, net of cash and cash equivalents, 1.3 billion euros as of December 31, 2013 or with regard to outstanding amounts in respect of its commercial paper program (2.3 billion euros). Should any of these borrowing facilities not be renewed, the Group has access to undrawn confirmed credit lines totaling 4.4 billion euros.

Therefore, the Group's liquidity is based on the large amount of its investments and long term borrowings, the diversity of its investor base (bonds and short term paper), and the quality of its banking relationships, whether evidenced or not by confirmed credit lines.

In addition, as is customary, the applicable margin on drawdowns of certain long term credit lines depends on the Group's rating by Standard & Poor's. As of December 31, 2013, no drawdown had been performed under these schemes. Furthermore, should these clauses be triggered, this would not have a significant impact on the Group's cash flow.

Agreements governing financial debt and liabilities are not associated with any specific clause likely to significantly modify their terms and conditions.

The breakdown of financial liabilities by contractual maturity is presented in Note 22.7 to the consolidated financial statements.

2.3.8. Organization of foreign exchange, interest rate and equity market risk management

The Group applies an exchange rate and interest rate management strategy designed primarily to reduce any negative impacts of foreign currency or interest rate fluctuations on its business and investments.

This management is centralized for the most part, whether at the level of the parent company or the subsidiary responsible for the Group's cash pooling arrangement.

The Group has implemented a stringent policy, as well as rigorous management guidelines to measure, manage and monitor these market risks.

These activities are organized based on a segregation of duties between risk measurement, hedging (treasury and front office), administration (back office) and financial control.

The backbone of this organization is an integrated information system which allows hedging transactions to be monitored quickly.

The Group's hedging strategy is presented to the Performance Audit Committee.

Hedging decisions are taken by means of a clearly established process that includes regular presentations to the Group's Executive Committee and detailed supporting documentation.

3. FINANCIAL POLICY

During the fiscal year, the Group's financial policy was focused in the following areas:

• Improving the Group's financial structure and flexibility, as evidenced by the following key indicators:

- substantial growth in equity: equity before appropriation of profit rose 9% to 27.7 billion euros as of December 31, 2013, compared to 25.5 billion euros (after restatement reflecting the application of IAS 19 Employee Benefits as amended, see Note 1.2 of the consolidated financial statements) a year earlier. This improvement notably reflects the strong earnings achieved by companies across the Group, distributed only partially;
- the Group's access to liquidity, notably through its commercial paper program, which benefits from extremely favorable rates and spreads, as well as the option to call on bond markets on a regular basis with medium/long-term maturities and issue spreads at historic levels in 2013;
- maintaining a substantial level of cash and cash equivalents with a diversified range of top-tier banking counterparties: cash benefited from attractive yields offered by top-quality issuers, with a permanent focus on ensuring a proactive, dynamic approach to counterparty risk management;
- the Group's financial flexibility, facilitated by a significant reserve of undrawn confirmed credit lines totaling 4.4 billion euros, including a 2 billion euro syndicated loan with a remaining term to maturity of 5 years.

• Maintaining a prudent foreign exchange and interest rate risk management policy designed primarily to hedge the risks generated directly and indirectly by the Group's operations and to hedge its assets.

• Greater concentration of Group liquidity owing to the roll-out of cash pooling practices worldwide, ensuring the fluidity of cash flows across the Group and optimal management of surplus cash. As a rule, the Group applies a diversified short-term and long-term investment policy.

• Pursuing a dynamic policy of dividend payouts to shareholders, to enable them to benefit from the very strong performance over the year:

- an interim dividend for 2013 of 1.20 euros was paid in December 2013;
- proposal of a dividend payment of 3.10 euros per share for the fiscal year (i.e. a final dividend of 1.90 euros available for distribution in 2014). As a result, total dividend payments to shareholders by LVMH in respect of 2013 amount to 1,574 million euros, before the impact of treasury shares.

Net debt came to 5.3 billion euros at the end of 2013, as against 4.3 billion euros a year earlier. Excluding the acquisition of Loro Piana, which represented 2.0 billion euros, net debt decreased by 1.0 billion euros. This reduction was made possible as a result of net cash from operating activities and operating investments (free cash flow), which remained high in 2013, thanks in particular to the increase in operating profit, the stabilization of operating investments and the improvement in working capital compared to 2012.

With regard to debt, the Group maintained a position that enabled it to benefit from stable short-term interest rates, allowing it to lower the cost of net financial debt to 103 million euros in 2013, from 140 million euros in 2012.

With regard to foreign exchange risks, the Group continued to hedge the risks of exporting companies using call options or collars to protect against the negative impact of currency depreciation while retaining some of the gains in the event of currency appreciation. This strategy was successful in an extremely volatile year. It enabled the Group to obtain a rate after hedging for the US dollar lower than the average exchange rate for the year. The rate after hedging obtained for the Japanese yen was much lower than the average exchange rate for the year.

4. OPERATING INVESTMENTS

4.1. Communication and promotion expenses

Over the last three fiscal years the Group's total investments in communication, in absolute values and as a percentage of revenue, were as follows:

Communication and promotion expenses:	2013	2012	2011
- in millions of euros	3,332	3,277	2,711
- as % of revenue	11.4	11.7	11.5

These expenses mainly correspond to advertising campaign costs, especially for the launch of new products, public relations and promotional events, and expenses incurred by marketing teams responsible for all of these activities.

4.2. Research and development costs

The Group's research and development investments in the last three fiscal years were as follows:

(EUR millions)	2013	2012	2011
Research and development costs	72	69	63

Most of these amounts cover scientific research and development costs for skincare and make-up products of the Perfumes and Cosmetics business group.

4.3. Investments in production facilities and retail networks

Apart from investments in communication, promotion and research and development, operating investments are geared towards improving and developing retail networks as well as guaranteeing adequate production capabilities.

Purchases of property, plant and equipment and intangible assets for the last three fiscal years were as follows, in absolute values and as a percentage of cash from operations before changes in working capital:

Purchase of tangible and intangible fixed assets:	2013	2012	2011
- in millions of euros	1,732	1,710	1,749
- as % of cash from operations before changes in working capital	24	24	29

Following the model of the Group's Selective Retailing companies which directly operate their own stores, Louis Vuitton distributes its products exclusively through its own stores. The products of the Group's other brands are marketed by agents, wholesalers, or distributors in the case of wholesale business, and by a network of directly owned stores or franchises for retail sales.

In 2013, apart from acquisitions of property assets, operating investments mainly related to points of sale, with the Group's total retail network increasing from 3,204 to 3,384 stores (excluding Loro Piana, whose network will be integrated in 2014). In particular, Sephora continued to expand its worldwide retail network, which reached 1,481 stores as of December 31, 2013, compared to 1,398 the previous year.

In Wines and Spirits, in addition to necessary replacements of barrels and industrial equipment, investments in 2013 related to ongoing investment in the Champagne region, initiated in 2012.

5. MAIN LOCATIONS AND PROPERTIES

5.1. Production

Wines and Spirits

The surface areas of vineyards in France and abroad that are owned by the Group are as follows:

(in hectares)	2013		2012	
	Total	Of which under production	Total	Of which under production
France				
Champagne appellation	1,861	1,683	1,857	1,717
Cognac appellation	245	171	245	173
Vineyards in Bordeaux	253	148	252	154
International				
California (United States)	440	305	440	321
Argentina	1,527	928	1,398	882
Australia, New Zealand	525	476	525	481
Brazil	232	70	231	72
Spain	112	83	56	52
China	68	-	68	-

In the table above, the total number of hectares owned presented is determined exclusive of surfaces not useable for viticulture. The difference between the total number of hectares owned and the number of hectares under production represents areas that are planted, but not yet productive, and areas left fallow.

The Group also owns industrial and office buildings, wineries, cellars, warehouses, and visitor and customer centers for each of its main Champagne brands or production operations in France, California, Argentina, Australia, Spain, Brazil and New Zealand, as well as distilleries and warehouses in Cognac, the United Kingdom and Poland. The total surface area is approximately 1,280,000 square meters in France and 400,000 square meters abroad.

Fashion and Leather Goods

Louis Vuitton owns seventeen leather goods and shoe production facilities located primarily in France, although some significant workshops are also located near Barcelona in Spain, in Fiesso, Italy and in San Dimas, California. The company owns its warehouses in France; those located outside France are leased. Overall, production facilities and warehouses owned by the Group represent approximately 180,000 square meters.

Fendi owns its own manufacturing facility near Florence, Italy, as well as its company headquarters, the Fendi Palazzo, in Rome, Italy.

Céline also owns manufacturing and logistics facilities near Florence in Italy.

Berluti's shoe production factory in Ferrara (Italy) is owned by the Group.

Rossimoda owns its office premises and its production facility in Strà and Vigonza in Italy.

The other facilities utilized by this business group are leased.

Perfumes and Cosmetics

Buildings located near Orleans in France housing the Group's Research and Development operations of Perfumes and Cosmetics as well as the manufacturing and distribution of Parfums Christian Dior are owned by Parfums Christian Dior and occupy a surface area of 122,000 square meters.

Guerlain acquired a 90,000 sq.m plot of land in Chartres in 2012, where it plans to build a new production site to replace its current site in the same region. The brand also owns another production site in Orphin, France.

Parfums Givenchy owns two plants in France, one in Beauvais and the other in Vervins, which handles the production of both Givenchy and Kenzo product lines, corresponding to a total surface area of 19,000 square meters. The company also owns distribution facilities in Hersham, United Kingdom.

Watches and Jewelry

TAG Heuer leases all of its manufacturing facilities in La Chaux-de-Fonds and the Jura region of Switzerland.

Zenith owns the Manufacture, which houses its movement and watch manufacturing facilities in Le Locle, Switzerland. All of its European warehouses are leased.

Hublot owns its production facilities and its office premises.

Bulgari owns its production facilities in Italy and Switzerland.

The facilities operated by this business group's remaining brands, Chaumet, Fred, De Beers and Montres Dior, are leased.

5.2. Distribution

Retail distribution of the Group's products is most often carried out through exclusive stores. Most of the stores in the Group's retail network are leased and only in exceptional cases does LVMH own the buildings that house its stores.

Louis Vuitton owns certain buildings that house its stores in Tokyo, Guam, Hawaii, Seoul, Cannes, Saint-Tropez, for a total surface area of approximately 8,000 square meters.

Céline, Fendi and Loewe also own the buildings housing some of their stores in Paris, Italy and Spain.

In the Selective Retailing business group:

- Le Bon Marché and Franck et Fils own the buildings in Paris that house their department stores, corresponding to a total area of about 80,000 square meters;
- DFS owns its stores in Guam, Saipan and Hawaii.

As of December 31, 2013, the Group's store network breaks down as follows:

(in number of stores)	2013	2012	2011
France	443	412	390
Europe (excluding France)	926	910	883
United States	669	644	621
Japan	370	370	360
Asia (excluding Japan)	749	670	621
Other markets	227	198	165
Total	**3,384**	**3,204**	**3,040**

(in number of stores)	2013	2012	2011
Fashion and Leather Goods [a]	1,339	1,280	1,246
Perfumes and Cosmetics	123	94	85
Watches and Jewelry	363	347	327
Selective Retailing	1,541	1,466	1,368
Of which: Sephora	*1,481*	*1,398*	*1,300*
Other, including DFS	*60*	*68*	*68*
Other	18	17	14
Total	**3,384**	**3,204**	**3,040**

(a) Excluding Loro Piana, whose network will be integrated in 2014.

5.3. Administrative sites and investment property

Most of the Group's administrative buildings are leased, with the exception of the headquarters of certain brands, particularly those of Louis Vuitton, Parfums Christian Dior and Zenith.

The Group holds a 40% stake in the company owning the building housing its headquarters on Avenue Montaigne in Paris. The Group also owns three buildings in New York (total surface area of about 24,000 square meters) and a building in Osaka (about 5,000 square meters) that house the offices of subsidiaries.

Lastly, the Group owns investment property, in central Paris and in London, corresponding to a total surface area of 50,000 square meters and 8,000 square meters, respectively.

The group of properties previously used for the business operations of La Samaritaine's department store are the focus of a redevelopment project, which will transform it into a complex comprising mainly offices, shops and a luxury hotel.

6. STOCK OPTION PLANS IN FORCE AT SUBSIDIARIES

Nil.

7. EXCEPTIONAL EVENTS AND LITIGATION

As part of its day-to-day management, the Group is party to various legal proceedings concerning trademark rights, the protection of intellectual property rights, the protection of Selective Retailing networks, licensing agreements, employee relations, tax audits, and any other matters inherent to its business. The Group believes that the provisions recorded in the balance sheet in respect of these risks, litigation proceedings and disputes that are in progress and any others of which it is aware at the year-end, are sufficient to avoid its consolidated financial net worth being materially impacted in the event of an unfavorable outcome.

Following the decision delivered in March 2006 by the *Conseil de la Concurrence* (the French antitrust authority) regarding the luxury perfume sector in France, and the judgment rendered on June 26, 2007 by the Paris Court of Appeal, the Group companies concerned took their case to the *Cour de cassation*, the highest court in France. In July 2008, the *Cour de cassation* overturned the decision of the Paris Court of Appeal and referred the case to the same jurisdiction, formed differently. In November 2009, the Court of Appeal set aside the judgment of the *Conseil de la Concurrence* due to the excessive length of the proceedings. In November 2010, the *Cour de cassation* overturned the decision of the Court of Appeal and referred the matter back to the same jurisdiction, formed differently. On January 26, 2012, the Paris Court of Appeal, while reaffirming the decision handed down in 2006 by the *Conseil de la Concurrence* against France's leading manufacturers and distributors of luxury perfumes and cosmetics relating to events dating back to the period 1997-2000, reduced the total amount of fines imposed on the Group's companies active in this sector to 13 million euros. On June 11, 2013, the *Cour de cassation* confirmed the decision of the Paris Court of Appeal.

In 2006, Louis Vuitton Malletier and the French companies of the Perfumes and Cosmetics business group filed lawsuits against eBay in the Paris Commercial Court. Louis Vuitton Malletier demanded compensation for losses caused by eBay's participation in the commercialization of counterfeit products and its refusal to implement appropriate procedures to prevent the sale of such goods on its site. The Perfumes and Cosmetics brands sued eBay for undermining their selective retailing networks. In a decision delivered on June 30, 2008, the Paris Commercial Court ruled in favor of LVMH, ordering eBay to pay 19.3 million euros to Louis Vuitton Malletier and 3.2 million euros to the Group's Perfumes and Cosmetics brands. The court also barred eBay from running listings for perfumes and cosmetics under the Dior, Guerlain, Givenchy and Kenzo brands. eBay filed a petition with the Paris Court of Appeal. On July 11, 2008, the President of the Paris Court of Appeal denied eBay's petition to stay the provisional execution order delivered by the Paris Commercial Court. In September 2010, the Paris Court of Appeal confirmed the ruling against eBay handed down in 2008, classifying this company's business as that of a broker and not merely an Internet host. Asserting that it did not have jurisdiction to evaluate the extent of losses caused by some of eBay's sites outside France, the Court reduced the amount of punitive damages to 2.2 million euros for Louis Vuitton Malletier and 0.7 million euros for the Group's Perfumes and Cosmetics brands, as the initial amount had been determined on the basis of eBay's worldwide operations. In response to the appeal filed by eBay, on May 3, 2012 the *Cour de cassation* confirmed the analysis carried out by the Paris Court of Appeal, which had held that eBay's activity was not merely that of a hosting service provider, but that it also acted as a broker. However, the *Cour de cassation* reversed the Paris Court of Appeal's decision with regard to its jurisdiction for activity conducted on the eBay Inc. and referred the case back for retrial by the Paris Court of Appeal.

Following the announcement by LVMH on October 23, 2010 of its acquisition of a stake in the share capital of Hermès International, the *Autorité des Marchés Financiers* (the French financial markets regulation authority), launched an investigation into the market and financial disclosures relating to Hermès and LVMH shares. On August 13, 2012, the AMF served LVMH with a statement of objections for alleged infringements of financial and public disclosure requirements, a copy of which was forwarded to AMF's Enforcement Committee. The Committee met on May 31, 2013 and on June 25, 2013 handed down its decision, holding that LVMH should have informed the public in June 2010 of the possibility that it had of deciding to acquire a stake in Hermès, despite the fact that the matter was not put before its Board of Directors until October 21, 2010. It therefore ordered LVMH to pay a fine of 8 million euros. No appeal has been made against this decision.

On June 18, 2013, Hermès International filed a suit with the Paris Commercial Court against LVMH and some of its subsidiaries on the grounds of requesting the cancelation of the equity swap contracts entered into by Group companies in 2008, along with subsequent transactions. The lawsuit refers to a criminal complaint filed in October 2012 for insider trading, share price manipulation and complicity. The LVMH group has filed a counter-complaint with the public prosecutor for false accusations. It also brought an action before the Paris Commercial Court against the senior executives of Hermès for personal liability, in order to seek redress for the damage caused by the abovementioned action for annulment, which serves the personal objectives of these senior executives rather than the interest of the companies managed by them.

To the best of the Company's knowledge, there are no pending or impending administrative, judicial or arbitration procedures that are likely to have, or have had over the twelve-month period under review, any significant impact on the financial position or profitability of the Company and/or the Group.

8. SUBSEQUENT EVENTS

No significant subsequent events occurred between December 31, 2013 and January 30, 2014, the date on which the financial statements were approved for publication by the Board of Directors.

9. RECENT DEVELOPMENTS AND PROSPECTS

Despite an uncertain monetary and economic environment in Europe, LVMH is well-equipped to continue its growth momentum across all business groups in 2014. The Group will maintain a strategy focused on developing its brands by continuing to build up its savoir-faire, as well as through strong innovation and expansion in fast growing markets. Driven by the agility of its organization, the balance of its different businesses and geographic diversity, LVMH enters 2014 with confidence and has, once again, set an objective of increasing its global leadership position in luxury goods.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Parent company: LVMH Moët Hennessy - Louis Vuitton

1. COMMENTS ON THE FINANCIAL STATEMENTS

The balance sheet, income statement and notes to the financial statements of LVMH Moët Hennessy - Louis Vuitton SA (hereafter, "LVMH" or "the Company") for the year ended December 31, 2013 have been prepared in accordance with French legal requirements and the same accounting policies and methods as those used in the previous year.

1.1. Comments on the balance sheet

1.1.1. Change in the equity investment portfolio

The gross value of the equity investment portfolio was 19.9 billion euros, compared to 18.5 billion euros as of year-end 2012, a 1.4 billion euro increase.

On December 5, 2013, Vicuna Holding SpA, a wholly-owned subsidiary of LVMH Moët Hennessy - Louis Vuitton SA, acquired 77.1% (80% after treasury shares) of the share capital of Italian company Loro Piana SpA. This acquisition was financed by a 1.4 billion euro contribution from LVMH to a reserve account at Vicuna Holding SpA entitled "*riserva in conto futuro aumento di capitale*".

1.1.2. Financial structure

LVMH issued two bonds in 2013 under its EMTN program, each with a nominal value of 500 million euros, in addition to a bond with a nominal value of 600 million euros. These bonds are redeemable on maturity at par in November 2019, September 2016 and November 2020, respectively. The bond redeemable in 2019 has a coupon rate of 1.25%; it was swapped on issuance, thus converting 50% of the issue's nominal value into a floating rate financing arrangement. The bond redeemable in 2016 is a floating rate note. The last bond, maturing in 2020, has a coupon rate of 1.75%. It has not been subject to any swaps for hedging purposes.

Furthermore, a 300 million Swiss franc bond issued in 2007 was reimbursed during the fiscal year, as well as a portion of debt relating to foreign currency denominated private placements (20 billion Japanese yen and 350 million US dollars).

1.1.3. Hedging transactions

LVMH regularly uses financial instruments. This practice meets the foreign currency and interest rate hedging needs for financial assets and liabilities, including dividends receivable from foreign investments; each instrument used is allocated to the financial balances or hedged transactions.

Given the role of LVMH within the Group, financial instruments designed to hedge net assets denominated in foreign currency may be used in the consolidated financial statements but not matched in the parent company financial statements, or allocated to underlying amounts maintained at historical exchange rates, such as equity investments.

Counterparties for hedging contracts are selected on the basis of their credit rating as well as for reasons of diversification.

1.1.4. Share capital

As of December 31, 2013, the share capital comprised 507,793,661 fully paid-up shares and amounted to 152.3 million euros.

During the fiscal year, 1,025,418 shares were issued in connection with the exercise of share subscription options; moreover 1,395,106 shares were retired.

1.1.5. Information on payment terms

As of December 31, 2013, trade accounts payable amounted to 107 million euros (109 million euros in 2012), the major portion of which were not yet due. The average payment term was 43 days in 2013, compared to 45 days in 2012.

1.2. Parent company results and outlook for the future

The Company reported net financial income of 2,103.3 million euros, compared with net financial income of 1,823.8 million euros for 2012.

Net income from the management of subsidiaries and other investments amounted to 2,077.4 million euros in 2012, as against 1,958.9 million euros the previous year. This change is mainly due to an increase in financial income from subsidiaries and other investments (2,173.4 million euros in 2013, up from 1,950.7 million euros in 2012), the effect of which is dampened by the increase in impairment losses on shares and in provisions recognized with respect to subsidiaries and other investments (negative amount of 96 million euros in 2013, compared with a positive amount of 8.2 million euros in 2012).

Financial income from subsidiaries and other investments consisted of dividends received and the share of profit from Moët Hennessy SNC. The change in this item during the fiscal year was due in particular to the increase in this share of profit for 97 million euros and the 100 million euro dividend paid by Bulgari SpA.

The net financial income also includes the cost of net financial debt and related interest rate derivatives in the amount of 90.8 million euros in 2013, as well as profits on foreign exchange transactions and derivatives in the amount of 124.7 million euros in 2013.

Net operating loss reflects operating expenses not recharged to subsidiaries and other investments, which amounted to a net expense of 117 million euros in 2013, down from 92.9 million euros in 2012. This change is due in particular to the operating income generated in 2012 by the decision to recharge the cost of share purchase options exercised and of bonus shares allocated, to the subsidiaries employing the beneficiaries.

The exceptional expense was an 8 million euro fine levied by the *Autorité des Marchés Financiers* (the French financial markets regulation authority) on June 25, 2013 following its investigation into LVMH's 2010 announcement of a stake it had acquired in the share capital of Hermès International.

Taking into account the negative impact of corporate income tax in the amount of 123.5 million euros, including the effect of tax consolidation, net profit came to 1,854.8 million euros, thus increasing compared to 2012, when net profit was 1,666.7 million euros.

Given the results achieved in 2013 by subsidiaries and other investments held by LVMH, the Company anticipates a satisfactory level of dividend distribution in 2014.

Finally, with regard to the preparation of the Company's income tax return, no expenses were considered as having to be re-integrated into taxable profit or non-deductible within the meaning of Articles 39-4, 39-5, 54 *quater* and 223 *quinquies* of the French General Tax Code.

2. APPROPRIATION OF NET PROFIT FOR THE YEAR

The proposed appropriation of the amount available for distribution for the fiscal year is as follows:

(EUR)	
Net profit for the year ended December 31, 2013	1,854,832,105.63
Available portion of the legal reserve [a]	11,090.64
Retained earnings	5,154,070,701.12
Total amount available for distribution	**7,008,913,897.39**
Proposed appropriation:	
Statutory dividend of 5% or EUR 0.015 per share	7,616,904.92
Additional dividend of EUR 3.085 per share	1,566,543,444.18
Retained earnings	5,434,753,548.29
	7,008,913,897.39

(a) Portion of the legal reserve greater than 10% of the share capital as of December 31, 2013.

For information, as of December 31, 2013, the Company held 7,391,919 of its own shares, corresponding to an amount not available for distribution of 450.8 million euros, equivalent to the acquisition cost of the shares.

Should this appropriation be approved, the total dividend would be 3.10 euros per share. As an interim dividend of 1.20 euros per share was paid on December 3, 2013, the final dividend per share is 1.90 euros; this will be paid as of April 17, 2014.

With respect to this dividend distribution, individuals whose tax residence is in France will be entitled to the 40% deduction provided under Article 158 of the French General Tax Code.

Finally, should the Company hold, at the time of payment of this balance, any treasury shares under prior authorizations, the corresponding amount of unpaid dividends will be allocated to retained earnings.

As required by law, we remind you that the dividends per share paid out in respect of the past three fiscal years were as follows:

Fiscal year *(EUR)*	**Nature**	**Payment date**	**Gross dividend**	**Tax deduction** [a]
2012	Interim	December 4, 2012	1.10	0.44
	Final	April 25, 2013	1.80	0.72
	Total		**2.90**	**1.16**
2011	Interim	December 2, 2011	0.80	0.32
	Final	April 25, 2012	1.80	0.72
	Total		**2.60**	**1.04**
2010	Interim	December 2, 2010	0.70	0.28
	Final	May 25, 2011	1.40	0.56
	Total		**2.10**	**0.84**

(a) For individuals with tax residence in France.

3. SHAREHOLDERS – SHARE CAPITAL – STOCK OPTION PLANS – ALLOCATION OF BONUS SHARES

3.1. Main shareholders

As of December 31, 2013, the Arnault family group controlled 46.45% of the Company's capital, compared with 46.42% as of December 31, 2012 and held 62.59% of the voting rights at Shareholders' Meetings, compared with 62.65% as of December 31, 2012.

3.2. Shares held by members of the management and supervisory bodies

As of December 31, 2013, the members of the Board of Directors and Executive Committee held directly, personally and in the form of registered shares, less than 0.1% of the share capital.

3.3. Employee share ownership

As of December 31, 2013, the employees of the Company and its affiliates, within the meaning of Article L. 225-180 of the French Commercial Code, held less than 0.1% of the share capital in connection with company savings plans.

3.4. Share purchase option plans and share subscription option plans

The beneficiaries of the option plans are selected in accordance with the following criteria: performance, development potential and contribution to a key position.

Six share subscription option plans with outstanding options remaining and set up by LVMH between 2004 and 2009 were in force as of December 31, 2013. The exercise price of options is equal to the reference price calculated in accordance with applicable laws for the plans launched since 2007, and to 95% of this same reference price for all earlier plans. Each plan has a term of ten years. Share subscription options granted may be exercised from the plan's commencement date after the end of a period of four years.

For all plans, one option gives the right to one share.

Apart from conditions relating to attendance within the Group, the exercise of options granted in 2009 is contingent on performance conditions, based on the following three indicators: profit from recurring operations, net cash from operating activities and operating investments, or the Group's current operating margin.

Options granted to senior executive officers could only be exercised if, in three of the four fiscal years from 2009 to 2012, at least one of those three indicators showed a positive change compared to 2008. The performance condition was met with respect to the 2009, 2010, 2011 and 2012 fiscal years.

Options granted to other beneficiaries could only be exercised if, for fiscal years 2009 and 2010, at least one of these indicators showed a positive change compared to 2008. The performance condition was met with respect to the 2009 and 2010 fiscal years.

Both senior executive officers and other company employees must also comply with operating restrictions relating to the exercise period for their options.

In relation to options granted under plans set up since 2007, if either the Chairman and Chief Executive Officer or the Group Managing Director decides to exercise his options, he must retain possession, until the conclusion of his term of office, of a number of shares determined on the basis of the exercise date and corresponding to a percentage of his total gross compensation.

3.4.1. Share purchase option plan

Date of Shareholders' Meeting	**05/17/2000**
Date of Board of Directors' meeting	**01/22/2003**
Total number of options granted	**3,213,725**
o/w Company officers [a]	*1,220,000*
Bernard Arnault [b]	*600,000*
Nicolas Bazire [b]	*200,000*
Antonio Belloni [b]	*200,000*
Pierre Godé [b]	*200,000*
Gilles Hennessy [b]	*20,000*
o/w First ten employees [c]	*495,000*
Number of beneficiaries	979
Earliest option exercise date	01/22/2006
Expiry date	01/21/2013
Purchase price *(EUR)*	37.00 [d]
Number of options exercised in 2013	19,620
Number of options expired in 2013	85,700
Total number of options exercised as of 12/31/2013	2,937,200
Total number of options expired as of 12/31/2013	276,525
Options outstanding as of December 31	**-**

(a) Number of options allocated to active company officers as of the plan's commencement date.
(b) Company officers active as of December 31, 2013.
(c) Options granted to active employees other than company officers as of the plan's commencement date.
(d) The exercise price for Italian residents is 38.73 euros.

Exercise of such options does not lead to any dilution for shareholders, since they are options to purchase existing shares.

3.4.2. Share subscription option plans

Date of Shareholders' Meeting	05/15/2003	05/15/2003	05/11/2006	05/11/2006	05/11/2006	05/11/2006	05/14/2009	
Date of Board of Directors' meeting	**01/21/2004**	**05/12/2005**	**05/11/2006**	**05/10/2007**	**05/15/2008**	**05/14/2009**	**07/29/2009**	**Total**
Total number of options granted	**2,747,475**	**1,924,400**	**1,789,359**	**1,679,988**	**1,698,320**	**1,301,770**	**2,500**	**11,143,812**
o/w Company officers [a]	*972,500*	*862,500*	*852,500*	*805,875*	*766,000*	*541,000*	-	***4,800,375***
Bernard Arnault [b]	*450,000*	*450,000*	*450,000*	*427,500*	*400,000*	*200,000*	-	***2,377,500***
Antoine Arnault [b]	-	-	-	*9,500*	*9,500*	*9,500*	-	***28,500***
Delphine Arnault [b]	*10,000*	*10,000*	*10,000*	*9,500*	*9,500*	*9,500*	-	***58,500***
Nicolas Bazire [b]	*150,000*	*150,000*	*150,000*	*142,500*	*142,500*	*100,000*	-	***835,000***
Antonio Belloni [b]	*150,000*	*150,000*	*150,000*	*142,500*	*142,500*	*100,000*	-	***835,000***
Pierre Godé [b]	*150,000*	*40,000*	*30,000*	*15,000*	*40,000*	*100,000*	-	***375,000***
Gilles Hennessy [b]	*20,000*	*20,000*	*20,000*	*19,000*	*22,000*	*22,000*	-	***123,000***
o/w First ten employees [c]	*457,500*	*342,375*	*339,875*	*311,544*	*346,138*	*327,013*	*2,500*	***2,126,945***
Number of beneficiaries	906	495	520	524	545	653	1	
Earliest option exercise date	01/21/2008	05/12/2009	05/11/2010	05/10/2011	05/15/2012	05/14/2013	07/29/2013	
Expiry date	01/20/2014	05/11/2015	05/10/2016	05/09/2017	05/14/2018	05/13/2019	07/28/2019	
Subscription price *(EUR)*	55.70 [d]	52.82 [d]	78.84 [d]	86.12	72.50 [d]	56.50 [d]	57.10	
Number of options exercised in 2013	68,340	78,656	57,426	66,881	330,709	420,906	2,500	**1,025,418**
Number of options expired in 2013	9,600	3,000	2,625	3,025	3,438	4,801	-	**26,489**
Total number of options exercised as of 12/31/2013	1,956,699	1,672,774	873,172	750,246	729,213	443,906	2500	**6,428,510**
Total number of options expired as of 12/31/2013	122,950	94,425	96,873	90,442	88,332	44,791	-	**537,813**
Options outstanding as of December 31	**667,826**	**157,201**	**819,314**	**839,300**	**880,775**	**813,073**	**-**	**4,177,489**

(a) Options granted to active company officers as of the plan's commencement date.
(b) Company officers active as of December 31, 2013.
(c) Options granted to active employees other than company officers as of the plan's commencement date.
(d) Exercise price in euros for Italian residents:

Plans	Exercise price
01/21/2004	58.90
05/12/2005	55.83
05/11/2006	82.41
05/15/2008	72.70
05/14/2009	56.52

As of December 31, 2013, the potential dilutive effect resulting from the allocation of these options represents 0.82% of share capital. However, since LVMH retires a number of shares equivalent to the number of shares issued in connection with the exercise of options, there is no dilutive effect for shareholders when the subscription options are exercised.

3.4.3. Options granted to and exercised by company officers and by the Group's top ten employees during the fiscal year

Options granted

No option plans were created in 2013.

Options exercised by senior executive officers of the Company

Beneficiary	Company granting the options	Date of the plan	Number of options	Exercise price *(EUR)*
Antonio Belloni	LVMH	05/12/2005	15,000	52.82

Options exercised by other executive officers of the Company

Beneficiaries	Company granting the options	Date of the plan	Number of options	Exercise price *(EUR)*
Delphine Arnault	LVMH	05/14/2009	4,800	56.50
Nicolas Bazire	LVMH	05/15/2008	117,500	72.50
Gilles Hennessy	LVMH	05/15/2008	22,000	72.50
	LVMH	05/14/2009	22,000	56.50

Options exercised by the ten employees of the Group, other than company officers, having exercised the largest number of options

Company granting the options	Date of the plan	Number of options	Exercise price *(EUR)*
LVMH Moët Hennessy - Louis Vuitton	01/21/2004	10,000	55.70
	05/12/2005	18,000	52.82
	05/11/2006	30,500	78.84
	05/10/2007	46,744	86.12
	05/15/2008	109,063	72.50
	05/14/2009	153,688	56.50

3.5. Allocation of bonus shares and performance shares

Beneficiaries of bonus shares are selected among the employees and senior executives of the Group's companies on the basis of their level of responsibility and their individual performance.

For French tax residents, the allocation of bonus shares to their beneficiaries is definitive after a two-year vesting period for the plan set up in 2010 and after a three-year vesting period for any plans set up since 2011, except the two specific plans set up on October 20, 2011 and January 31, 2013. Bonus shares allocated to beneficiaries who are not French residents for tax purposes are definitive after a vesting period of four years and freely transferable at that time.

The schemes launched on April 15, 2010 and March 31, 2011 combine the allocation of traditional bonus shares and the allocation of performance bonus shares ("performance shares"), in proportions determined in accordance with the beneficiary's level in the hierarchy and status. The plans launched on April 5, 2012 and July 25, 2013 involve the allocation of performance shares only.

Shares subject to performance conditions are definitively allocated only if LVMH's consolidated financial statements both for the fiscal year in which the plan is set up (fiscal year "Y") and for fiscal year Y+1 show a positive change compared to fiscal year Y-1 in relation to one or more of the following indicators: profit from recurring operations, net cash from operating activities and operating investments, current operating margin. With

3.5.1. Bonus share and performance share allocation plans

Date of Shareholders' Meeting	05/15/2008	05/15/2008	05/15/2008	05/15/2008	05/15/2008	05/15/2008
Date of Board of Directors' meeting	**05/14/2009**	**07/29/2009**	**04/15/2010**	**04/15/2010**	**03/31/2011**	**03/31/2011**
	Bonus shares	**Bonus shares**	**Bonus shares**	**Performance shares**	**Bonus shares**	**Performance shares**
Number of shares provisionally allocated	**311,209**	**833**	**195,069**	**274,367**	**184,328**	**257,724**
o/w Company officers [a]	-	-	-	*108,837*	-	*100,071*
Bernard Arnault [b]	-	-	-	*40,235*	-	*36,994*
Antoine Arnault [b]	-	-	-	*1,911*	-	*1,757*
Delphine Arnault [b]	-	-	-	*1,911*	-	*1,757*
Nicolas Bazire [b]	-	-	-	*20,118*	-	*18,498*
Antonio Belloni [b]	-	-	-	*20,118*	-	*18,498*
Pierre Godé [b]	-	-	-	*20,118*	-	*18,498*
Gilles Hennessy [b]	-	-	-	*4,426*	-	*4,069*
Francesco Trapani [b]	-	-	-	-	-	-
o/w First ten employees [c]	*48,165*	*833*	*27,372*	*67,350*	*23,387*	*64,611*
Number of beneficiaries	642	1	627	639	698	712
Vesting date	05/14/2011 [d]	07/29/2013	04/15/2012 [d]	04/15/2012 [d]	03/31/2014 [e]	03/31/2014 [e]
Date as of which the shares may be sold	05/14/2013	07/29/2013	04/15/2014	04/15/2014	03/31/2016 [e]	03/31/2016 [e]
Number of share allocations vested in 2013	122,921	833	1,163 [i]	389 [i]	323 [i]	108 [i]
Number of share allocations expired in 2013	3,751	-	4,731	1,766	6,610	2,466
Total number of share allocations vested as of 12/31/2013	275,931	833	98,680	209,983	323	108
Total number of share allocations expired as of 12/31/2013	35,278	-	17,375	7,208	16,829	6,583
Remaining bonus share allocations as of December 31	**-**	**-**	**79,014**	**57,176**	**167,176**	**251,033**

(a) Bonus shares allocated to company officers active as of the provisional allocation date.
(b) Company officers active as of December 31, 2013.
(c) Bonus shares allocated to active employees other than LVMH company officers or senior executive officers of related companies as of the provisional allocation date.
(d) Definitive allocation of shares on May 14, 2013 and April 15, 2014 which then become transferable for beneficiaries who are not French residents for tax purposes.
(e) Definitive allocation of shares on March 31, 2015, April 5, 2016 and July 26, 2016 which then become transferable for beneficiaries who are not French residents for tax purposes.

respect to the plan set up on April 15, 2010, the performance condition was satisfied in 2010 and 2011, and performance shares allocated to beneficiaries who were French residents for tax purposes were fully vested as of April 15, 2012. With respect to the plan set up on March 31, 2011, the condition was satisfied in 2011 and 2012. With respect to the plan set up on April 5, 2012, the condition was satisfied in 2012 and 2013. With respect to the plan set up on July 25, 2013, the condition was satisfied in 2013.

In relation to plans set up since 2010, in the event of the vesting of their share allocations, the Chairman and Chief Executive Officer and the Group Managing Director are required to retain possession, in pure registered form and until the conclusion of their respective terms in office, of a number of shares representing one half of the notional capital gain, net of tax and social charges, calculated using the shares' opening price at that date.

In addition, six specific bonus share and/or performance share allocation plans were set up on October 20, 2011, July 26, 2012, January 31, 2013 and October 24, 2013 in favor of the Group's employees and senior executives. With regard to the performance shares plans, the condition was satisfied in 2012 and 2013 for the plans dated July 26, 2012 and in 2013 for the plan dated October 24, 2013.

Exercise of such options does not lead to any dilution for shareholders, since they are allocations of existing shares.

03/31/2011	03/31/2011	03/31/2011	03/31/2011	03/31/2011	03/31/2011	04/18/2013	04/18/2013	
10/20/2011	10/20/2011	04/05/2012	07/26/2012	07/26/2012	01/31/2013	07/25/2013	10/24/2013	
Bonus shares	Bonus shares	Performance shares	Bonus shares	Performance shares	Bonus shares	Performance shares	Performance shares	Total
95,000	**20,000**	**416,609**	**45,000**	**830**	**32,800**	**397,406**	**6,228**	**2,237,403**
-	-	*85,913*	*45,000*	-	-	*78,572*	-	***418,393***
-	-	*28,008*	-	-	-	*17,968*	-	***123,205***
-	-	*1,478*	-	-	-	*1,644*	-	***6,790***
-	-	*1,478*	-	-	-	*1,644*	-	***6,790***
-	-	*15,560*	-	-	-	*17,308*	-	***71,484***
-	-	*15,560*	-	-	-	*17,308*	-	***71,484***
-	-	*15,560*	*45,000*	-	-	*17,308*	-	***116,484***
-	-	*3,422*	-	-	-	-	-	***11,917***
-	-	*4,847*	-	-	-	*5,392*	-	***10,239***
95,000	*20,000*	*90,078*	-	*830*	*32,800*	*69,606*	*6,228*	***546,260***
1	1	747	1	1	1	748	3	
10/20/2013 (f)	10/20/2013	04/05/2015 (e)	07/26/2015 (e)	07/26/2015 (e)	01/31/2015	07/25/2016 (h)	10/24/2016 (h)	
10/20/2015 (g)	10/20/2015	04/05/2017 (e)	07/26/2017 (e)	07/26/2017 (e)	01/31/2017	07/25/2018 (h)	10/24/2018 (h)	
47,500	20,000	203 (i)	-	-	-	-	-	**193,440**
-	-	10,381	-	-	-	2,307	-	**32,012**
47,500	20,000	203	-	-	-	-	-	**653,561**
-	-	14,144	-	-	-	2,307	-	**99,724**
47,500	**-**	**402,262**	**45,000**	**830**	**32,800**	**395,099**	**6,228**	**1,484,118**

(f) Definitive allocation in two tranches of 47,500 shares, with the second tranche of shares to be definitively allocated on October 20, 2014.
(g) Shares in the first tranche will become transferable on October 20, 2015 and those in the second tranche will become transferable on October 20, 2016.
(h) Vesting and availability date of shares: July 25, 2017, and October 24, 2017, for beneficiaries who are not French residents for tax purposes.
(i) Definitive allocations for beneficiaries who became French residents for tax purposes, or following decease in fiscal year 2013.

3.5.2. Share allocations during the fiscal year to company officers and to the top ten employees of the Group

Provisional allocations of performance shares during the fiscal year to senior executive officers of the Company

Beneficiaries	Company granting the shares	Date of Shareholders' Meeting	Date of the plan	Number of options	% of share capital[a]	Exercise price *(EUR)*
Bernard Arnault	LVMH	04/18/2013	07/25/2013	17,968	0.004	2,111,420
	Christian Dior	10/26/2012	07/25/2013	19,108	0.01	2,383,914
Antonio Belloni	LVMH	04/18/2013	07/25/2013	17,308	0.003	2,033,863

(a) On the basis of the share capital mentioned in the Bylaws.

See also pages 56 and 57 for the other terms and conditions of allocation.

Bonus shares and performance shares allocated on a provisional basis during the fiscal year to other company officers of the Company

Beneficiaries	Company granting the shares	Date of the plan	Number of bonus shares	Number of performance shares
Antoine Arnault	LVMH	07/25/2013	-	1,644
Delphine Arnault	LVMH	07/25/2013	-	1,644
	Christian Dior	07/25/2013	-	6,095
Nicolas Bazire	LVMH	07/25/2013	-	17,308
Pierre Godé	LVMH	07/25/2013	-	17,308
Francesco Trapani	LVMH	07/25/2013	-	5,392

Performance shares vested during the fiscal year to senior executive officers of the Company

No shares were vested to senior executive officers.

Bonus shares and performance shares vested during the fiscal year to other company officers of the Company

No shares were vested to other company officers.

Bonus shares and performance shares vested during the year to the Group's ten employees[a], other than company officers, having received the largest number of shares

Company granting the shares	Date of the plan	Number of bonus shares	Number of performance shares
LVMH Moët Hennessy - Louis Vuitton	05/14/2009	28,916	-

(a) Active employees as of the vesting date.

4. FINANCIAL AUTHORIZATIONS

4.1. Status of current delegations and authorizations

Share repurchase program (L. 225-209 *et seq.* of the French Commercial Code)

Type	Authorization date	Expiry/ Duration	Amount authorized	Use as of December 31, 2013
Share repurchase program Maximum purchase price: 250 euros	April 18, 2013 (11th res.)	October 17, 2014 (18 months) [a]	10% of the share capital 50,766,986 shares [b]	Movements during the fiscal year [c] Purchases: 2,211,332 shares Disposals: 1,443,766 shares
Reduction of capital through the retirement of shares purchased under the repurchase program	April 18, 2013 (12th res.)	October 17, 2014 (18 months) [a]	10% of the share capital per 24-month period 50,766,986 shares [b]	Shares retired during the fiscal year 1,395,106 shares

(a) A resolution renewing this authorization will be presented to the Shareholders' Meeting of April 10, 2014. See §4.2 below.
(b) On the basis of the share capital mentioned in the Bylaws.
(c) Movements occurring between April 18, 2013 and December 31, 2013 mentioned in §5 below on the share repurchase program approved by the Shareholders' Meeting of April 18, 2013. For purchases, including calls exercised. See also §5.1 below.

Authorizations to increase the share capital (L. 225-129, L. 225-129-2 and L. 228-92 of the French Commercial Code)

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of December 31, 2013
Through incorporation of reserves (L. 225-130)	April 18, 2013 (13th res.)	June 17, 2015 (26 months)	50 million euros 166,666,666 shares [a]	Not applicable	None
With preferential subscription rights: ordinary shares and investment securities giving access to the share capital	April 18, 2013 (14th res.)	June 17, 2015 (26 months)	50 million euros 166,666,666 shares [a] [b]	Free	None
Without preferential subscription rights: ordinary shares and investment securities giving access to the share capital					
- by means of public offer (L. 225-135 *et seq.*)	April 18, 2013 (15th res.)	June 17, 2015 (26 months)	50 million euros 166,666,666 shares [a] [b]	At least equal to the minimum price required by regulations [c]	None
- by means of private placement (L. 225-135 *et seq.*)	April 18, 2013 (16th res.)	June 17, 2015 (26 months)	50 million euros 166,666,666 shares [a] [b]	At least equal to the minimum price required by regulations [c]	None
In connection with a public exchange offer (L. 225-148)	April 18, 2013 (19th res.)	June 17, 2015 (26 months)	50 million euros 166,666,666 shares [a]	Free	None
In connection with in-kind contributions (L. 225-147)	April 18, 2013 (20th res.)	June 17, 2015 (26 months)	10% of share capital 50,766,986 shares [a] [d]	Free	None

(a) Maximum nominal amount. The nominal amount of any capital increase decided in application of other delegations of authority would be offset against this amount.
(b) Provided the overall maximum ceiling of 50 million euros referred to in (a) is not exceeded, this amount may be increased subject to the limit of 15% of the initial issue in the event that the issue is oversubscribed (Shareholders' Meeting of April 18, 2013, 18th resolution) (L. 225-135-1).
(c) Up to 10% of the share capital, the Board of Directors may freely determine the issue price, provided that this price is at least equal to 90% of the weighted average of the share price over the three days preceding its determination (Shareholders' Meeting of April 18, 2013, 17th resolution).
(d) On the basis of the share capital mentioned in the Bylaws.

Employee share ownership

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of December 31, 2013
Share subscription or purchase options (L. 225-177 *et seq.*)	April 5, 2012 (15th res.)	June 4, 2015 (38 months)	1% of share capital 5,076,698 shares [a][b]	Average share price over the 20 trading days preceding the grant date [c] not subject to any discount	• granted: none • available to be granted: 5,076,698 options
Bonus shares allocation (L. 225-197-1 *et seq.*)	April 18, 2013 (23rd res.)	June 17, 2015 (26 months)	1% of share capital 5,076,698 shares [a][b]	Not applicable	• granted: 403,634 shares • available to be granted: 4,673,064 shares
Capital increase reserved for employees who are members of a company savings plan (L. 225-129-6)	April 18, 2013 (21st res.)	June 17, 2015 (26 months)	1% of share capital 5,076,698 shares [a][b]	Average share price over the 20 trading days preceding the grant date subject to a maximum discount of 20%	None

(a) Subject to not exceeding a total ceiling of 50 million euros set forth above, against which this amount would be offset.
(b) On the basis of the share capital mentioned in the Bylaws.
(c) Since these relate to purchase options, the price may not be lower than the average purchase price of the shares.

4.2. Authorizations proposed to the Shareholders' Meeting

Share repurchase program (L. 225-209 *et seq.* of the French Commercial Code)

Type	Resolution	Duration	Amount authorized
Share repurchase program Maximum purchase price: 250 euros	17th	18 months	10% of share capital 50,766,986 shares [a]
Reduction of capital through the retirement of shares purchased under the repurchase program	18th	18 months	10% of share capital per 24-month period 50,766,986 shares [a]

(a) On the basis of the share capital mentioned in the Bylaws.

It is proposed that you authorize your Board of Directors to acquire Company shares particularly in order to (i) provide market liquidity services; (ii) cover stock option plans, the allocation of bonus shares or any other employee share ownership operations; (iii) cover investment securities conferring entitlement to the Company's shares; (iv) be retired; or (v) be held so as to be exchanged or presented as consideration at a later date for external growth operations (further details on operations carried out under the previous program are set out in §5 below).

The authorization to reduce the share capital through the retirement of shares acquired under the share repurchase program may be used in particular to offset the dilution resulting from the exercise of share subscription options.

5. SHARE REPURCHASE PROGRAMS

5.1. Information on share repurchase programs

The purpose of this section is to inform the Shareholders' Meeting of the purchase transactions in treasury shares that were carried out, between January 1, 2013 and December 31, 2013, by the Company as part of the share repurchase programs authorized by the Combined Shareholders' Meetings held on April 5, 2012, and April 18, 2013, respectively.

Under the liquidity contract concluded by the Company with Oddo & Cie Entreprise d'Investissement and Oddo Corporate Finance on September 23, 2005, the Company acquired 2,018,745 LVMH shares at the average price per share of 134.37 euros and sold 2,015,745 LVMH shares at the average price per share of 135.03 euros.

These transactions generated expenses of 0.3 million euros.

The table below groups by purpose the transactions carried out at value date during the period January 1, 2013 to December 31, 2013:

(number of shares unless otherwise stated)	Liquidity contract	Coverage of plans	Coverage of securities giving access to Company shares	Exchange or payment in connection with acquisitions	Share retirements	Total
Balance as of December 31, 2012	**97,000**	**8,070,519**	**-**	**-**	**-**	**8,167,519**
Purchases	636,979	-	-	-	-	636,979
Average price *(EUR)*	134.46	-	-	-	-	134.46
Sales	(571,979)	-	-	-	-	(571,979)
Average price *(EUR)*	135.28	-	-	-	-	135.28
Share purchase options exercised	-	(19,620)	-	-	-	(19,620)
Average price *(EUR)*	-	37.04	-	-	-	37.04
Call options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Allocations of bonus shares	-	(2,518)	-	-	-	(2,518)
Reallocations for other purposes	-	-	-	-	-	-
Shares retired	-	(493,484)	-	-	-	(493,484)
Balance as of April 18, 2013	**162,000**	**7,554,897**	**-**	**-**	**-**	**7,716,897**
Purchases	1,381,766	140,000	-	-	689,566	2,211,332
Average price *(EUR)*	134.33	139.13	-	-	137.62	135.66
Sales	(1,443,766)	-	-	-	-	(1,443,766)
Average price *(EUR)*	134.93	-	-	-	-	134.93
Share purchase options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Call options exercised	-	-	-	-	-	-
Average price *(EUR)*	-	-	-	-	-	-
Allocations of bonus shares	-	(190,922)	-	-	-	(190,922)
Reallocations for other purposes	-	-	-	-	-	-
Shares retired	-	(901,622)	-	-	-	(901,622)
Balance as of December 31, 2013	**100,000**	**6,602,353**	**-**	**-**	**689,566**	**7,391,919**

- Between January 1 and December 31, 2013, the Company retired 1,395,106 shares which had been purchased to cover share subscription option plans.

5.2. Description of the main characteristics of the share repurchase program presented to the Combined Shareholders' Meeting of April 10, 2014

- Securities concerned: shares issued by LVMH Moët Hennessy - Louis Vuitton SA.
- Maximum portion of the capital that may be purchased by the Company: 10%.
- Maximum number of its own shares that may be acquired by the Company, based on the number of shares making up share capital as of December 31, 2013: 50,766,986, but taking into account the 7,391,919 shares held as treasury shares, only 43,375,067 treasury shares are available to be acquired.
- Maximum price per share: 250 euros.
- Objectives:
  - buy and sell securities under the liquidity contract implemented by the Company;
  - buy shares to cover stock option plans, the granting of bonus shares or any other allocation of shares or share-based payment schemes, benefiting employees or company officers of LVMH or a related company as defined under Article L. 225-180 of the French Commercial Code;
  - retire the shares acquired;
  - buy shares to cover securities giving access to the Company's shares, notably by way of conversion, tendering of a coupon, reimbursement or exchange;
  - buy shares to be held and later presented for consideration as an exchange or payment in connection with external growth operations.
- Term of the program: 18 months as from the Ordinary Shareholders' Meeting of April 18, 2013.

5.3. Summary table disclosing the transactions performed by the issuer involving its own shares from January 1 to December 31, 2013

The table below, prepared in accordance with the provisions of AMF Instruction No. 2005-06 of February 22, 2005 in application of Article 241-2 of the AMF's General Regulations, provides a summary overview of the transactions performed by the Company involving its own shares from January 1, 2013 to December 31, 2013:

As of December 31, 2013	
Percentage of own share capital held directly or indirectly	1.46%
Number of shares retired in the last 24 months	2,392,356
Number of shares held in the portfolio	7,391,919
Book value of the portfolio	450,836,064 euros
Market value of the portfolio	980,168,459 euros

	Cumulative gross transactions		Open positions as of December 31, 2013			
	Purchases	Sales/ Transfers	Purchases		Sales/Transfers	
			Purchased call options	Forward purchases	Sold call options	Forward sales
Number of shares	2,848,311	3,623,911	-	-	-	-
of which:						
- liquidity contract	*2,018,745*	*2,015,745*	-	-	-	-
- purchases to cover plans	*140,000*	-	-	-	-	-
- exercise of purchase options	-	*19,620*	-	-	-	-
- exercise of call options	-	-	-	-	-	-
- bonus share allocations	-	*193,440*	-	-	-	-
- purchases of shares to be retired	*689,566*	-	-	-	-	-
- share retirements	-	*1,395,106*	-	-	-	-
Average maximum maturity	-	-	-	-	-	-
Average trading price[a] *(EUR)*	135.39	135.03	-	-	-	-
Average exercise price *(EUR)*	-	37.04	-	-	-	-
Amounts *(EUR)*	385,627,359	272,908,180	-	-	-	-

(a) Excluding bonus share allocations and share retirements.

6. REMUNERATION OF COMPANY OFFICERS

6.1. Summary of the remuneration, options and performance bonus shares granted to senior executive officers [a]

(EUR) Senior executive officers	Remuneration due in respect of the fiscal year		Valuation of options granted during the fiscal year		Valuation of performance bonus shares granted during the fiscal year [b]	
	2013	2012	2013	2012	2013	2012
Bernard Arnault	3,457,075	3,790,620	-	-	4,495,334	5,579,076
Antonio Belloni	5,549,317	5,553,780	-	-	2,033,863	1,775,085

(a) Gross remuneration and benefits in kind paid or borne by the Company and companies controlled, in addition to remuneration and benefits in kind paid or borne by Financière Jean Goujon and Christian Dior, subject to the provisions of Article L. 225-102-1 of the French Commercial Code, excluding directors' fees.

(b) The breakdown of equity securities or securities conferring entitlement to capital allocated to members of the Board of Directors during the fiscal year as well as the performance conditions to be met for the definitive allocation of shares are presented in §3.5.

6.2. Summary of the remuneration of each senior executive officer [a]

Bernard Arnault

Compensation *(EUR)*	Amounts due for the fiscal year		Amounts paid in the fiscal year	
	2013	2012	2013	2012
Fixed compensation	1,257,075 [h]	1,590,620	1,519,018 [b]	1,191,563
Variable compensation [c]	2,200,000	2,200,000	2,200,000 [d]	2,200,000 [d]
Exceptional compensation	-	-	-	-
Directors' fees	118,464	118,464	32,183	127,953
Benefits in kind	Company car	Company car	Company car	Company car
Total	**3,575,539**	**3,909,084**	**3,751,201**	**3,519,516**

Antonio Belloni

Compensation *(EUR)*	Amounts due for the fiscal year		Amounts paid in the fiscal year	
	2013	2012	2013	2012
Fixed compensation	3,234,067	3,238,530	2,447,811 [f]	3,445,786 [g]
Variable compensation [e]	2,315,250	2,315,250	2,315,250 [d]	2,315,250 [d]
Exceptional compensation	-	-	-	-
Directors' fees	87,245	87,245	87,245	87,245
Benefits in kind	Company car	Company car	Company car	Company car
Total	**5,636,562**	**5,641,025**	**4,850,306**	**5,848,281**

(a) Gross remuneration and benefits in kind paid or borne by the Company and companies controlled, in addition to remuneration and benefits in kind paid or borne by Financière Jean Goujon and Christian Dior, subject to the provisions of Article L. 225-102-1 of the French Commercial Code.

(b) The difference between the amounts due and the amounts paid is attributable to the payment of remuneration due in 2012 being postponed to 2013.

(c) 50% based on the achievement of qualitative objectives and 50% based on the achievement of budget objectives regarding revenue, operating profit and cash flow, each item bearing the same weight.

(d) Amounts paid in respect of the prior fiscal year.

(e) One-third based on the achievement of qualitative objectives and two-thirds based on the achievement of budget objectives regarding revenue, operating profit and cash flow, each item bearing the same weight.

(f) For administrative reasons, part of the amounts due will be paid in 2014.

(g) The difference between amounts paid and amounts due was settled in 2013.

(h) **Erratum:** an amount of 1,143,325 euros was disclosed in error in the version published on the websites of LVMH and the AMF between March 21 and March 31, 2014.

6.3. Work contract, specific pension, leaving indemnities and non-competition clause in favor of senior executive officers

Senior executive officers	Work contract		Supplementary pension [a]		Indemnities or benefits due or likely to become due on the cessation or change of functions		Indemnities relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Bernard Arnault Chairman and Chief Executive Officer		X	X			X		X
Antonio Belloni Group Managing Director	X [b]		X			X	X [b]	

(a) This supplementary pension is only acquired if the potential beneficiary has been present for at least six years on the Group's Executive Committee and simultaneously asserts his rights to his standard legal pension entitlement. This is not required however if they leave the Group at the latter's request after the age of 55 and resume no other professional activity until their external pension plans are liquidated. It is determined on the basis of a reference remuneration corresponding to the average of the three highest yearly remunerations received over the course of their career within the Group, subject to a maximum of thirty-five times the annual social security ceiling. The annual supplementary pension is equal to the difference between 60% of the reference remuneration (i.e. 788,508 euros as of January 1, 2014) and all pension amounts paid by the general social security regime and the additional ARRCO and AGIRC regimes.
Amount of the commitment as of December 31, 2013, determined in accordance with the principles defined by IAS 19 Employee benefits:
- Bernard Arnault: 16,321,278 euros;
- Antonio Belloni: 10,922,448 euros.

(b) Employment contract suspended for the duration of the term of Group Managing Director. Covenant not to compete for a twelve-month period included in the employment contract providing for the monthly payment during its application of a compensation equal to the monthly remuneration on the termination date of his functions, supplemented by one twelfth of the last bonus received.

6.4. Summary of directors' fees, compensation, benefits in kind and commitments given to other company officers [a]

Members of the Board of Directors *(EUR unless otherwise stated)*	Directors' fees paid in		Fixed remuneration paid during the fiscal year		Variable remuneration paid during the fiscal year	
	2013	2012	2013	2012	2013	2012
Antoine Arnault [b][c][d]	45,000	45,000	401,667	350,000	150,000	180,000
Delphine Arnault [b][e]	68,034	58,803	323,007	90,000	30,000	30,000
Nicolas Bazire [b][c][f]	55,000	55,000	1,235,000	1,235,000	2,700,000	2,700,000
Bernadette Chirac	39,000	45,000	-	-	-	-
Nicholas Clive Worms	67,500	67,500	-	-	-	-
Charles de Croisset	61,500	67,500	-	-	-	-
Diego Della Valle	39,000	30,000	-	-	-	-
Albert Frère	69,000	69,375	-	-	-	-
Pierre Godé [b][c]	139,081	180,796	1,500,000	800,000	1,000,000	2,200,000
Gilles Hennessy [b][c][e][f]	67,500	67,500	690,895	551,560	359,901	397,400
Marie-Josée Kravis	39,000	37,500	-	-	-	-
Lord Powell of Bayswater	45,000	45,000	205,000 [g]	205,000 [g]	-	-
Yves-Thibault de Silguy	101,250	95,625	-	-	-	-
Francesco Trapani [b][e]	45,000	45,000	1,600,000	1,600,000	1,100,000	1,595,835
Hubert Védrine	33,000	45,000	-	-	-	-

(a) Directors' fees, gross remuneration and/or fees and benefits in kind paid or borne by the Company and the companies controlled, in addition to remuneration and benefits in kind paid or borne by Financière Jean Goujon and Christian Dior, subject to the provisions of Article L. 225-102-1 of the French Commercial Code.
(b) The breakdown of equity securities or securities conferring entitlement to capital granted to members of the Board of Directors during the financial year is presented in §3.5.
(c) Benefits in kind: company car.
(d) Excluding agreements concluded with A. A. Conseil under which total remuneration of 560,000 euros excluding VAT is payable on an annual basis, covered by a regulated agreement.
(e) Medium term profit sharing scheme.
(f) Other benefit: supplementary pension.
(g) In pounds sterling.

Moreover, the attendance fees paid by the Company to the Advisory Board members in 2013 amounted to:

(EUR)	
Paolo Bulgari	27,000
Patrick Houël	45,000
Felix G. Rohatyn	21,000

6.5. Breakdown of equity shares or securities granting access to capital allocated to members of the Board of Directors during the fiscal year

This breakdown appears in §3.5 above.

7. SUMMARY OF TRANSACTIONS INVOLVING LVMH SHARES DURING THE FISCAL YEAR BY DIRECTORS AND RELATED PERSONS [a]

Directors concerned	Type of transaction	Number of shares/ other securities	Average price *(EUR)*
Delphine Arnault	Purchase of shares [b]	4,800	56.50
Company(ies) related to Bernard Arnault, Antoine Arnault and Delphine Arnault	Monetization of LVMH shares	100,000,000	139.85
Nicolas Bazire	Purchase of shares [b]	117,500	72.50
	Sale of shares	117,500	136.82
Antonio Belloni	Purchase of shares [b]	15,000	52.82
Person(s) related to Antonio Belloni	Sale of shares	15,000	143.51
Company(ies) related to Albert Frère	Purchase of shares [b]	27,000	149.49
	Sale of shares	54,000	139.26
Gilles Hennessy	Purchase of shares [b]	44,000	64.50
	Sale of shares	44,000	136.90
Francesco Trapani	Sale of shares	1,181,592	132.88

(a) Related persons defined in Article R. 621-43-1 of the French Monetary and Financial Code.
(b) Exercise of share purchase or share subscription options.

8. ADMINISTRATIVE MATTERS

8.1. List of positions and offices held by the members of the Board of Directors

The list of all offices and positions held by each member of the Board of Directors, currently and during the last five years, is provided in the "*Other information* – Governance" section of the Reference Document.

8.2. Membership of the Board of Directors

It is proposed that you renew the appointments of:

- Directors: Ms. Delphine Arnault and Ms. Marie-Josée Kravis as well as Messrs. Nicolas Bazire, Antonio Belloni, Diego Della Valle and Pierre Godé;
- Advisory Board Members: Messrs. Paolo Bulgari, Patrick Houël and Felix G. Rohatyn.

It is also proposed that you appoint Ms. Marie-Laure Sauty de Chalon as a Director of the Company.

8.3. Compensation of executive company officers

You are asked, in application of the recommendation of the Afep Medef code of corporate governance of June 2013, to issue an opinion on the items of remuneration due or attributed to the Chairman and Chief Executive Officer and to the Group Managing Director in respect of the fiscal year under review. These items are presented in:

- The "*Management report of the Board of Directors* – LVMH SA", pages 63 and 64 and following as regards fixed compensation, variable compensation, exceptional compensation, directors' fees, benefits in kind and the supplementary pension plan;
- The "*Report of the Chairman of the Board of Directors*", page 107 as regards the rules for attributing directors' fees.

During fiscal year 2013, the Company did not grant any share purchase options or share subscription options. The number of performance shares granted appears on page 58 of the "*Management report of the Board of Directors* – LVMH SA".

9. CONVERSION OF THE COMPANY INTO A SOCIETAS EUROPAEA (SE)

Over the last several years, all new Houses joining the LVMH group have had European roots. They have significantly increased the weighting of non-French European companies, already strongly represented, within the Group.

The LVMH group aims to position itself at the European level as well as nationally in its efforts to preserve, defend and develop the time-honored traditions of master craftsmanship that underpin its creative style and enduring worldwide influence.

These considerations have led the Board of Directors to seek to reflect the Company's European dimension in its legal form, with a proposal to convert LVMH from a French *Société anonyme* (public limited-liability company) into an SE, as encouraged by the Community legislator precisely for circumstances like those of the Group.

Already adopted by a number of major corporations, this company form offers the advantage of a foundation built on a uniform system recognized throughout the European Union.

The Company would thus be endowed with a strongly symbolic legal status in most of the countries where it is present, consistent with its economic reality.

The conversion is governed by (i) the provisions of Council Regulation no. 2157/2001/EC of October 8, 2001 (hereafter the "SE Regulation") and in particular by Articles 2 §4 and 37 relating to the formation of an SE by conversion; (ii) Articles L. 225-245-1 and R. 229-20 to R. 229-22 of the French Commercial Code; and (iii) the provisions of Council Directive 2001/86/EC of October 8, 2001 supplementing the Statute for a European Company with regard to the involvement of employees (hereafter "the SE Directive"), together with the provisions transposing the SE Directive into French law, as provided for in Articles L. 2351-1 *et seq.* of the French Labor Code.

Pursuant to the provisions of the SE Regulation, a public limited-liability company formed under the law of a Member State, and having its registered office and its head office within the European Union, may convert itself into an SE if:

- it has for at least two years had a subsidiary company governed by the law of another Member State; and
- its subscribed capital is not less than 120,000 euros.

LVMH satisfies these conditions as it is a public limited-liability company (*Société anonyme*) formed under the law of France, having both its registered office and its head office in France, with (i) share capital of 152,300,959.50 euros, and (ii) several subsidiaries based in other European Union countries for more than two years.

The Company will still be governed notably by French law as applicable to a *Société anonyme* with a Board of Directors.

The conversion will not result either in the dissolution of the Company or in the creation of a new legal entity. It will not entail any change in the corporate purpose, registered office or share capital of the Company, whose name will be followed by the words "Société Européenne" or "SE".

The Company's current Bylaws will be adapted to include the provisions of the SE Regulation. The modifications will essentially cover the operating procedures and powers of the Board of Directors (Articles 13 and 14), the manner in which Shareholders' Meetings are convened, and the counting of votes on resolutions (Article 23).

The composition of the Company's governing and controlling bodies will not be modified by the conversion. All authorizations and delegations of authority or of powers which have been granted to the Board of Directors in its current form by any Meeting of the Company's shareholders, and which are in effect on the date the Company is registered as a Societas Europaea, will automatically accrue to the Board of Directors of the Company in its new form as a Societas Europaea.

The conversion of the Company into a Societas Europaea will also be subject to approval by the Bondholders' Meetings.

The proportionate voting rights and the financial rights of each shareholder in the Company will not be affected by the conversion. The conversion will not, in itself, have any impact on the value of LVMH's shares.

No change will be made to the employment contracts of the employees of the Company and of its subsidiaries and establishments as a result of the conversion into an SE. Accordingly, these employment contracts will continue in effect under the same terms and conditions as those that were in force before the conversion became effective.

The conversion of the Company into an SE and its registration with the Commercial and Companies Registry will occur once the negotiations on employee involvement have concluded.

10. INFORMATION THAT COULD HAVE A BEARING ON A TAKEOVER BID OR EXCHANGE OFFER

Pursuant to the provisions of Article L. 225-100-3 of the French Commercial Code, information that could have a bearing on a takeover bid or exchange offer is presented below:

- capital structure of the Company: the Company is controlled by the Arnault family group, which controlled 46.45% of the capital and 62.59% of the voting rights as of December 31, 2013;
- share issuance and buybacks: under various resolutions, the Shareholders' Meeting has delegated to the Board of Directors full powers to:
  - increase the share capital, with or without shareholders' preferential rights and via public offer or private placement, in a total nominal amount not to exceed 50 million euros, or 33% of the Company's current share capital,
  - grant share subscription options, within the limit of 1% of the share capital,
  - allocate bonus shares, to be issued, within the limit of 1% of the share capital,
  - acquire Company shares up to 10% of the share capital.

Any delegation whose application would be likely to cause the operation to fail is suspended during the period of a takeover bid or exchange offer.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Human resources

1. GROUP REPORTING ON EMPLOYEE-RELATED ISSUES

Since 2010, all staff members involved in social reporting have had access to an e-learning module. The purpose of this online training tool is to familiarize users with the objectives of social reporting, and deepen understanding of key indicators and the calculation methodology used. Control procedures have also been reinforced within each organizational entity through the implementation of an electronic signature system on the final validation of social reporting documents and the signing of a representation letter by the Director of Human Resources of each House.

The mapping between organizational and legal entities ensures consistency between the social and financial reporting systems. Accordingly, the scope of social reporting covers all staff employed by Group companies consolidated on a full or proportional basis, but does not include equity-accounted associates.

A descriptive sheet is available for each social indicator specifying its relevance, the elements of information tracked, the procedure to be applied to gather information, and the various controls to be performed when entering data. In addition, information system controls are in place throughout reporting procedures in order to verify the reliability and consistency of data entered.

Workforce information provided below relates to all consolidated companies on December 31, including LVMH's share in joint ventures. Other social indicators were calculated for a scope of 613 organizational entities covering more than 99% of the global workforce and encompass all staff employed during the year, including those employed by joint-ventures. They do not cover Loro Piana, which was only consolidated in December 2013.

Since the 2007 fiscal year, selected employee-related disclosures for the Group have been audited each year by one of the Group's Statutory Auditors, Deloitte & Associés, assisted by its Department in charge of Social and Environmental Responsibility, in accordance with Article R. 225-105-2 of the French Commercial Code. Deloitte & Associés has examined the entire "Human resources" section of this Management Report. Their opinions are expressed in a report following the section entitled "LVMH and the environment" of the Reference Document.

Group reporting on employee-related issues includes a survey of the practices and actions carried out at the Group's principal companies in the area of social responsibility. It gave rise to the publication, in 2013, of the first Social Responsibility Initiatives report, which covered 80% of the global workforce.

LVMH's employees in China are included in the number of staff working under permanent contracts (10,618 as of December 31, 2013). Although Chinese law limits the duration of employment contracts, which become permanent only after several years, the LVMH group considers employees working under such contracts as permanent, given the nature of Chinese labor legislation.

1.1. Analysis and development of the workforce

1.1.1. Breakdown of the workforce

The total workforce as of December 31, 2013 amounted to 114,635 employees, an increase of 8% compared to 2012. Of this total, 103,447 employees worked under permanent contracts and 11,188 worked under fixed-term contracts. Part-time employees represented some 18% of the total workforce, or 20,814 individuals. The portion of staff outside France increased by 2.5% on the previous year to 81% of the workforce worldwide.

The Group's average Full Time Equivalent (FTE) workforce in 2013 comprised 98,617 employees, a rise of 7% on 2012. The main changes are due to the opening of new stores, mainly in Asia, the Middle East and Latin America. Selective Retailing and Perfumes and Cosmetics increased their average workforce by 11% and 8%, respectively.

The tables below show the breakdown of the workforce, by business group, geographic region and professional category.

Breakdown by business group

Total headcount as of December 31 [a]	2013	%	2012	%	2011	%
Wines and Spirits	6,921	6	6,634	7	6,372	7
Fashion and Leather Goods	32,149	28	28,504	27	27,137	28
Perfumes and Cosmetics	21,256	19	19,578	18	18,423	19
Watches and Jewelry	7,474	7	7,729	7	7,249	7
Selective Retailing	45,277	39	42,352	40	36,905	38
Other	1,558	1	1,551	1	1,473	1
Total	**114,635**	**100**	**106,348**	**100**	**97,559**	**100**

(a) Total permanent and fixed-term headcount.

Breakdown by geographic region

Total headcount as of December 31 [a]	2013	%	2012	%	2011	%
France	21,728	19	21,095	21	20,456	21
Europe (excluding France)	27,710	24	25,250	24	23,859	24
United States	26,341	23	24,867	23	22,986	24
Japan	5,726	5	5,473	5	5,192	5
Asia (excluding Japan)	26,142	23	23,846	22	20,258	21
Other	6,988	6	5,817	5	4,808	5
Total	**114,635**	**100**	**106,348**	**100**	**97,559**	**100**

(a) Total permanent and fixed-term headcount.

Breakdown by professional category

Total headcount as of December 31 [a]	2013	%	2012	%	2011	%
Executives and managers	19,634	17	17,851	17	16,009	16
Technicians and supervisors	11,197	10	9,960	9	9,078	9
Administrative and sales employees	69,688	61	65,415	62	60,070	62
Production workers	14,116	12	13,122	12	12,402	13
Total	**114,635**	**100**	**106,348**	**100**	**97,559**	**100**

(a) Total permanent and fixed-term headcount.

Average age and breakdown by age

The average age of the worldwide workforce employed under permanent contracts is 36 years and the median age is 33 years. The youngest age ranges are found among sales personnel, mainly in the Asia-Pacific region, in the United States and in the Other markets.

(as %)	Global workforce	France	Europe *(excluding France)*	USA	Japan	Asia *(excluding Japan)*	Other markets
Age: less than 25 years	12.0	6.3	8.4	19.5	2.9	14.1	18.9
25-29 years	21.9	15.3	18.8	22.0	16.1	30.8	24.1
30-34 years	19.7	16.0	20.0	16.7	24.7	23.8	21.0
35-39 years	14.4	14.9	17.5	10.7	25.7	11.8	14.5
40-44 years	11.2	14.0	13.9	8.7	15.6	7.6	9.0
45-49 years	8.5	12.5	9.8	7.3	8.3	5.7	5.7
50-54 years	6.2	10.8	6.3	6.2	4.6	3.4	3.4
55-59 years	4.1	8.1	3.5	4.6	1.9	1.9	2.2
60 years and over	2.0	2.1	1.8	4.3	0.2	0.9	1.2
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average age	**36**	**40**	**37**	**36**	**37**	**33**	**34**

Average length of service and breakdown by length of service

The average length of service within the Group is 10 years in France and ranges from five to seven years in the other geographic regions. This difference is mainly due to the predominance in these other regions of retail activities characterized by a higher rate of turnover. It is also the result of recent expansion by Group companies into high-growth markets, where there is a greater fluidity of employment.

(as %)		Global workforce	France	Europe *(excluding France)*	USA	Japan	Asia *(excluding Japan)*	Other markets
Length of service:	less than 5 years	58.4	37.3	51.6	70.7	38.8	72.7	73.4
	5-9 years	21.5	21.5	27.3	18.7	33.7	16.5	17.5
	10-14 years	9.6	16.1	11.3	6.3	18.0	5.0	4.7
	15-19 years	4.1	7.2	4.9	2.0	5.2	2.8	1.9
	20-24 years	2.7	6.3	2.4	1.1	3.1	1.6	1.0
	25-29 years	1.8	5.3	1.3	0.7	0.9	0.9	0.8
	30 years and over	1.9	6.3	1.2	0.5	0.3	0.5	0.7
		100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average length of service		**7**	**10**	**7**	**5**	**7**	**5**	**5**

1.1.2. Recruitment policy

LVMH sees the identification and recruitment of talent as a key management task and a determining element for the success of each of its entities in the short, medium and long term. For businesses where creativity and know-how are of the utmost importance, it is clearly essential to be able to enlist the highest-performing, most appropriate and promising talent. In this highly competitive business environment, the quality of teams and of each of their members make the difference.

In 2013 the LVMH group gave its principal partner schools and universities an exceptional opportunity by inviting them behind the scenes of some of its iconic brands, thus reinforcing the prestige of its employer image and the uniqueness of its brands. In addition to the traditional relationships with schools and the on-campus events that are organized each year, this was a unique opportunity for participants to gain a closer insight into what makes up the exceptional character of each of the Group's brands. Alongside this Group-wide initiative, in 2013 several brands, such as Sephora and Guerlain, launched their own employer communication campaigns in order to attract the best candidates.

Since 2009, LVMH has decided to make the career opportunities within what the Group calls its "ecosystem" better known. This has a unique appeal in the luxury world, and motivates the best applicants to join one of the Group's companies. This determination to give the Group the means to continually reinforce its image as an employer of choice is already very widely recognized in France. Initiatives taken by all Group companies enabled LVMH to maintain its position in 2013 as the preferred employer of French Business School students in the Universum poll, and to move up with the top-ranking employers in European polls.

With the wide reach of its brands, growth and international expansion, the LVMH group naturally attracts talent from the world of luxury goods, and beyond, from all innovative fields. Furthermore, thanks to its strategic and exclusive partnerships with prominent schools around the world, the Group can showcase its brands, business lines and careers, enable the best candidates to be trained by its managers, and recruit the most talented among them. For example, the ESSEC Luxury Goods Marketing Chair trains around twenty students each year, giving them the opportunity to consider real-life cases related to the Group's brands. The same is true of SDA Bocconi's Luxury Business Track in Italy which, along with Bulgari, targets MBA students who want to focus their career on the luxury goods sector. In the United States and Asia, conferences on the retail professions are organized with the most prestigious MBAs and local universities (Harvard Business School, New York University and Columbia University in the United States, and Fudan, Shanghai Jiaotong and Shanghai International Studies University in Asia), in order to present careers within the Group to students. Finally, as part of its strategic partnership with the Central Saint Martins College of Art and Design, LVMH offers scholarships to students of the Bachelor of Arts & Fashion.

A wide variety of professions are available within the Group, some of which may not be familiar to students and young graduates. So, in 2013, LVMH launched a series of tailor-made events entitled "Talent Days", which covered key themes such as "Retail" and "Engineers and Creation", and provided selected students with the exceptional experience of a day at the heart of the LVMH "ecosystem". These Talent Days each had a program that was adapted according to the theme of the day, such as visits to boutiques, workshops or unique locations like the construction site for the Fondation Louis Vuitton, speeches from chairmen of Group companies and former students currently working for the Group, discussions with managers and group work on specific scenarios. As well as discovering more about the Group and its professions, students had the opportunity for direct contact with the Group's recruiters, with some students being selected to proceed further in the recruitment process.

The LVMH Code of Conduct for Recruitment has been widely disseminated to all employees active in recruitment processes across the Group. It sets forth the ethical principles to be observed at LVMH and guarantees that fair hiring practices are disseminated at all of the Group's operations worldwide. This Code of Conduct is embodied in fourteen commitments, which aim in particular to prevent any form of discrimination and to promote diversity. Ethical principles to be applied in recruitment and the LVMH Code of Conduct for Recruitment are reinforced by the training program "Recruitment without Discrimination". Since 2011, this training program is mandatory for all Human Resources managers involved in recruiting. Group companies are therefore able to keep a close eye at all times on the fulfillment of their commitments. An training module specifically for Italy is currently being developed.

Lastly, since 2008, LVMH has organized ongoing checks of its practices in hiring diversity, by having an independent and highly-regarded firm test for discrimination in the job offers published on the Group's careers websites. By means of this scrupulous self-assessment procedure using the services of an independent, external provider on an ongoing basis, the Group strictly monitors the excellence of its recruitment practices.

1.1.3. Movements during the year: joiners, leavers and internal mobility

In 2013, 25,669 individuals were hired under permanent contracts, including 2,555 in France. Over 5,000 people were recruited in France under fixed-term contracts. The seasonal sales peaks, at the end of year holiday season and the harvest season, are two main reasons for using fixed-term contracts.

Departures from Group companies in 2013 (all causes combined) affected a total of 21,460 employees working under permanent contracts, of which more than 47% were employed within the Selective Retailing business group, which traditionally experiences a high turnover rate. The leading causes for departure were resignations (73%) and individual dismissals (14%).

The overall turnover rate is rising compared to 2012 and shows marked differences across geographic regions: the highest rates are recorded in North America, Asia and Other markets, where labor markets are more fluid.

Turnover by geographic region

(en %)	2013	France	Europe *(excluding France)*	USA	Japan	Asia *(excluding Japan)*	Other markets	2012	2011
Total turnover [a]	21.4	9.7	17.3	33.2	9.8	26.7	26.3	20.1	19.1
o/w: voluntary turnover [b]	15.8	4.4	11.8	26.4	9.2	20.8	18.9	14.8	14.3
involuntary turnover [c]	5.2	4.0	5.1	6.5	0.3	5.8	7.2	5.0	4.4

(a) All reasons.
(b) Resignations.
(c) Dismissals/end of trial period.

Breakdown of movements [a] of employees working under permanent contracts by business group and geographic region

(number)	Joiners			Leavers		
	2013	2012	2011	2013	2012	2011
Wines and Spirits	901	797	902	654	553	543
Fashion and Leather Goods	5,676	6,276	5,870	4,895	4,411	3,761
Perfumes and Cosmetics	5,457	4,912	4,559	4,020	3,805	3,504
Watches and Jewelry	1,221	1,546	758	1,529	1,298	382
Selective Retailing	12,257	12,947	10,467	10,233	9,018	7,158
Other activities	157	210	179	129	150	133
Total	**25,669**	**26,688**	**22,735**	**21,460**	**19,235**	**15,481**
France	2,555	2,762	2,869	2,003	1,868	1,879
Europe (excl. France)	4,694	5,147	3,911	4,084	3,987	2,681
United States	7,181	7,221	7,070	6,605	6,092	4,757
Japan	599	567	406	484	426	391
Asia (excl. Japan)	8,079	9,169	7,124	6,656	5,768	4,915
Other markets	2,561	1,822	1,355	1628	1,094	858
Total	**25,669**	**26,688**	**22,735**	**21,460**	**19,235**	**15,481**

(a) Under permanent contract, including conversions of fixed-term contracts to permanent contracts and excluding internal mobility within the Group.

The Group has made internal mobility, whether geographic or functional, one of the pillars of its Human Resources policy. The LVMH ecosystem offers an excellent springboard for career advancement: the diversity of business activities and jobs, the number of brands, and the Group's broad geographical presence all make it possible for employees to enjoy individually-tailored careers, while Group companies benefit from fresh skills, experience, and knowledge. Through its Human Resources department, the Group aims to support the professional development of its talent by applying a consistent set of practices and global initiatives. Actions in this area include the publication of a Mobility Guide made available to all employees detailing the Group's mobility principles as well as an e-learning module which takes a professional approach to mobility management. In 2013, Human Resources coordination is expanding to new frontiers in Latin America and Oceania, complementing its already strong efforts in Europe, the United States, Asia and Japan. The network of existing mobility committees has thus been reinforced.

Over 2,700 managers took advantage of internal mobility opportunities within the Group in 2013, nearly 30% more than in 2012. This process was given greater impetus with the recent launch of MOVe, a new internal jobs portal accessible via the Group's Intranet.

1.2. Work time

1.2.1. Work time organization

Worldwide, 13% of employees benefit from variable or adjusted working hours and 46% work as a team or alternate their working hours.

Global workforce affected by various forms of working hours adjustment: breakdown by geographic region

Employees affected [a] *(as %)*	Global workforce	France	Europe *(excluding France)*	USA	Japan	Asia *(excluding Japan)*	Other markets
Variable/adjusted schedules	13	34	16	2	13	1	5
Part-time	19	10	19	42	2	4	26
Teamwork or alternating hours	46	11	31	76	82	56	58

(a) The percentages are calculated in relation to the total number of employee under permanent and fixed-term contracts in France. For the other regions, they are calculated in relation to the number of employees under permanent contracts, except for part-time workers, in which case the percentages are calculated with respect to the total headcount.

Workforce in France affected by various forms of working hours adjustment: breakdown by professional category

Employees affected[a] *(as %)*	Workforce France	Executives and managers	Technicians and supervisors	Administrative and sales employees	Production workers
Variable/adjusted schedules	34	29	52	52	1
Part-time	10	3	6	21	6
Teamwork or alternating hours	11	0	9	2	39
Employees benefiting from time off in lieu	10	0	14	17	12

(a) Percentages are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts).

1.2.2. Overtime

The cost of the volume of overtime is 55 million euros, or an average of 1.5% of the worldwide payroll.

Percentage of overtime by region

(as % of payroll)	Global workforce	France	Europe *(excluding France)*	USA	Japan	Asia *(excluding Japan)*	Other markets
Overtime	1.5	1.1	1.5	1.3	3.2	1.8	1.1

1.2.3. Absenteeism

The worldwide absentee rate of the Group for employees working under permanent and fixed-term contracts is 4.9%. It has increased slightly compared with the previous years (4.7% in 2012 and 4.8% in 2011). This increase is mainly due to the increase in maternity leave. The overall absentee rate of the European entities is twice as high as that recorded in other geographic regions.

Absentee rate[a] by region and by reason

(as %)	Global workforce	France	Europe *(excluding France)*	USA	Japan	Asia *(excluding Japan)*	Other markets
Illness	2.2	3.7	3.2	1.0	0.4	1.8	1.1
Work/work-travel accidents	0.2	0.5	0.1	0.1	0.0	0.1	0.1
Maternity	1.7	1.5	3.6	0.5	2.6	1.2	0.8
Paid absences (family events)	0.4	0.3	0.3	0.1	0.9	0.5	0.8
Unpaid absences	0.4	0.5	0.2	0.3	0.3	0.4	0.3
Overall absentee rate	4.9	6.5	7.4	2.0	4.3	4.0	3.1

(a) Number of days absent divided by the theoretical number of days worked.

1.3. Compensation

Group companies offer attractive and motivating compensation packages. International salary surveys, in relation to specific professions and sectors, are carried out annually and are used to ensure that the Group maintains a favorable position against the market on a permanent basis. By means of variable pay components based on both individual performance and their employing companies, managers have a vested interest in Group companies' success.

Initiatives and tools specific to each entity are put in place to reduce the salary gap between women and men within the same professional category. Studies and actions conducted at the brands in the field of professional equality mainly relate to pay and to the distribution of levels of individual performance.

The studies conducted in 2013 on the distribution of levels of individual performance evidenced an identical distribution for women and men.

1.3.1. Average salary

The table below shows the gross average monthly compensation paid to Group employees in France under full-time permanent contracts who were employed throughout the year:

Employees concerned *(as %)*	2013	2012	2011
Less than 1,500 euros	2.3	2.8	1.3
1,501 to 2,250 euros	28.4	27.2	32.6
2,251 to 3,000 euros	21.1	23.9	22.3
Over 3,000 euros	48.2	46.1	43.8
Total	**100.0**	**100.0**	**100.0**

1.3.2. Personnel costs

Worldwide personnel costs break down as follows:

(EUR millions)	2013	2012	2011
Gross payroll – Fixed term or permanent contracts	3,643.3	3,471.4	2,807.6
Employers' social security contributions	1,023.1	873.0	720.4
Temporary staffing costs	166.6	157.7	140.0
Total personnel costs	**4,833.0**	**4,502.1**	**3,668.0**

Outsourcing and temporary staffing costs were stable compared to the previous year, accounting for 6.4% of the total payroll worldwide, including employer's social security contributions.

1.3.3. Incentive schemes, profit sharing and company savings plans

All companies in France with at least 50 employees have an incentive scheme, profit sharing or company savings plan. These plans accounted for a total expense of 204.3 million euros in 2013, paid in respect of 2012, an increase compared to previous years.

(EUR millions)	2013	2012	2011
Profit sharing	103.5	93.2	71.6
Incentive	71.1	66.9	57.4
Employer's contribution to company savings plans	16.1	15.0	9.1
Profit sharing bonuses [a]	13.6	12.7	NC
Total	**204.3**	**187.8**	**138.1**

(a) For 2011, the amount paid in relation to the *Prime de partage des profits* (Profit sharing bonus) is included in Incentive and Profit sharing.

1.4. Social responsibility

Constant vigilance to maintain a healthy environment, integrity and respect at all levels are the pillars of social responsibility at the LVMH group.

The Group's initiatives in this area have four main thrusts: constant attention to working conditions, the prevention of all forms of discrimination, the professional integration of people with disabilities, and employee involvement in solidarity actions to help local communities. The Group has reiterated its commitments in this regard and increased the number of programs in place wherever it is present.

Social responsibility policy is driven by the Group and adopted by all companies. It is applied in different ways in different places, depending on the human and societal issues at hand as well as specific history and heritage. Coordination then takes place at Group level through constant dialogue and meetings with the brands' main CSR (Corporate Social Responsibility) correspondents.

Full international reporting is performed, covering Group companies with the largest workforce (80% of the global workforce is covered) and all social responsibility issues relevant to LVMH. Such reporting lists all the actions implemented by Group companies over the previous twelve months, every year. Those actions are the concrete manifestation of the commitments undertaken by LVMH and by Group companies. In 2013, these commitments and related actions gave rise to the publication of a report entitled "Social Responsibility Initiatives".

The Group communicates its civic engagement strategy widely via its CSR newsletter and the LVMH Mind Intranet. At their orientation seminars, all new managers are systematically informed of the CSR policy pursued by the Group, its role, and the measures put in place.

LVMH and Group companies frequently demonstrate their generosity, moving compassionately to act in solidarity with communities affected by extreme weather events. In 2013, this was the case in the Philippines, where financial assistance was provided by Louis Vuitton, Moët Hennessy and DFS.

Lastly, LVMH held its first Committed Brands Dinner at the *Jardin d'Acclimatation* in Paris on November 7, 2013, bringing together about thirty Group companies and more than 200 invited guests, including both internal and external partners active in the area of social responsibility. This event paid tribute to employee involvement in solidarity actions as well as the strong civic engagement of LVMH and its brands, and also raised funds to aid in the fight against sickle cell anemia, an under-researched and rare disease affecting nearly 50 million people worldwide.

LVMH is a signatory of the United Nations Global Compact and, in France, of the Diversity Charter and the Enterprise Charter for Equal Opportunity in Education. The Group supports the Universal Declaration of Human Rights, OECD guidelines, and the International Labor Organization's Fundamental Conventions, as well as the United Nations' Millennium Development Goals and Women's Empowerment Principles.

In recognition of all of these actions, LVMH has been included as a member of the Dow Jones Sustainability Index, the Ethibel Sustainability Index Excellence Europe and the Euronext Vigeo Eurozone 120.

1.4.1. Equality of opportunity for men and women

Gender diversity is an integral part of LVMH's corporate culture. Women account for three-quarters of the Group's workforce. This strong feminine presence is an essential characteristic of the Group. It is related in part to the very nature of LVMH's businesses. Women are particularly prominent in Perfumes and Cosmetics (83% women), Selective Retailing (82% women), and Fashion and Leather Goods (71% women). Conversely, the majority of staff in Wines and Spirits are men, representing 63% of the workforce in this business group.

In 2013, LVMH and 32 Group companies signed the CEO Statement of Support for the Women's Empowerment Principles, an initiative of United Nations, thus indicating their commitment to offer both female and male employees the genuine possibility to realize their full potential.

The seven Women's Empowerment Principles relate in particular to education, training and professional development for women as well as a commitment to promote gender equality at the highest corporate levels.

This public commitment comes as confirmation of the Group's aim to grow the number of women in its governing bodies to 40% by 2015 (as compared with 37% in 2013 and 26% in 2010). The Group thus reiterates its ambition to build diverse leadership teams that reflect its true economic and social profile. Six Group companies are chaired by a woman: Krug, Fred, Loewe, Emilio Pucci, Acqua di Parma and Miami Cruiseline.

Proportion of female employees in new joiners [(a)] and in the Group's active workforce

(as % of women)	Joiners			Group employees		
	2013	2012	2011	2013	2012	2011
Breakdown by business group						
Wines and Spirits	42	44	47	37	37	36
Fashion and Leather Goods	67	68	68	71	72	72
Perfumes and Cosmetics	84	84	85	83	83	84
Watches and Jewelry	61	62	57	60	62	56
Selective Retailing	82	81	82	82	81	81
Other	55	57	57	47	47	46
Breakdown of personnel by professional category						
Executives and managers	62	63	64	62	62	62
Technicians and supervisors	73	70	73	69	69	68
Administrative and sales employees	81	81	81	81	81	81
Production workers	44	47	55	61	61	63
Breakdown by geographic region						
France	73	73	74	69	69	69
Europe (excluding France)	78	78	76	75	74	75
United States	79	77	80	77	77	77
Japan	75	74	79	75	75	78
Asia (excluding Japan)	75	75	75	75	75	75
Other	76	74	74	67	66	66
LVMH group	**77**	**76**	**77**	**74**	**74**	**74**

(a) Under permanent contracts, including internal mobility and transfers from fixed-term to permanent contract.

Through its EllesVMH program, the Group aims to facilitate women's access to positions of greater responsibility: access to management training, diversity considerations in the context of succession planning for key positions, and a specific initiative to support women's professional development through mentoring. This is in addition to the creation of women's networks across the Group in the five countries where it has the largest operations. In 2013, a coaching program specifically designed for future female executives, was launched with success.

EllesVMH Coaching applies a bold and innovative approach to coaching high-potential women to help them manage their career development. Women from Asia, Europe and the United States have been coached individually by four outside experts to help them find ways to overcome four career development obstacles they may encounter: work-life balance, expressing ambition, self-promotion, and international assignments for dual-career couples. This program has also provided a superb opportunity to begin building a multicultural women's network.

In the area of online networking, EllesVMH is now one of the Group's largest Intranet communities, with over 800 members around the world, including both men and women, a true forum for the sharing of information and best practices.

The Group remains ever vigilant with regard to gender equality, from the hiring stage throughout each employee's career. In France in 2013, all Group companies either signed labor agreements or established action plans on the topic of gender equality. These measures include stipulations on working conditions, career development opportunities, and better work-life balance.

In 2013, LVMH took part in the French national survey on relations between women and men in the workplace, conducted by the *Conseil supérieur de l'égalité professionnelle* (professional gender equality oversight board) at the request of France's ministry for women's rights. Survey responses received from Group companies reveal that they have developed a more effective culture of gender equality than that of the national benchmark sample. Women at LVMH are better able to realize their potential and the full measure of their talent. They are also less hampered by gender stereotypes or other sexist practices. These good results are a testament to the quality of the approach pursued by LVMH. The Group has every intention of continuing its efforts in the years to come.

1.4.2. Actions in favor of older employees

The importance of preserving know-how for future generations in the Group's various professions makes passing on these skills central to the Group's actions in favor of older employees. As its key holders of craft expertise and precious know-how developed throughout their careers, the Group recognizes and draws on the vast knowledge and experience of its older employees through mentoring actions. Companies like Moët & Chandon, Berluti, Céline, Parfums Christian Dior and LVMH Fragrance Brands place considerable emphasis on these programs so as to ensure the successful transmission of their unique know-how. Louis Vuitton employees over the age of 55 are encouraged to impart their leatherworking expertise by serving as volunteer faculty members for its *école des savoir-faire maroquiniers* (leatherworkers' training academy). Guerlain also invites its older employees to give instruction on its professions in schools offering related training.

The ability of older workers to find and keep jobs is thus a constant priority for the Group. At the instigation of the Group's Human Resources Department, Group companies are careful to implement a global approach to the management and professional development of older staff. Group companies have been able to adapt this policy to their specific characteristics as pinpointed through diagnostic testing.

In France, 22 Group companies have made commitments in relation to the management of older employees' careers, via either agreements or action plans to foster the recruitment, employment and career development of staff over the age of 50. All Group companies in France, regardless of size, have negotiated or set up a *contrat de génération* (cross-generation contract), to promote the permanent employment of young people, to encourage the hiring of older employees, and to facilitate knowledge transfers across generations.

Improvement efforts have also focused on workstation ergonomics, the reduction of physical strain, and working conditions more generally for employees over the age of 55, especially for positions most affected by these issues in workshops and at production facilities. These measures are implemented in close collaboration with the Group's occupational medicine personnel. Efforts focused on workstations are combined with the introduction of more extensive and frequent medical check-ups for employees aged 55 and older.

Human Resources managers at all of the brands have received training in the conduct of a mid-career interview, following a program established by the Group's Human Resources Department. These interviews are used at Group companies (Moët & Chandon, Hennessy, Berluti, Parfums Christian Dior, Le Bon Marché, among others) to improve career management for older employees and offer systematic career plan assessments to those over the age of 50.

Working time arrangements may then be proposed to employees approaching retirement (at Hennessy, Louis Vuitton, Parfums Christian Dior, LVMH Fragrance Brands and Hublot, for example), as well as retirement information meetings (in particular at Le Bon Marché, Parfums Christian Dior, Hennessy and Louis Vuitton).

Commitments undertaken by Group companies also relate to hiring and training older employees. Special attention is paid to this issue by the Human Resources teams to ensure that this population continues to be fairly represented in both of these processes.

Worldwide, 12.3% of the LVMH group's active workforce are over the age of 50. In France, this population accounts for 21% of employees.

1.4.3. Employment of disabled persons

Support for the professional integration and employment of people with disabilities is a fundamental part of LVMH's approach to social responsibility. The importance placed on employing the disabled is an apt reflection of the Group's CSR values, based on the respect for each person as an individual, the attitude expected of everyone working for the Group, with very special attention paid to developing the means to make this possible.

The Group's commitment is embodied by LVMH's Mission Handicap initiative, which coordinates a network of 30 disability correspondents in Group companies and steers the Group's actions in this area. In 2011-12, this initiative enjoyed the assistance and support of AGEFIPH, the French agency responsible for facilitating the employment and retention of workers with disabilities. This partnership helped raise the Group's employment rate in France for disabled persons to 4.1% as of December 31, 2013, based on official standards for the definition of disabilities.

Initiatives to promote the employment and training of disabled persons extend considerably beyond French borders. As an example, in Japan, Group companies are demonstrating great sensitivity to this issue, including Louis Vuitton, Bulgari and Loewe, all of whom have introduced programs to hire these workers.

Promoting employment opportunities for disabled people requires a focus on special training efforts at the outset. LVMH chairs ARPEJEH, an association bringing together some sixty French companies to offer advice and guidance to disabled junior and senior high school students. In London, Donna Karan has drawn on its ties with the Down's Syndrome Association (DSA) since 2012 to give a young person assisted by the association the opportunity to join Donna Karan's teams in order to discover its professions. In Italy, Bulgari has worked with Associazione Italiana Persone Down (AIPD), in particular on the preparation of a 2014 calendar designed in partnership with Bulgari and marketed by the company to benefit AIPD.

LVMH encourages working with companies that employ permanently or temporarily severely-disabled people and provide them with special facilities and support (sometimes known as "sheltered" employment). Since the Disabilities and Responsible Procurement forum held by LVMH in 2012, Group companies have worked in depth on their purchasing policies to develop closer relations with employers. Louis Vuitton, Bulgari, Guerlain and Parfums Christian Dior are examples of this. Services subcontracted to such employers amounted to a total of more than 6 million euros in 2013, equivalent to over 150 indirect jobs.

1.5. Professional development of employees

The annual review of organization and talents run by the Human Resources department in close collaboration with operational managers forms the backbone of the Group's Human Resources policy. It is fueled by the business-related issues pinpointed in each Group company's strategic plan, and highlights their implications in terms of Human Resources. This review provides forward-looking insights into the most critical positions and succession plans. It also aims to identify and develop talents within the Group through short term and medium term career opportunities and by putting together individual development plans to prepare staff for their future responsibilities. Reviews have shown that the Group's pool of senior executives is stable and loyal, as well as increasingly international, with most key positions held by non-French managers. The organization is also proving capable of revealing talent within the Group, with more than two thirds of key positions filled by internal promotions. This policy has also reinforced the use of career interviews, adopting a complementary approach to existing annual assessments, with a greater focus on personal development. This overall review is supplemented by reviews of functions considered as having Group-wide importance, chief among them Finance, Human Resources, Supply Chain, Retail and Digital.

LVMH also fosters mobility between professional categories by encouraging its employees to acquire new skills, especially through certificate or degree programs. More than 6,700 staff members were promoted in 2013, i.e. 6.5% of the permanent workforce.

In order to foster creative passion and excellence, LVMH and Group companies offer numerous opportunities for training and apprenticeship to all employees. The main objectives are to allow Group employees to develop their qualifications and their employability, while making every effort to continually improve the experience of luxury offered to customers, but also to reinforce brand know-how and excellence. By way of example, Louis Vuitton, Berluti and Loewe have developed their own in-house schools in order to build the skills and expertise of leatherworkers over the course of their entire careers. Several Group companies have set up ambitious programs to develop the skills of their retail teams, allowing them to benefit from recognized expertise in the luxury field while contributing to their personal development and offering interesting career prospects. Examples of such programs across the Group include Sephora's five-year development program for its beauty consultants, Parfums Christian Dior's ambitious skincare training campaign, and the DFS School of Beauty and Fragrances, which received an accolade from the Hong Kong Management Association for its recruitment program.

These initiatives by Group companies are supplemented by training actions at Group level. Every year, LVMH expands its selection of training courses on offer. In 2013, more than 3,300 executives and managers had the opportunity to take part in one of the several cross-cutting programs organized by the Group. These programs help executives and managers build their skills and share experiences with their peers at other Group companies, who come from economic environments with varying challenges and perspectives. In China, the LVMH Retail Academy offered training to build recruiting skills and promote the sharing of best practices in the retail field. This year, with the support of the Group's functional directors, the Information Systems and Human Resources functions also inaugurated their own training academies. Their key offering is an apprenticeship course designed for executives and managers including several specialized modules in order to better equip them to meet challenges considered as strategic, requiring the highest possible level of performance. These academies provide an unmatched opportunity to bring together functional leadership personnel from different contexts in order to work collectively and especially to prepare them to hold positions as functional directors in the future.

In 2013, more than 300 senior executives gave generously of their time by taking part in forums organized by LVMH House, thus offering members of Executive Management teams at Group companies the opportunity to share their knowledge of best practices in the luxury goods industry. Founded over 12 years ago, LVMH House is now recognized as one of leading institutes of its kind by top luxury goods executives.

New programs were inaugurated this year in order to give the Group's future leaders the tools to function effectively in the industry's increasingly international and diversified environments. The aim of these programs is to help key managers develop authentic leadership skills in harmony with their personal values. One example is LVMH Results in Social Entrepreneurship (LVMH RISE), which focuses on providing support to a social entrepreneur outside the Group over a period of six to nine months. By offering the benefit of their expertise in the fields of finance, retail or marketing, LVMH managers taking part in this program give social entrepreneurs access to a high-level professional network, together with an array of knowledge and skills. The mentoring relationships thus formed have already given rise to concrete results. This experience reaffirms the social sensitivity of the Group's future leaders, while testing their ability to work in very different organizational contexts.

A diverse selection of training programs is also available to non-executive employees for career development in the Group's boutiques, manufacturing facilities, and administrative offices.

A substantial portion of training also takes place on the job on a daily basis and is not factored into the indicators presented below:

	2013	2012	2011
Training investment *(EUR millions)*	92.5	88.1	69.8
Portion of total payroll *(as %)*	2.5	2.5	2.5
Number of days training per employee	2.3	2.3	2.5
Average cost of training per employee *(EUR)*	820	819	761
Employees trained during the year *(as %)*	63.1	60.4	65.0

Note: Indicators are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) present at the workplace during the year, with the exception of the percentage of employees trained during the year, which is calculated on the basis of those employed under permanent contracts and present at the workplace as of December 31 of the year.

In 2013, training expenses incurred by the Group's companies throughout the world represented a total of 92.5 million euros, or 2.5% of total payroll.

The average training investment per full-time equivalent person amounts to approximately 820 euros. In 2013, the total number of training days amounted to more than 259,000 days, representing an equivalent of around 1,126 people receiving full-time training for the entire year.

A total of 63.1% of employees received training during the year and the average number of days training came to 2.3 days per employee.

The training investment is spread across all professional categories and geographic regions in accordance with the table below:

	France	Europe *(excluding France)*	USA	Japan	Asia *(excluding Japan)*	Other markets
Training investment *(EUR millions)*	29.7	14.8	19.8	6.3	17.4	4.5
Portion of total payroll *(as %)*	3.2	1.7	2.5	2.7	2.6	2.9
Employees trained during the year *(as %)*	65.8	63.7	49.9	77.5	66.8	67.5
o/w: Executives and managers	66.8	72.4	53.9	71.4	73.6	68.2
Technicians and supervisors	77.7	70.0	39.4	71.3	62.5	66.8
Administrative and sales employees	53.6	62.7	49.3	80.9	65.7	66.4
Production workers	70.7	55.7	48.8	23.5	70.4	83.4

Note : Indicators are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts) present at the workplace during the year, with the exception of the percentage of employees trained during the year, which is calculated on the basis of those employed under permanent contracts and present at the workplace as of December 31 of the year.

Moreover, LVMH organizes integration and awareness seminars for new hires focusing on the culture of the Group, its values, its key management principles and knowledge of its brands. More than 26,700 employees attended seminars of this type in 2013.

1.6. Health and safety

In 2013, there were a total of 941 work accidents resulting in leave of absence which resulted in 23,677 lost working days. Frequency rates have been improving steadily for several years and severity rates are stable. 426 commuting accidents were also recorded, resulting in 8,047 lost working days.

Lost time accidents by business group and geographic region break down as follows:

		Number of accidents	Frequency rate [a]	Severity rate [b]
Breakdown by business group				
Wines and Spirits		137	9.27	0.18
Fashion and Leather Goods		169	3.04	0.07
Perfumes and Cosmetics		114	2.80	0.08
Watches and Jewelry		49	3.26	0.06
Selective Retailing		457	5.97	0.16
Other activities		15	4.54	0.13
Breakdown by geographic region				
France		450	13.85	0.33
Europe (excluding France)		186	3.77	0.05
United States		97	2.41	0.15
Japan		2	0.18	0.00
Asia (excluding Japan)		161	3.19	0.06
Other		45	3.65	0.08
LVMH group	**2013**	**941**	**4.80**	**0.12**
	2012	1,024	5.46	0.12
	2011	885	5.59	0.12

(a) The Frequency rate is equal to the number of accidents resulting in leave of absence, multiplied by 1,000,000 and divided by the total number of hours worked [c].

(b) The Severity rate is equal to the number of workdays lost, multiplied by 1,000 and divided by the total number of hours worked [c].

(c) For companies located outside France, the total number of hours worked per employee is estimated at 2,000 on a full-time equivalent basis. This number of hours may vary slightly from the number of hours actually worked depending on the country.

LVMH invested over 20.6 million euros in health and safety in 2013. This includes expenses for occupational medical services, protective equipment as well as programs for improving personal safety and health, such as compliance, the posting of warnings, replacement of protective devices, fire prevention training and noise reduction.

The total amount of expenditure and investments promoting health and safety in the workplace and improvements in working conditions amounted to more than 68.2 million euros, representing 1.9% of the Group's gross payroll worldwide. 33,480 Group company employees received safety training worldwide.

The skills and motivation of the Group's employees are what underpin the excellence of the products and services offered by its brands. Their working conditions must enable them to express those skills and motivation as best they can, and to feel fulfilled in carrying out their tasks. That is why the Group's engagement with regard to working conditions is all about focusing closely on employees' needs.

Diagnostics of health, safety and ergonomics are thus performed regularly at production sites, workshops and vineyards, but also more and more frequently in stores and headquarters, resulting in structured action plans. Parfums Christian Dior, for example, implemented a workstation ergonomics improvement process for headquarters staff, traveling personnel, and store workers, in conjunction with employee representatives. At Glenmorangie, in Scotland, the brand's "zero accident" policy remained the cornerstone of its entire health and safety culture. At Guerlain, a number of ergonomics initiatives were put in place at production sites and boutiques. Louis Vuitton is gradually rolling out a comprehensive health program addressing health policy, work organization, the physical work environment and a training plan for its manufacturing workshops and logistics warehouses.

At the Group level, regular benchmarking of insurance plans and health costs is presented to labor and management at the Group Committee, so as to establish a common core of coverage for employees. Group companies have their own ambitious programs, such as Loewe's in the Asia-Pacific region, which gives every employee free health and dental insurance, or Sephora's in China, which offers all workers a yearly health check-up.

Work-life balance is another essential part of quality of life at work, and a focus area for Group companies. Workplace concierge services and childcare are becoming more widespread within the Group. Parfums Christian Dior has set up the first "quality of life at work" day, while Berluti has enhanced the concierge services at its Paris headquarters, and Louis Vuitton in the Middle East is carrying out a discretionary increase in the length of maternity leave, from 9 to 12 weeks.

1.7. Employee relations

1.7.1. Status of collective agreements

In France, Group companies have works councils, employee representatives, as well as health and safety committees. The Group Committee was formed in 1985.

In 2013, employee representatives attended 1,632 meetings:

Nature of the meetings	Number
Works council	529
Employee representatives	519
Health and Safety Committee	307
Other	277
Total	1,632

As a result of these meetings, 121 company-wide agreements were signed, such as annual negotiations on wages and work schedules, incentive and profit sharing agreements and company savings plans.

Specific agreements and amendments have been signed at Group companies in relation to the employment of disabled persons, professional equality between women and men, anticipatory management of jobs and skills, labor-management dialogue, the prevention of psychosocial risks, and the combined hiring of younger and older workers (*contrat de génération*).

In order to support a major investment of 150 million euros in a logistics and storage site in the region of Epernay (France), the leadership of Moët & Chandon – Ruinart and all union organizations signed a significant agreement on employment, including training to help staff adapt to changes in their field and new technologies, as well as a hiring program planned until 2020.

1.7.2. Social and cultural activities

In 2013, in France, the Group allocated a budget of over 19.4 million euros, or 2.1% of total payroll expenses, to social and cultural activities in France via contributions to works councils.

Total catering costs for all Group employees represent a budget of 19.7 million euros.

1.8. Relations with third parties

1.8.1. Relations with suppliers

LVMH places a priority on maintaining and promoting stable relations with responsible partners (suppliers, distributors, subcontractors, etc.).

Since 2008, all of the Group's brands have adopted and promulgated the Supplier Code of Conduct which sets forth the Group's requirements in terms of social responsibility (forced labor, discrimination, harassment, child labor, compensation, hours of work, freedom of association and collective bargaining, health and safety, etc.), the environment (reducing environmental impacts, use of green technologies, waste reduction, compliance with regulations and standards), and the fight against corruption. Relations with any partner necessitate the latter's commitment to comply with all ethical principles enunciated in this Code. This Code of Conduct also sets forth the principle and procedures for the control and audit of compliance with these guidelines.

Among many initiatives by Group companies illustrating this commitment, all the brands of Moët Hennessy establish a specifications document presented for signature to their subcontractors that addresses respect for the environment and fundamental labor law compliance, among other issues ; every year, supplier audits are carried out to minimize the most significant risks. In its supplier specifications documents, Sephora includes clauses dealing with the individual rights of employees, child labor prevention, equality of opportunity and treatment, working time policy, and the protection of the environment. Louis Vuitton has put in place an ethical system of social audits founded on compliance with local regulations as well as the SA 8000 social accountability standard, which is based on international workplace norms included in the International Labor Organization (ILO) conventions: no child labor, working conditions, health and safety, freedom of association and the right to collective bargaining, no discrimination, disciplinary practices, compliance with working hour and wage regulations. In addition to these labor standards, environmental standards are also applied to measure and prevent various impacts on the ecosystem.

When carrying out a social audit, Louis Vuitton calls on international firms that specialize in auditing labor and environmental performance. Louis Vuitton purchasers receive classroom training in the evaluation process and criteria, so that they can be as effective as possible in helping suppliers to implement continuous improvement in their CSR goals. Marc Jacobs and Donna Karan each have a vendor compliance program. Their programs include the use of third-party audit firms to conduct independent assessments of suppliers and to assist in remediation efforts. In 2013, Marc Jacobs and Donna Karan jointly hosted a vendor training in China that was conducted by a third-party expert. The joint training was attended by approximately 200 participants, and covered topics including social, environmental, and restricted substances compliance. TAG Heuer and Loewe require that all new suppliers submit a written pledge indicating their compliance with the SA 8000 standard. The same is true for Parfums Christian Dior, Parfums Givenchy, and Guerlain, who have introduced specifications documents including compliance with the SA 8000 standard among their provisions.

In 2013, 750 social and/or environmental audits were carried out, nearly 80% of which by specialized external service providers, at 624 of our suppliers. Among these audits, 540 related exclusively to social criteria. More than one-third of these audits showed results in line with the Group's standards and 40% identified minor non-compliance issues. Audits whose conclusions indicated a need for significant improvement by suppliers or the existence of major non-compliance issues accounted for 19% and 3% of audits performed, respectively. The causes of non-compliance that emerged from these audits were mainly related to two indicators: health and safety and working time. In all, 208 corrective action plans were implemented at our suppliers where audits had identified areas in need of improvement.

The Group's companies have been implementing tools and other resources to better identify problem suppliers and prevent any sort of risk. In Perfumes and Cosmetics, 95% of suppliers located in the geographic areas considered at-risk from a social accountability standpoint have been audited and produced encouraging results.

The use of preliminary audits (57 performed in 2013) also enabled better advance identification of supplier practices, thus leading to the decision to refrain from working with certain potential suppliers. In keeping with this, Louis Vuitton has set up systematic audits for all new suppliers located in an at-risk area.

The use of preliminary audits also showed that Group companies regularly monitor their suppliers and support them in their efforts to improve.

In addition, where necessary, some Group companies ended their existing relationships with suppliers whose social audit findings revealed major issues of non-compliance with our Code of Conduct.

In the interest of continued improvement in this area, the Group's Houses will continue their supplier audit programs in 2014, together with follow-ups on action plans.

Suppliers and audits break down as follows, by region:

	Europe	Asia	North America	Other [b]
Breakdown of suppliers *(as %)*	64	23	11	2
Breakdown of audits [a] *(as %)*	33	55	5	7

(a) Of which 7% preliminary audits, 43% initial audits, and 50% follow-up audits.
(b) Including Africa.
Scope: Wines and Spirits, Louis Vuitton, Berluti, Donna Karan, Fendi, Givenchy Couture, Kenzo, Loewe, Marc Jacobs, Céline, Thomas Pink, Bulgari, Chaumet, Dior Montres, Fred, Hublot, TAG Heuer, Zenith, De Beers, Perfumes and Cosmetics, DFS, Sephora.

1.8.2. Impact of the business on local communities in terms of employment and regional development

LVMH follows a policy of maintaining and developing employment. Thanks to the strong and consistent growth achieved by its brands, many sales positions are created in all countries where the Group is present, particularly as a result of the expansion of the brands' retail networks.

Non-disciplinary layoffs, including those due to economic conditions, represent 3.7% of total departures.

A number of the Group's companies have been established for many years in specific regions of France and play a major role in creating jobs in their respective regions: Parfums Christian Dior in Saint-Jean de Braye (near Orléans), Veuve Clicquot Ponsardin and Moët & Chandon in the Champagne region, and Hennessy in the Cognac region. They have developed long-standing relationships with local authorities, covering cultural and educational aspects as well as employment. Sephora, which has stores throughout France (two-thirds of its workforce is employed outside the Paris region), regularly carries out a range of measures encouraging the development of job opportunities at the local level.

As major employers in several labor markets, the Group's companies are attentive to the social particularities of their regions and have forged partnerships, as described below, with associations or non-governmental organizations to help with the social and professional integration of the underprivileged.

1.8.3. Promotion of education and relations with educational institutions and apprenticeship associations

Around the world, Group companies are involved in efforts to facilitate access to education for young people in disadvantaged and natural disaster-stricken regions. Through the operation "Hand in Hand for Haiti" launched in the aftermath of the earthquake in January 2010, DFS took part in rebuilding and maintaining a school complex for the most disadvantaged children in the region of Saint-Marc. Bulgari promoted childhood education with "Save The Children" in Italy. Louis Vuitton initiated a very close, global partnership with SOS Villages d'Enfants, levering all its energy and that of its teams to help regions where the brand is present. One illustration of this was Louis Vuitton's construction, in India, of the Bhubaneshwar education center for 150 children. In Cambodia, Sephora supported "Toutes à l'école", an organization which promotes the education of young Cambodian girls, by selling plush toys through its distribution network and donating the proceeds to the association.

Locally, LVMH continues to nurture many partnerships and develop its multiple ties with educational institutions to raise the profile of the Group's professions. These partnerships often result in scholarships and funding for schools training young people in the fashion and leather goods professions. Over the years, LVMH has forged strong ties with the *Institut Français de la Mode* (French Fashion Institute), in relation to the training of its employees and the recruitment of the institute's graduates, whose dual specialization is appreciated. LVMH is also a privileged partner of the network CEMS. Global alliance in Management Education, that takes part in many actions in favor of graduates of top universities in more than twenty countries. Key Group companies give presentations on the campuses of these universities several times a year.

The Group is continually developing resources and partnerships to promote access to employment for disadvantaged populations. In France, many initiatives to promote occupational integration are undertaken to allow all employees to participate actively in the Group's commitment to society. For example, in partnership with the association "*Nos Quartiers ont des Talents*", about a hundred senior-level staff members have mentored more than 100 young graduates from underprivileged neighborhoods. Since 2007, 224 young people have found jobs after being mentored by an LVMH group employee. Under partnerships with municipal authorities, presentations on the Group's professions are given to middle school students in these localities, thus contributing to youth guidance efforts, a condition for successful occupational integration.

Since 2010, LVMH has been involved in a partnership with Montfermeil, a diversely populated suburb of Paris benefiting from a strong commitment by its political leadership in favor of the more vulnerable members of its community. Driven by a shared commitment to excellence, this partnership is helping to facilitate social advancement for disadvantaged populations, by arranging internships for young people and hiring older members of the community. In this context, Montfermeil receives support from the Group to raise awareness of its rich cultural makeup and the talents of its inhabitants, expressed through the annual "*Cultures et création*" runway event. At the event, LVMH awards a "*Jeune Talent*" (Young Talent) trophy to one young, underprivileged fashion enthusiast, giving him or her an entry point into the profession. The 2013 winner of the "*Jeune Talent*" award got to exhibit her designs at the Green Showroom during Fashion Week in Berlin, before entering Paris' couture union school under an apprenticeship contract with Kenzo. Young people are the beneficiaries of a wide range of initiatives: "business discovery" internships for 50 middle school pupils who live in the city, visits to Group companies, preparatory programs for high school students, career orientation, etc.

In the same vein, Parfums Christian Dior initiated the first "*2 000 emplois, 2 000 sourires*" job fair. The fair was organized at the Cosmetic Valley business cluster, and aimed to generate direct contacts between jobseekers and recruiters at local companies. A total of 80 companies participated, with 3,000 jobs offered and interview coaching provided by Sephora. More than 6,000 people came, 74% of whom were between the ages of 18 and 25.

Always with the aim of furthering access to employment based only on merit and commitment, LVMH is a participating member of the "*Réseau national des entreprises pour l'égalité des chances dans l'éducation*", a network of French companies promoting equal opportunities in education and training. This association arranges actions by companies in schools located in underprivileged areas and welcomes their graduates as interns.

In order to promote the integration of young people through education regardless of their background or origin, LVMH supports the priority education program run by the *Institut d'Études Politiques* (Institute for political studies, or *Sciences Po*), which offers grants to students from disadvantaged backgrounds and gives young *Sciences Po* graduates the chance of being mentored by managers. Moreover, Hennessy funds scholarships for African-American students in the United States.

Lastly, as a signatory of the Apprenticeship Charter, the Group devotes considerable efforts to the development of apprenticeship opportunities, which facilitate young people's access to qualifications. As of December 31, 2013, there were more than 870 young people working under apprenticeship or professionalization contracts in all of the Group's French companies.

1.8.4. Corporate sponsorship

LVMH's corporate sponsorship initiatives are undertaken to preserve artistic heritage in France and elsewhere, by supporting the restoration of historical monuments, expanding the collections of leading museums, contributing to major national exhibits, and engaging in creation with artists emblematic of the contemporary era. In 2013 LVMH supported various cultural events, such as the ON/OFF exhibit presented in China at the Ullens Center for Contemporary Art, or the "*Nuit Blanche*" all-night arts festival held in Paris. LVMH also supported noteworthy initiatives for the preservation of France's artistic heritage, in partnership with the Château de Versailles, the Dubuffet Foundation and others. In addition to this, the Fondation Louis Vuitton, which is under construction at the Jardin d'Acclimatation in Paris, entered a key phase of its completion in 2013 as it plans to open its doors in the autumn of 2014.

LVMH has long been involved in educational and youth activities, including the ongoing loan of Stradivarius violins from its collection to young virtuosos, free tickets for Parisian conservatory students to the city's greatest concerts through the "*1 000 places pour les jeunes*" project for over 15 years, and support for the International Music Academy founded in Switzerland by the conductor Seiji Ozawa.

The Group also supports a great number of institutions known for their involvement with children, such as the *Fondation des Hôpitaux de Paris – Hôpitaux de France*, Save the Children (Japan), the Robin Hood Foundation (New York), and more. LVMH stands behind scientists conducting advanced research on public health, such as the teams at the Institut Pasteur in Paris, the American Foundation for AIDS Research, and the Parkinson's Disease Foundation in New York.

1.9. Compliance with international conventions

Taking each individual, his or her freedom and dignity, personal growth and health into consideration in each decision is the foundation of a doctrine of responsibility to which all Group companies adhere.

Accordingly, all Group companies have policies for equal opportunity and treatment irrespective of gender, race, religion and political opinion, etc. as defined in the standards of the International Labor Organization. This culture and these practices also generate respect for freedom of association, respect for the individual, and the prohibition of child and forced labor.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

LVMH and the environment

In accordance with Decree no. 2002-221 of February 20, 2002, known as the NRE decree (*Nouvelles régulations économiques*) and Decree no. 2012-557 of April 24, 2012 regarding companies' transparency obligations with respect to social and environmental issues, the following sections provide information on the type and significance of relevant and significant impacts only, with regard to business operations. The environmental information contained in this report has been verified by an independent auditor in accordance with Article 225 of the Grenelle II law of July 12, 2010. The Environment Department conducted an assessment to identify the disclosures and key indicators regarding the Group's operations to be subject, at the request of LVMH, to verification by this same independent auditor with the aim of obtaining a higher level of assurance than that required by law ("reasonable assurance"). This Independent Verifier's findings are presented immediately following the "LVMH and the environment" section of the Reference Document.

A copy of the LVMH Environment Reporting Protocol can be requested from environnement@lvmh.fr.

More information and explanations may be found in the 2013 LVMH Environmental Report.

The reporting scope for environmental indicators included the following sites in 2013:

Production facilities, warehouses and administrative sites *(number)*	2013
Sites covered	213
Sites not covered	26 [(a)]
Total number of sites	**239**

(a) Including mainly: La Tannerie de la Comète (Belgium); the De Beers workshop, and the administrative sites of Benefit, Fresh, Pucci, Acqua di Parma, Marc Jacobs, De Beers, StefanoBi and Donna Karan.

Certain manufacturing, logistics and administrative sites are not covered by environmental reporting, essentially for operational reasons, and are of a low level of significance. A five-year integration plan has been implemented.

Sales floor area included in the scope of reporting, per indicator	Energy consumption and greenhouse gas emissions		Water consumption	
	2013 [(b)]	2012	2013 [(c)]	2012
Group total *(as % of total sales floor area [(a)])*	**53**	**46**	**19**	**24**
Of which, mainly: *(as % of the company's sales floor area [(a)])*				
- DFS	64	70	42	53
- Louis Vuitton	51	43	15	10
- Sephora Americas	61	57	21	53
- Sephora Europe	74	45	11	10

(a) The reporting scope does not cover the stores operated under franchise by Fashion and Leather Goods, Perfumes and Cosmetics, and Watches and Jewelry.
(b) Also includes all French stores operated by Berluti, Givenchy, Guerlain, Kenzo, Le Bon Marché, Make Up For Ever, and certain stores operated by Bulgari, Céline, Chaumet, De Beers, Fendi, Loewe, Marc Jacobs and Thomas Pink.
(c) Also includes certain stores operated by Berluti, Bulgari, De Beers, Fendi, Kenzo and Guerlain.

For waste production, only stores operated by DFS, Le Bon Marché, and certain Louis Vuitton stores, are included in the scope. For one DFS store, 2012 data were applied again. The environmental indicators for the stores that are not part of the scope are deduced by extrapolation: estimates are included in the comments rather than in the tables themselves. The Group has more than 3,200 stores, and certain environmental data is difficult for stores with small surface areas to obtain. Nevertheless, the Group has set an objective for gradual integration.

1. GENERAL ENVIRONMENTAL POLICY

1.1. Evaluation and certification programs and organization

The Group has had an Environment Management team since 1992. In 2001, LVMH established an Environment Charter signed by the Chairman of the Group, which requires that each Group company undertakes to set up an effective environment management system, create think-tanks to assess the environmental impacts of the Group's products, manage risks and adopt the best environmental practices. The Charter is presented in greater detail in the LVMH Environmental Report. In 2003, Bernard Arnault joined the United Nations' Global Compact program. In 2007, he also endorsed Gordon Brown's Millennium Development Goals. In 2013, the Group was included in the main indices based on responsible investment criteria: Dow Jones Sustainability Index (World and Europe), FTSE4Good Global 100, Euronext Vigeo Eurozone 120, ESI (Ethibel Sustainability Indices) Europe. LVMH has also participated in the CDP (Carbon Disclosure Project)'s Climate Change, Water and Forest programs since they were created.

The Group undertakes to adopt the following environmental measures:

- apply precaution to all issues impacting the environment;
- carry out initiatives to promote greater environmental responsibility;
- favor the development and dissemination of environmentally friendly technologies.

The Group's Environment Department team was set up with the following objectives:

- deploy the LIFE – LVMH Indicators For the Environment program;
- implement the environmental policies of the Group companies, based on the LVMH Charter;
- conduct audits to assess Group companies' environmental performance;
- monitor regulatory and technical issues;
- create management tools that address subjects such as packaging design, supplier relations and regulatory monitoring;
- help Group companies anticipate risks;
- train employees and increase environmental awareness at all management levels, including integration seminars for new managers;
- define and consolidate the environmental indicators;
- work alongside the various key players (associations, rating agencies, government authorities, etc.).

It is supported by the Environment Committee, which meets several times a year, bringing together a network of nearly 50 environmental representatives from Group companies.

The LIFE program was designed in 2011 to reinforce the inclusion of environmental concerns in management processes, facilitate the development of new steering tools, and take into account the changes and enhancements resulting from Group companies' innovative practices. It will be rolled out to all Group companies by 2015. The LIFE program was implemented by the Steering Committee of each Group company and is based on nine key aspects of environmental performance:

- environmental design;
- securing access to strategic raw materials and supply channels;
- traceability and compliance of materials;
- environmental and social responsibility among suppliers;
- preserving critical savoir-faire;
- reducing greenhouse gas emissions;
- environmental excellence in manufacturing processes;
- product life span and reparability;
- customer and key stakeholder information.

With regard to certification, all of the Cognac, Champagne and Vodka Houses have now obtained ISO 14001 certification. Parfums Christian Dior has also had all its manufacturing and logistics facilities certified. At Louis Vuitton, the supply chain has been ISO 14001 certified for Leather Goods and Accessories. This is a world first, and the result of collaboration between the Logistics Division and its Transport and Logistics partners. Louis Vuitton is pursuing the certification process for its workshops. At the end of 2013, 43% of the Group's manufacturing, logistics and administrative sites were ISO 14001 certified.

LVMH's Watches and Jewelry business group is a member of the Responsible Jewellery Council (RJC), an organization bringing together more than 440 member companies committed to promoting ethical behavior, human rights and social and environmental practices throughout the industry, from mine to point of sale. The RJC has developed a certification system designed particularly to ensure that the diamonds used in manufacturing do not come from conflict zones. The Kimberley Process requirements are applied to diamonds. Kimberley certification requires the input of independent, accredited auditors. The Watches and Jewelry companies have all been certified according to the Code of Practices (2009 version).

1.2. Training

In 2013, almost all Group companies, in all business groups, continued their employee training and awareness programs on the environment.

These programs comprised a total of 20,004 hours, an 11% increase compared to 2012 (17,766 hours).

1.3. Preventing environmental risks and pollution

Group companies are audited on a regular basis by third parties, insurers or internal auditors, which enables them to keep their compliance monitoring plan up to date. In 2013, 31% of the 239 manufacturing, logistics and administrative sites, as well as certain large stores, were audited, for a total of 64 external audits and 102 internal audits, with some sites being audited several times during the year. These audits correspond to an inspection of one or more sites of the same company based on all relevant environmental issues – waste, water, energy, and environmental management – and are documented in a written report including recommendations. This figure does not include the numerous compliance controls that may be performed on a specific environmental regulation topic, e.g. a waste sorting inspection, performed periodically by the Group companies on their sites. Additional information is available in the "LVMH group" section of the *Management report of the Board of Directors*, under §2.2 Main risk management principles.

1.4. Provisions and guarantees given for environmental risks

Environmental expenses were recognized under the relevant headings in accordance with the recommendations of the CNC (French National Accounting Council). Operating expenses and capital expenditure were recognized for each of the following headings:

- air and climate protection;
- waste water management;
- waste management;
- protection and purification of the ground, underground water and surface water;
- noise and vibration reduction;
- biodiversity and landscape protection;
- radiation protection;
- research and development;
- other environmental protection measures.

Environmental protection expenses in 2013 broke down as follows:

- operating expenses: 10.6 million euros;
- investments: 6.7 million euros.

The amount of provisions for environmental risks is 13 million euros as of December 31, 2013. This amount corresponds to the financial guarantees required by law for Seveso upper-tier establishments.

2. POLLUTION AND WASTE MANAGEMENT

2.1. Preventing and reducing air, water and soil discharges

The discharges of substances causing eutrophication by Wines and Spirits, Fashion and Leather Goods, and Perfumes and Cosmetics operations are considered the only significant and relevant emissions into water. The Group's other business groups have a very limited impact on water quality. Eutrophication is the excessive build-up of algae and aquatic plants caused by excess nutrients in the water (particularly phosphorus), which reduces water oxygenation and adversely impacts the environment. The parameter used is the Chemical Oxygen Demand (COD) calculated after treatment of the discharges in the Group's own plants or external plants with which the Group has agreements. The following operations are considered as treatment: city and county waste water collection and treatment, independent collection and treatment (aeration basin) and land application. In 2013, the Tanneries Roux and Heng Long were integrated into the scope of consolidation at Louis Vuitton. COD discharges increased by 34%. Research is underway to identify reduction opportunities at the Group's Wines and Spirits companies.

COD after treatment *(metric tons/year)*	**2013**	**2012**	**Change** *(as %)*
Wines and Spirits	3,590.1	2,790.9	29 [a]
Fashion and Leather Goods	155.2 [b]	-	-
Perfumes and Cosmetics	18.8	23.2	(23)
Total	**3,764.1**	**2,814.1**	**34**

(a) Change mainly due to the increase in Glenmorangie's business activity.
(b) Inclusion of the tanneries (Louis Vuitton).

Measurement frequencies at the highest-contributing Group companies are compliant with local regulations but remain limited with regard to the changes observed in quantities discharged.

VOC (volatile organic compound) emissions are addressed through specific action plans, notably for Perfumes and Cosmetics operations and the tanneries. The subject of soil discharges is addressed in Section 3.4 Soil use.

2.2. Preventing, recycling and eliminating waste

In 2013, 88% of waste was recovered (76% in 2012). In parallel, waste production increased by 8% in 2013. The higher rate of recovery is due to Wines and Spirits operations (increased reliability of Wenjun data in 2013), and the increase in waste production is mainly due to the inclusion of the tanneries.

Recovered waste is waste for which the final use corresponds to one of the following channels, listed in descending order of interest in accordance with European and French laws:

- re-use, i.e. the waste is used for the same purpose for which the product was initially designed;
- recycling, i.e. the direct reintroduction of waste into its original manufacturing cycle resulting in the total or partial replacement of an unused raw material, controlled composting or land treatment of organic waste to be used as fertilizer;
- incineration for energy production, i.e. the recovery of energy in the form of electricity or heat by burning the waste.

Waste produced

(in metric tons)	Waste produced in 2013[b]	*Of which: hazardous waste produced in 2013[a]*	Waste produced in 2012	Change in waste produced *(as %)*
Wines and Spirits	63,015	*251*	60,037	5
Fashion and Leather Goods	11,235	*573*	7,657	47[c]
Perfumes and Cosmetics	7,620	*1,190*	7,246	5
Watches and Jewelry	298	*33*	267	12
Selective Retailing	6,166	*155*	6,672	(8)
Other activities	1,147	*154*	991	16[d]
Total	**89,481**	***2,356***	**82,870**	**8**

(a) Waste to be sorted and treated separately from other "common" waste (boxes, plastic, wood, paper, etc.).
(b) Some products that are removed from the manufacturing cycle are treated in the same way as hazardous waste to prevent counterfeiting attempts.
(c) Change particularly due to the inclusion of the tanneries.
(d) Change mainly due to the increase in Royal Van Lent's business activity.

Waste recovery in 2013

(as % of waste produced)	Re-used	Material recovery	Energy recovery	Total recovery
Wines and Spirits	47	40	3	90
Fashion and Leather Goods	4	35	28	67
Perfumes and Cosmetics	2	70	26	98
Watches and Jewelry	-	55	20	75
Selective Retailing	12	69	7	88
Other activities	-	82	18	100
Total	**35**	**44**	**8**	**88**

The Perfumes and Cosmetics companies as well as Sephora since 2010, and Louis Vuitton since 2011, have used the CEDRE recovery and recycling facility (*Centre Environnemental de Déconditionnement, Recyclage Écologique*) to handle all the waste generated by the manufacturing, packaging, distribution, and sale of cosmetic products. CEDRE accepts several types of articles: obsolete packaging, alcohol-based products, advertising materials, store testers, and empty packaging returned to stores by customers. Over the course of 2013, the facility processed approximately 1,600 metric tons of waste and was able to resell various materials such as glass, cardboard, wood, metal, plastics, alcohol and cellophane to a network of specialized recyclers.

2.3. Addressing noise pollution and other forms of pollution

The Group's business activities do not have a significant impact in terms of noise pollution and other forms of pollution. Nevertheless, the Group's companies remain vigilant, particularly with the help of the environmental management systems that have been put in place, and are attentive to their surroundings and civil society.

3. SUSTAINABLE USE OF RESOURCES

3.1. Water consumption and supply according to local constraints

Water consumption is analyzed based on the following:

- process requirements: use of water for cleaning purposes (tanks, products, equipment, floors), air conditioning, employees, product manufacturing, etc.; such water consumption generates waste water;
- agricultural requirements: water consumption for vine irrigation outside France, as irrigation is not used in France for the Group's vineyards. As such, water is taken directly from its natural environment for irrigation purposes. Its consumption varies each year according to changes in weather conditions. However, it is worth noting that the measurement by the sites of water consumption for agricultural purposes is less precise than the measurement of process water consumption.

(in m^3)	2013	2012	Change *(as %)*
Process requirements	2,620,037	1,927,065	36
Agricultural requirements (vine irrigation)	6,925,027	6,424,228	8

Water consumption by retail sales areas excluded from the reporting scope (81% of total retail space) is estimated at 1,327,000 cubic meters, calculated by applying the average consumption per square meter to unreported areas.

Water consumption for process requirements can be broken down as follows, per business group:

(Process requirements in m^3)	2013	2012	Change *(as %)*
Wines and Spirits	1,484,636	1,238,748	20 [a]
Fashion and Leather Goods	611,851	175,813	248 [b]
Perfumes and Cosmetics	156,408	170,652	(8)
Watches and Jewelry	28,899	21,686	33 [c]
Selective Retailing	293,934	306,797	(4)
Other activities	44,309	13,369	231 [d]
Total	**2,620,037**	**1,927,065**	**36**

(a) Change essentially due to the increase in business volumes for Glenmorangie and other Wines and Spirits companies.
(b) Change mainly due to Louis Vuitton's integration of the tanneries and new data for the Ateliers de l'Ardèche.
(c) Change due to increased indicator reliability for Bulgari.
(d) Change due to the inclusion of the Jardin d'Acclimatation and Radio Classique.

An in-depth analysis of sensitivity to local constraints was carried out at each Group company using Pfister's 2009 water scarcity index and the 2012 Aquastat database. This analysis was based on measurements of each geographic area's sensitivity, obtained by comparing water consumption to available resources at the local level. Four Group companies with significant water consumption at the Group level were identified in areas where water stress is close to 100%, i.e. where water requirements are close to the level of resources available:

- the vineyards of Cheval des Andes and Terrazas de Los Andes, which represent 93% of the Group's agricultural water requirements;
- the vineyards of Domaine Chandon California and Newton, which represent 3% of the Group's agricultural water requirements.

Vineyard irrigation is an authorized and supervised practice in California and Argentina due to the climate. It is essential for the preservation of vines. The Group has also taken measures to limit water consumption: recovery of rain water, drafting of agreements on measures and specifications with respect to water requirements, standardized drip method of irrigation, weather forecasts for optimized irrigation or adoption of the "reduced loss irrigation" technique, which reduces water consumption and actually improves the quality of the grapes and the size of the vine, yielding an enhanced concentration of aroma and color.

3.2. Raw material consumption

The main raw materials consumed by the Group are:

- grapes (see §3.4 Soil use);
- leathers, raw lamb and calf skins, and exotic leathers (see §5 Protecting biodiversity);
- natural plants (see §5 Protecting biodiversity);
- precious metals and gemstones (see §1.1 Evaluation and certification programs and organization);
- regulated chemicals. All Group companies have therefore integrated the requirements of the REACH Commission Regulation into their contractual documents in order to engage all suppliers in this undertaking.

Additional information is available in the "*Management report of the Board of Directors* – LVMH group" section, under §2.1.8. Supply sources and strategic competencies, as well as in the "*Business description*" section under the sections on "Supply sources and subcontracting" for the different business groups.

The only significant, relevant criterion used by all Group companies for the analysis of raw material consumption is the quantity, measured in metric tons, of primary and secondary packaging used for consumer goods that reaches customers:

- Wines and Spirits: bottles, boxes, caps, etc.
- Fashion and Leather Goods: boutique bags, pouches, cases, etc.
- Perfumes and Cosmetics: bottles, cases, etc.
- Watches and Jewelry: cases and boxes, etc.
- Selective Retailing: boutique bags, pouches, cases, etc.

The packaging used for transport is excluded from this analysis.

Packaging that reaches customers

(in metric tons)	2013	2012	Change *(as %)*
Wines and Spirits	148,529	176,265	(16) [b]
Fashion and Leather Goods	5,844	6,367	(8)
Perfumes and Cosmetics	22,261	19,900	12
Watches and Jewelry	423	486	(13)
Selective Retailing	2,336	1,548	51 [c]
Total	**179,393 [a]**	**204,566**	**(12)**

(a) Céline, Chaumet, Hublot and Marc Jacobs did not report their data for this indicator in 2013.
(b) Change due to lighter glass bottles and the change in scope (exclusion of intercompany inventory transfers) for champagne houses.
(c) Change due to the integration of Sephora's logistics facility.

Breakdown of the total weight of packaging placed on the market, by type of material, in 2013

(in metric tons)	Glass	Paper-cardboard	Plastic	Metal	Fabric	Other packaging material
Wines and Spirits	125,587	19,170	1,173	1,203	49	1,347
Fashion and Leather Goods	-	5,067	41	1	672	63
Perfumes and Cosmetics	11,856	3,421	4,908	1,249	103	724
Watches and Jewelry	-	136	192	18	7	70
Selective Retailing	261	998	1,021	55	1	-
Total	**137,704**	**28,792**	**7,335**	**2,526**	**832**	**2,204**

Group companies have adapted different tools and training to ensure that there is optimum consideration of the environment in product design. In 2013, Edibox was deployed at Parfums Christian Dior, Guerlain, LVMH Fragrance Brands, Make Up For Ever, Louis Vuitton and Bulgari in order to integrate environmental concerns into the early design stages for packaging. It enables the Environmental Performance Index (EPI) and the greenhouse gas emissions generated by packaging materials to be calculated. The launch of this new tool provided an opportunity to raise awareness among the marketing and development teams. The champagne houses, which have also implemented the EPI, have made significant progress. The production of all new boxes and cases is based on reducing the weight of their packaging, using materials made from renewable resources and recycling the products at the end of their lifecycles. The champagne houses have thus reduced the weight of their bottles and development teams only select materials sourced from FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification) forests. These seals of approval guarantee that the forests are managed sustainably. From now on, new boxes will be fully recyclable, with their constituent materials being easily separable or made from plant-based substances (wood, 100% biodegradable potato starch, etc.).

3.3. Energy consumption, measures taken to improve energy efficiency and renewable energy use

Energy consumption corresponds to primary energy sources (such as fuel oil, butane, propane and natural gas) added to secondary energy sources (such as electricity, steam and ice water) mainly used for the implementation of manufacturing processes in addition to buildings and stores' air conditioning and heating systems.

In 2013, the subsidiaries included in the reporting scope consumed 760,254 MWh provided by the following sources: 67% electricity, 20% natural gas, 5% heavy fuel oil, 3% fuel oil, 2% renewable energy, 1% butane propane, 1% steam, and 1% ice water. Consumption increased by 15% compared to 2012.

This consumption corresponds in decreasing order of use to Selective Retailing, for 32%, Wines and Spirits, for 28%, Fashion and Leather Goods, for 24%, and Perfumes and Cosmetics, for 10%. The remaining 6% was generated by Watches and Jewelry and the other activities of the Group. Energy consumption by retail sales areas excluded from the reporting scope, representing 47% of total retail space, is estimated at 269,000 MWh.

Energy consumption by business group *(in MWh)*	**2013**	**2012**	**Change** *(as %)*
Wines and Spirits	213,907	188,541	13
Fashion and Leather Goods	183,212	163,044	12
Perfumes and Cosmetics	76,556	64,313	19 [a]
Watches and Jewelry	21,692	16,129	34 [b]
Selective Retailing	244,315	219,437	11
Other activities	20,572	11,768	75 [c]
Total	**760,254**	**663,232**	**15**

(a) Change mainly due to the integration of the new Perfumes and Cosmetics research center in Saint-Jean de Braye, as well as the Paris offices of Make Up For Ever and Parfums Christian Dior.
(b) Change mainly due to the integration of Bulgari stores in Italy and De Beers.
(c) Change mainly due to the integration of the Jardin d'Acclimatation, Radio Classique and the LVMH holding company site at 3 rue Bayard, Paris.

Consumption by energy source in 2013

(in MWh)	Electricity	Natural gas	Heavy fuel oil	Fuel oil	Butane Propane	Steam	Ice water	Renewable energies
Wines and Spirits	73,356	76,593	38,332	19,889	5,094	-	-	643
Fashion and Leather Goods	148,304	25,674	-	3,223	3,685	1,098	538	690
Perfumes and Cosmetics	46,443	29,115	-	283	-	386	-	329
Watches and Jewelry	11,156	5,046	-	401	-	-	-	5,089
Selective Retailing	218,435	8,806	-	1,180	-	6,357	1,225	8,312
Other activities	12,073	3,915	-	555	19	374	3,636	-
Total	**509,767**	**149,149**	**38,332**	**25,531**	**8,798**	**8,215**	**5,399**	**15,063**

Bilan Carbone® assessments and energy audits provide insights that Group companies can use to develop suitable strategies for reducing energy consumption. A variety of solutions are being implemented by Group companies with regard to store lighting and air conditioning, transport, energy efficiency, and the promotion of renewable energy sources. In 2013, TAG Heuer built a new factory in Chevenez, Switzerland, and fitted more than 600 sq.m of solar panels on the roof, with an annual capacity of 86,400 kWh.

In 2012, LVMH set up the Store Lighting Working Group in order to focus on the regulatory, technical and energy consumption issues in stores. Its goal is to consolidate efforts to reduce energy consumption, particularly in relation to lighting. LED technology is an efficient means of reducing energy consumption and CO_2 emissions. This type of light is also better suited to showcasing Group companies' products. Therefore, in September 2013 LVMH launched the LVMH Lighting program, whose objective is to secure and optimize the sourcing of high-performance lighting equipment for stores, production and storage sites, and office space. In addition to promoting LED technology, the LVMH Lighting program aims to ensure that lights meet Group companies' demands for exceptional quality. A dozen pilot stores of different sizes and in different geographical areas were selected, and fitted with measuring points in order to determine the most efficient methods for reducing energy consumption.

3.4. Soil use

Soil pollution arising from old manufacturing facilities (cognac, wine and champagne production, trunk production) is insignificant. The more recent production facilities are generally located on farmland with no history of pollution. The Group's manufacturing operations require very little soil use, except for wine production.

The Group's Wines and Spirits houses are doubly committed to sustainable viticulture, for reasons both historic and strategic. They are pursuing a variety of initiatives in eco-conscious and organic farming that drastically reduce the need for phytosanitary products with a high environmental impact. The champagne houses obtained Certiphyto accreditation for their use of vineyard treatments at their grape-growing sites, while Hennessy adopted a process designed to reduce the use of phytosanitary products. Since January 2011, Hennessy vineyards have been selected by the French government as benchmarks for its Ecophyto 2018 plan. An action plan has been put in place on these parcels, and in 2013 the use of treatment products was reduced by 60%. Insect mating disruption is being used experimentally as an alternative to insecticides for protecting grapevines against pests.

4. COMBATING AND ADAPTING TO CLIMATE CHANGE

4.1. Reducing greenhouse gas emissions

Given the nature of the Group's operations, the only emissions that have a significant impact on the environment are greenhouse gas emissions. Estimated greenhouse gas emissions in tons of CO_2 (carbon dioxide) equivalent correspond to the site energy consumption emissions, as defined in §1.1.2. These include direct and indirect emissions (scope 1 and 2). Emissions caused by transport (scope 3) are presented separately:

- upstream transport: movement of raw materials and product components to the production sites. Only the main materials and components are taken into account;
- downstream transport: movement of finished products from the production sites to distribution platforms.

CO_2 emission factors are updated every year for each energy source, notably for electricity. This update may lead to significant changes. The main scope 1 and 2 greenhouse gas emission reduction initiatives involve lessening the amount of energy used for lighting and air conditioning, and optimizing the energy consumed by manufacturing processes.

Breakdown of emissions by business group in 2013

(in metric tons of CO_2 equivalent)	CO_2 emissions in 2013	*Of which: % direct CO_2 emissions*	*% indirect CO_2 emissions*	CO_2 emissions in 2012	Change *(as %)*
Wines and Spirits	48,641	*68*	*32*	43,573	12
Fashion and Leather Goods	64,566	*11*	*89*	55,978	15
Perfumes and Cosmetics	11,390	*53*	*47*	10,391	10
Watches and Jewelry	3,389	*34*	*66*	2,310	47
Selective Retailing	92,250	*2*	*98*	78,856	17
Other activities	3,078	*31*	*69*	2,263	36
Total	**223,314**	***23***	***77***	**193,371**	**15**

Greenhouse gas emissions generated by retail space excluded from the reporting scope (47% of total retail space) are estimated at 135,600 metric tons of CO_2 equivalent based on extrapolated energy consumption levels. LVMH has long stressed the importance of addressing climate change in its business activities, having carried out its first Bilan Carbone® assessments at the following Group companies in 2002: Moët & Chandon, Veuve Clicquot, Hennessy, Parfums Christian Dior, Guerlain, Parfums Kenzo, Parfums Givenchy, Givenchy, Make Up For Ever, DFS, Sephora and Le Bon Marché. Greenhouse gas emissions are retested using this assessment protocol every three years. In 2012, LVMH set up the Store Lighting Working Group in order to focus on the regulatory, technical and energy consumption issues in stores. See §3.3 Energy consumption, measures taken to improve energy efficiency and renewable energy use.

A number of Group companies use tools to measure and reduce the emissions generated by their logistics chains. For example, Loewe has implemented an internal tool that maps and manages the carbon footprint of international transport from its production facility in Madrid. Likewise, in January 2013 Louis Vuitton developed a tool for calculating CO_2 emissions that enables it to monitor, in real time and for each affected route, the emissions produced by the freight transport of leather goods and accessories that pass through its Cergy Eole central depot. Finally, since 2008 Guerlain has employed a tool that monitors, on a monthly basis, its overall ratio of maritime transport for each geographic area. The results are examined by Guerlain's Executive Committee. A report that compares the cost and CO_2 assessments to the objective set for the current year is distributed to all entities. The maritime ratio target of 60% has been achieved since 2012. Synergies have been implemented within each business group in order to pool transport services.

Distribution of greenhouse gas emissions generated by upstream transport in 2013

(in metric tons of CO_2 equivalent)	Road	Rail	Air	Maritime	Total
Wines and Spirits	13,524	32	47	230	13,833
Fashion and Leather Goods	7,156	-	4,099	1	11,256
Perfumes and Cosmetics	21,842	-	7,309	161	29,312
Watches and Jewelry	6	-	893	1	900
Selective Retailing	-	-	-	-	-
Total	**42,528**	**32**	**12,348**	**393**	**55,301**

Distribution of greenhouse gas emissions generated by downstream transport in 2013

(in metric tons of CO_2 equivalent)	Road	Rail	Air	Maritime	Total
Wines and Spirits	24,128	395	3,039	16,985	44,547
Fashion and Leather Goods	314	6	86,398	2,321	89,038
Perfumes and Cosmetics	3,785	-	113,446	941	118,172
Watches and Jewelry	17	-	5,981	-	5,998
Selective Retailing	1,910	-	8,216	-	10,126
Total	**30,154**	**401**	**217,080**	**20,247**	**267,882**

Bulgari, Céline, Château Cheval Blanc, Château d'Yquem, Chaumet, Les Echos, Hublot, Le Bon Marché, Marc Jacobs and Thomas Pink did not report their data for this indicator.

4.2. Adapting to climate change

In 2013, the Group also considered the different issues with regard to adapting to climate change. In the medium term, developing viticulture practices is the main component of the Group's adaptation strategy. Several solutions are available for European vineyards depending on the extent of climate change, from altering harvest dates to developing different methods of vine management (wider rows, increasing the size of vine stocks, employing irrigation in certain countries, etc.) and testing new grape varieties. For vineyards in Argentina and California, the main issue is the availability of water (cf. §3.1 Water consumption and supply according to local constraints). Finally, according to current scientific knowledge, vineyards in New Zealand and western Australia are the least susceptible to climate change. Additional information is available in the "*Management report of the Board of Directors* – LVMH group" section, under §2.1.10. Industrial, environmental and meteorological risks.

5. PROTECTING BIODIVERSITY

5.1. Measures taken to preserve biodiversity

The LVMH group has a strategy in place for sourcing and preserving raw materials. Choosing components for product manufacturing is an essential part of preserving the environment, in particular rare resources that are vital for product manufacturing, especially leather and natural plants.

In 2013, LVMH launched a project to improve the impact of LVMH's activities on biodiversity, from upstream to downstream, in its capacity as a company recognized by the French government within the National Strategy for Biodiversity. Several projects are currently being run by the Perfumes and Cosmetics, Fashion and Leather Goods, and Watches and Jewelry business groups, such as carrying out audits of procedures to examine whether our practices conform to the Nagoya Protocol on Access and Benefit-sharing, or developing new sourcing procedures that are responsible and fair, for example for gold and cashmere.

Fashion and Leather Goods, as well as Watches and Jewelry, implemented procedures to ensure that all of their products comply with the terms of the requirements of international trade in endangered species (CITES). Through a system of import-export permits, this convention was set up to prevent certain species of endangered fauna and flora against overexploitation. Leather sourcing is a strategic priority, and Group companies mainly use European cowhide leather (see "*Business description*", §2.4. Supply sources and subcontracting). Group companies participate in working groups such as the Responsible Ecosystems Sourcing Platform (RESP), the Leather Working Group (LWG) and Business for Social Responsibility (BSR). They work with their suppliers to improve traceability, animal well-being and the preservation of certain species.

The Research & Development teams of the Perfumes and Cosmetics business group have been working in the field of ethnobotany for a number of years. They seek to identify plant species with a particular interest as components of cosmetics products while contributing to the preservation of these species and to local economic development. In recognition of its engagement in Ouessant (off the coast of Brittany) in protecting the European dark bee, whose honey is used in the *Abeille Royale* product range, Guerlain received the "Coup de cœur" Sustainable Development and Corporate Sponsorship trophy in 2013 from the French Ministry of the Environment, Sustainable Development and Energy.

The Wines and Spirits business group is active in sustainable winegrowing, notably for the purposes of reducing pesticide use (see §3.4. Soil use).

6. CONSUMER HEALTH AND SAFETY

LVMH's policy concerning the sensitive issue of animal testing to evaluate the safety of finished products is clearly defined: its aim is to guarantee the safety of consumers who use our products while taking into account respect for animal life. It is for this reason that, since 1989, none of the Perfumes and Cosmetics companies have conducted tests on animals for the products they put on the market, thus well in advance of the official ban on animal testing imposed by European Union legislation in 2004. The development of alternatives to animal testing represents a genuine scientific challenge and the LVMH group will continue to be very active in its efforts to rise to this challenge.

• Furthermore, the European Union regulatory framework for cosmetics changed with the adoption on November 30, 2009 of Regulation (EC) No 1223/2009 of the European Parliament and of the Council on cosmetic products. This text, all of whose provisions entered into application in July 2013, replaces 76/768/EEC. The main objective of the Commission's legislation is to further raise the already high level of safety for cosmetic products:

- by reinforcing the manufacturer's responsibility through more explicit minimum requirements in the area of product safety assessment;
- by reinforcing market surveillance through the obligation to notify the competent authorities of serious undesirable effects.

The LVMH group implemented procedures and initiatives to ensure that it was ready when the new regulation entered into force in July 2013. These initiatives are becoming more essential than ever, especially since cosmetics regulations are giving rise to an increasing amount of legislation worldwide. Other European regulations have entered into force, some relatively recently, and have been integrated into the LVMH group's processes:

- the GHS (Globally Harmonized System), which aims to harmonize the classification and labeling of chemicals;
- the Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), which streamlines and improves the European Union's pre-existing legislative framework on chemicals. The main aims of REACH are to ensure a high level of protection of human health and of the environment against the risks that can be posed by chemicals, to promote alternative testing methods and the free circulation of substances on the internal market, and to enhance competitiveness and innovation.

• The Group remains particularly vigilant to ensure continuing compliance with regulatory requirements, while monitoring the opinions of scientific committees, and the recommendations of industry associations. Moreover, products must abide by a set of strict internal guidelines imposed by the Group as criteria for their development. The Group also requires that its suppliers adhere to these same guidelines.

Honoring its commitments in this area for the last several years, the LVMH group has accompanied this policy with an approach that aims to anticipate developments in international regulations. This anticipatory perspective is made possible thanks to the efforts of the Group's experts, who regularly take part in the workgroups of national and European authorities and are very active in professional organizations. Ongoing monitoring of changes in regulatory frameworks and the development of scientific knowledge by the Group's experts has led LVMH to prohibit the use of some substances and make efforts to reformulate some of its products.

These extremely high standards allow LVMH to guarantee the safety of its cosmetic products, not only when the products are released into the market, but also throughout their whole commercialization period. A client relation network set up by the Group handles the analysis of all claims received from consumers and ensures the cosmetovigilance of the products. Any claim, whether relating to a simple intolerance or a severe allergic reaction, is given due consideration by a specialized team and evaluated by a professional. Visits to a dermatologist may be offered to consumers. Furthermore, the analysis of these claims and the review of cosmetovigilance cases prompts the Group to explore new areas of research and improve the quality of our products.

In 2013, Moët Hennessy continued its commitment to responsible consumption. Its efforts in this area are directed at employees, consumers, guests and visitors. For the benefit of consumers, Moët Hennessy not only adheres scrupulously to local regulations, it also self-regulates, especially in terms of information and communication, by implementing a Code of Good Practices for Marketing and Communications, guidelines for online communication, website filters to keep out underage viewers, etc. Each year, teams are deployed worldwide to teach hundreds of people how to properly enjoy the company's products for their esthetic, cultural, gastronomic and historical value.

All wine bottles sold in the EU (except in France, for regulatory reasons) are labeled www.wineinmoderation.eu, and all spirits are labeled www.responsibledrinking.eu. Lastly, Moët Hennessy actively supports numerous responsible drinking programs around the world, such as Wine in Moderation, ICAP initiatives, etc.

STATUTORY AUDITORS' REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

To the Shareholders,

In our capacity as Statutory Auditors of the company LVMH Moët Hennessy Louis Vuitton designated as independent verifiers, for which the admissibility of the application for accreditation has been accepted by COFRAC under numbers 3-1048 and 3-1065, we present our report on consolidated social, environmental and societal information for the fiscal year ended December 31, 2013, as presented in the sections of the Management Report entitled "LVMH and the environment" and "Human Resources", hereafter referred to as the "CSR Information," pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

It is the responsibility of the Board of Directors to establish a Management Report including the CSR Information referred to in Article R. 225-105-1 of the French Commercial Code, in accordance with the guidelines used by the Company, comprising the "LVMH environmental reporting protocol" dated November 13, 2013 and the "Social Indicator guidelines – 2013 Annual Report", (hereafter referred to as the "Guidelines"), which are available on request from the Group's Environment and Human Resources departments, respectively.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions of Article L. 822-11 of the French Commercial Code. In addition, we have implemented a quality control system, including documented policies and procedures designed to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the Statutory Auditors

It is our role, based on our work:

- to attest whether the required CSR Information is present in the Management Report or, in the case of its omission, that an explanation has been provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of presence of CSR Information);
- to express a limited assurance conclusion that, taken as a whole, the CSR Information is fairly presented, in all material aspects, in accordance with the Guidelines (Limited assurance on CSR Information);
- to express, at the request of the Company, a reasonable assurance conclusion that the environmental information selected by the Group (1) (hereafter referred to as the "Selected Environmental Information"), has been established, in all material aspects, in accordance with the Guidelines.

We called upon our CSR experts to assist us in carrying out our work. Our work was undertaken by a team of 16 people between October 2013 and February 2014 for a period of approximately 12 weeks.

We conducted the work described below in accordance with the professional standards applicable in France, the Order of May 13, 2013 determining the conditions under which an independent verifier should conduct its mission, and with regard to the reasoned opinion and the reasonable assurance report, in accordance with the international standard ISAE 3000 (2).

1. Attestation of presence of CSR Information

On the basis of interviews conducted with the management of the departments concerned, we obtained an understanding of the presentation of the Company's sustainable development strategy, which is based on the social and environmental consequences linked to the Company's activities and its societal commitments, as well as, where applicable, any resulting actions or programs.

We compared the CSR Information presented in the Management Report with the list specified in Article R. 225-105-1 of the French Commercial Code.

In the absence of certain consolidated information, we verified that the explanations were provided in accordance with the provisions of Article R. 225-105-1 paragraph 3 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, namely the Company and its subsidiaries, as construed under Article L. 233-1 and the companies that it controls, as construed under Article L. 233-3 of the French Commercial Code subject to the limits specified in the introduction to the sections of the Management Report entitled "LVMH and the environment" and "Human Resources".

Based on this work, and given the limitations mentioned above, we confirm the presence of the required CSR Information in the Management Report.

2. Limited assurance on CSR Information

Nature and scope of work

We undertook approximately forty interviews with the people responsible for preparing the CSR Information at the departments in charge of the data collection process and, if applicable, the people responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, where applicable, any industry standards;
- verify the implementation of the process for collecting, compiling, processing and verifying the CSR Information for completeness and consistency and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and verifications based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its activities' social and environmental issues, its strategy with regard to sustainable development and industry best practices.

For the CSR Information which we considered to be the most important (3):

- At the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and verified their coherence and consistency with the other information presented in the Management Report.
- At the level of the representative sample of entities that we selected (4) based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and carried out detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected represented an average of 33% of the workforce and between 39% and 98% of the quantitative environmental information.

For the other consolidated CSR information, we assessed its consistency in relation to our knowledge of the Company.

Finally, we assessed the relevance of the explanations provided, where applicable, in response to the partial or complete absence of certain information, taking into account, where applicable, professional best practices.

We consider that the sampling methods and sample sizes that we applied using our professional judgment allow us to formulate a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the application of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that may have caused us to believe that the CSR Information, taken as a whole, has not been fairly presented in compliance with the Guidelines.

Observation

Without qualifying our conclusion above, we draw your attention to the following point:

- As specified for the indicator "Chemical Oxygen Demand" presented in the "LVMH and the environment" section of the Management Report, the measurement frequency of the highest contributing Group companies complies with local regulations but remains limited with regard to the variations observed in released quantities.

3. Reasonable assurance on a selection of CSR Information

Nature and scope of work

Regarding the Selected Environmental Information, we undertook work of the same nature as that described in paragraph 2 above for the CSR Information considered to be the most important, but in a more in-depth manner, particularly in relation to the number of tests.

The sample selected represents between 39% and 73% of the Selected Environmental Information.

We consider that this work allows us to express reasonable assurance on the Selected Environmental Information.

Conclusion

In our opinion, the Selected Environmental Information has been established, in all material aspects, in compliance with the Guidelines.

Observations

Without qualifying our conclusion above, we draw your attention to the following points:

- With regard to its retail activities, LVMH presents separately data extracted directly from the Selected Environmental Information reporting process and data estimated by extrapolation. The proportion of estimated data remains significant.
- Controls undertaken by certain Group companies remain insufficient. Those undertaken at Group level allow the key variances identified to be corrected at the level of these Group companies.
- Regarding the "Percentage of waste recovery" indicator, traceability of waste treatment channels is not systematically ensured.

Neuilly-sur-Seine and Paris-La Défense, March 7, 2014

The Statutory Auditors

DELOITTE & ASSOCIÉS		ERNST & YOUNG et Autres	
Thierry Benoit	Florence Didier-Noaro *Sustainable Development expert*	Gilles Cohen	Eric Mugnier *Sustainable Development expert*

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

(1) Information verified with reasonable assurance: percentage of sites audited for environmental purposes (%); total water consumption for process needs (m^3); total waste produced (metric tons); total hazardous waste produced (metric tons); percentage waste recovery (%); total energy consumption (MWh); total greenhouse gas emissions (metric tons of CO_2 equivalent); total packaging placed on the market (metric tons).

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

(3) Environmental and societal information: general environmental policy, preventive, reduction and compensatory measures for discharges into the air, water and soil having a serious environmental impact; waste prevention, recycling and elimination measures, water consumption and water supply considering local constraints, raw material consumption and measures undertaken to enhance resource efficiency, energy consumption, measures undertaken to improve energy efficiency and to promote the use of renewable energy, release of greenhouse gases, measures undertaken to develop biodiversity; number of suppliers audits and their geographical breakdown; relation with third parties (relationships with suppliers, territorial impact with regard to employment, regional development, promotion of education and relations with educational institutions and associations promoting social and professional integration); consumer health and safety.
Social information: total headcount as of December 31 and breakdown per professional category, age and geographic region; voluntary and involuntary staff turnover; hiring; lost time accidents; frequency rate; severity rate; percentage of employees trained during the year; number of days of training per employee; absentee rate by reason for absence; proportion of women hired and in the Group's workforce; employee relations.

(4) Environmental information: Wines and Spirits: Bodegas Chandon (Argentina), Domaine Chandon (California), Glenmorangie (Ardbeg and Tain, Scotland), MHCS (France), Wenjun (China); Fashion and Leather Goods: Berluti (France), Fendi Sesto Fiorentino (Italy), LVM Sainte-Florence (France), LVM San Dimas (California), Tannerie Hen Long (China), Tannerie Roux (France); Perfumes and Cosmetics: Givenchy Parfums (Beauvais, France), Parfums Christian Dior (SJDB, France), Parfums Christian Dior (Pudong, China); Watches and Jewelry: Bulgari Valenza (Italy), TAG Heuer (Switzerland), Zenith (Switzerland); Selective Retailing: DFS Torrance (California), DFS Hong Kong, DFS Singapore, Sephora Americas Energy (USA), Sephora Energie (France); Other activities: Royal Van Lent (Netherlands).
Social information: Wines and Spirits: MHCS (France); Fashion and Leather Goods: Louis Vuitton China Co. Ltd., Louis Vuitton Japan, Fendi (Italy); Perfumes and Cosmetics: Parfums Christian Dior (China), Benefit Cosmetics (USA); Watches and Jewelry: Bulgari SpA (Italy); Selective Retailing: Sephora SA (France), Sephora China, Sephora Russia, Sephora USA Inc. and Sephora Canada; DFS Group Limited-Hong Kong Division.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Drawn up in accordance with the provisions of Article L. 225-37 of the French Commercial Code, this report was approved by the Board of Directors at its meeting on January 30, 2014.

Its purpose is to give an account of the membership of the Board of Directors of the Company, the preparation and organization of its work, the compensation policy applied to senior executives and company officers, as well as the risk management and internal control procedures established by the Board and in particular the procedures relating to the preparation and processing of accounting and financial information.

1. CORPORATE GOVERNANCE

1.1. Board of Directors

The Board of Directors is the strategic body of the Company which is primarily responsible for enhancing the Company's value and protecting its corporate interests. Its main missions involve the adoption of overall strategic orientations of the Company and the Group and ensuring these are implemented, the verification of the truthfulness and reliability of information concerning the Company and the Group and the overall protection of the Company's assets.

The Board of Directors of LVMH Moët Hennessy - Louis Vuitton acts as guarantor of the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

The Company refers to AFEP/MEDEF Code of Corporate Governance for Listed Companies for guidance. This document may be viewed on the AFEP/MEDEF web site: www.afep.com.

A Charter has been adopted by the Board of Directors which outlines rules governing its membership, duties, procedures, and responsibilities.

Two Committees, the Performance Audit Committee and the Nominations and Compensation Committee, whose membership, role and missions are defined by internal rules, have been established by the Board.

The Charter of the Board of Directors and the internal rules governing the two committees are communicated to all candidates for appointment as Director and to all permanent representatives of a legal entity before assuming their duties. These documents are presented in the "*Other Information* – Corporate Governance" section of the Reference Document.

Pursuant to the provisions of the Board of Directors' Charter, all Directors must bring to the attention of the Chairman of the Board any instance, even potential, of a conflict of interest that may exist between their duties and responsibilities to the Company and their private interests and/or other duties and responsibilities. They must also provide the Chairman with details of any fraud conviction, any official public incrimination and/or sanctions, any disqualifications from acting as a member of an administrative or management body imposed by a court along with any bankruptcy, receivership or liquidation proceedings to which they have been a party. No information has been communicated with respect to this obligation.

The Company's Bylaws require each Director to hold, directly and personally, at least 500 of its shares.

1.2. Membership and missions

• At its meeting of January 30, 2014, the Board of Directors voted to submit a proposal to the Shareholders' Meeting of April 10, 2014 to renew the appointments of Ms. Delphine Arnault and Ms. Marie-Josée Kravis as well as Messrs. Nicolas Bazire, Antonio Belloni, Diego Della Valle and Pierre Godé. It also voted to propose the renewal of Messrs. Paolo Bulgari, Patrick Houël and Felix G. Rohatyn as Advisory Board Members. In execution of its gender equality policy, the Board also voted to propose the appointment of Ms. Marie-Laure Sauty de Chalon as a Director, which would bring the proportion of women Directors to 22%.

Directors are appointed for three year terms as stipulated in the Bylaws. To make the renewal of Directors' appointments as egalitarian as possible, and in any event to make them complete for each three year period, the Board of Directors set up a system of rolling renewals since 2010.

• The Board of Directors, subject to the decisions of the Shareholders' Meeting of April 10, 2014, will thus consist of eighteen members: Ms. Delphine Arnault, Ms. Bernadette Chirac Ms. Marie-Josée Kravis and Ms. Marie-Laure Sauty de Chalon, and Messrs. Bernard Arnault, Antoine Arnault, Nicolas Bazire, Antonio Belloni, Nicholas Clive Worms, Charles de Croisset, Diego Della Valle, Albert Frère, Pierre Godé, Gilles Hennessy, Yves-Thibault de Silguy, Francesco Trapani and Hubert Védrine, and Lord Powell of Bayswater. Nine of whom: Ms. Bernadette Chirac, Ms. Marie-Josée Kravis and Ms. Marie-Laure Sauty de Chalon, as well as Messrs. Nicholas Clive Worms, Charles de Croisset, Diego Della Valle, Albert Frère, Yves-Thibault de Silguy and Hubert Védrine are considered as independent and as holding no interests in the Company.

Personal information relating to the Directors is included in the section "*Other information* – Governance" of the Reference Document.

During its meeting of January 30, 2014 the Board of Directors reviewed the status of each Director currently in office as well as each proposed appointee, in particular with respect to the independence criteria set forth in the AFEP/MEDEF Code of Governance of Listed Companies, and considered that:

(i) Ms. Bernadette Chirac, Ms. Marie-Josée Kravis and Ms. Marie-Laure Sauty de Chalon, whose appointment will be submitted to the Annual Shareholders' Meeting of April 10, 2014, and Messrs. Charles de Croisset, Diego Della Valle, Yves-Thibault de Silguy and Hubert Védrine satisfy all criteria;

(ii) Mr. Nicholas Clive Worms, who has been a member of the Board of Directors for more than 12 years, and Mr. Albert Frère, who has been a member of the Board of Directors of the Company for more than 12 years and who serves on the managing bodies of Groupe Arnault SAS, must be deemed independent. In the matter of these two individuals, the Board has departed from the criteria set forth by the AFEP/MEDEF code of corporate governance relating, on the one hand, to the number of years of service on the Board and, on the other hand, to relations with the Company's management, considering that these elements are not likely to color their judgment, given their experience and status as well as their current personal and professional circumstances. Moreover, their in-depth knowledge of the Group is an incalculable asset during major strategic decision making.

- Over the course of the 2013 fiscal year, the Board of Directors met five times as convened by its Chairman. The average attendance rate of Directors at these meetings was 92.9%.

The Board approved the annual and half-yearly consolidated and parent company financial statements and expressed its opinions on subjects including the Group's major strategic guidelines and decisions, its budget, the compensation of company officers, the establishment of bonus share and performance share plans, the implementation of the share repurchase program, the authorization to give guarantees to third parties, the authorization to enter into various regulated agreements with related companies or with companies in which certain Directors hold Executive Management positions, and the renewal of the authorization to issue bonds. It also conducted an evaluation of its capacity to meet the expectations of shareholders, reviewing its membership, its organization, and its procedures. It amended the Charter of the Board of Directors so as to (i) permit Directors to take part in Board of Directors' meetings by videoconference or other means of telecommunication and (ii) clarify provisions relating to blackout periods affecting transactions carried out by Directors. It approved the proposed acquisition of a majority stake in Loro Piana. It amended the specific holding period requirements applying to performance shares granted to the Chairman and Chief Executive Officer and to the Group Managing Director under the plans set up between 2010 and 2012. It approved the sale of a building owned by the Group in London to a subsidiary of Christian Dior Couture. It approved a guarantee to be put in place for Marc Jacobs. Lastly, the Board was informed of the measures the Company has adopted as regards equal professional opportunity and pay.

- During its meeting of January 30, 2014, the Board of Directors reviewed its composition, organization and *modus operandi*. The Board came to the conclusion that its composition is balanced with regard to its percentage of external Directors, considering the breakdown of share capital, and the diversity and complementarity of the skills and experience of its members.

The Board noted that:

- the Directors are satisfied with the frequency of Board meetings and the quality of the information provided on such topics as strategic guidelines, current business activity, financial statements, budget and the three-year plan;
- attendance by Directors at Board meetings has improved again in 2013, with the rate rising from 91.3% in 2012 to 92.9% in 2013;
- the fact that at least one-third of the members of the Board of Directors are not French nationals ensures a wide range of visions and various sensitivities essential to a Group with a worldwide dimension;
- the Directors consider that the Board is fulfilling its role with respect to its objectives of increasing the Company's value and protecting its interests;
- the Directors have no observations on the Board's Charter, the rules for allocating Directors' fees or the minimum number of shares that each Director must hold; this is also the case regarding the composition of the two Committees and the quality of their work.

In addition, the Board of Directors reviewed the Group's policy to protect against the impact of future economic and financial developments.

1.3. Executive Management

The Board of Directors decided not to dissociate the roles of Chairman and Chief Executive Officer. It did not limit the powers vested in the Chief Executive Officer.

In response to the proposal of the Chairman and Chief Executive Officer, the Board of Directors appointed a Group Managing Director, Mr. Antonio Belloni, who was granted the same powers as the Chief Executive Officer.

1.4. Performance Audit Committee

The main tasks of the Performance Audit Committee are the monitoring of the process of preparing financial information, the effectiveness of internal control and risk management procedures, as well as the statutory audit of the individual company and consolidated financial statements by the Statutory Auditors. The Committee oversees the procedure for the selection of Statutory Auditors and ensures their independence.

The Committee currently consists of three members, two of whom are independent, appointed by the Board of Directors. The current members of the Performance Audit Committee are Messrs. Yves-Thibault de Silguy (Chairman), Nicholas Clive Worms and Gilles Hennessy, all of whom have, by virtue of their professional experience and their familiarity with financial and accounting procedures applicable to corporate groups, the expertise necessary to fulfill their responsibilities.

The Performance Audit Committee met four times in 2013. All of these meetings were attended by all of the members of the Committee.

Attendees at these meetings also included the Statutory Auditors, the Chief Financial Officer, the Director of Management Control, the Director of Internal Audit, the Director of Accounting, the Director of Tax, the Director of Legal Affairs, and depending on the issues discussed, the Financing and Treasury Director, the Director of Risk and Insurance Management, the Director of Operations and the Director of Environmental Affairs.

In addition to reviewing the annual and half-yearly parent company and consolidated financial statements, together with the detailed analysis of changes in the Group's activities and scope of consolidation, the Committee's work mainly addressed the following issues: internal control and management of major risks within the Group, the compilation and evaluation of assessments provided by Group companies on major risks and the action plans put in place to reduce these risks, the Company's significant off-balance sheet commitments, a review of the findings of the audit of exports by Group companies to China, the valuation of brands and goodwill, as well as the Group's environmental strategy. Presentations on these issues were made to the Committee by the Chief Financial Officer and other Directors involved.

As part of the review of the parent company and consolidated financial statements, the Statutory Auditors gave a presentation to the Committee covering the main audit issues identified and the accounting treatments adopted.

1.5. Nominations and Compensation Committee

The main responsibilities of the Nominations and Compensation Committee are to issue:

- proposals on compensation, benefits in kind, bonus shares and share subscription or purchase options for the Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director(s) of the Company, as well as on the allocation of Directors' fees paid by the Company;
- opinions on candidates for the positions of Director, Advisory Board member, Group Executive Committee member or member of Executive Management of the Company's main subsidiaries.

It currently consists of three members, all independent, appointed by the Board of Directors. The current members of the Nominations and Compensation Committee are Messrs. Albert Frère (Chairman), Charles de Croisset and Yves-Thibault de Silguy.

The Nominations and Compensation Committee met three times during the 2013 fiscal year, twice with all of its members in attendance and once with two-thirds of its members in attendance. It (i) issued proposals on the fixed and variable remuneration of the Chairman and Chief Executive Officer and the Group Managing Director, as well as on the allocation of performance shares to the latter and (ii) gave its opinion on compensation, performance shares, and benefits in kind granted by the Company and its subsidiaries to certain Directors. It expressed a favorable opinion on agreements involving one of the Company's Directors. The Committee also issued an opinion on the renewal of Directors' appointments to be put to a vote at the Shareholders' Meeting. It proposed to amend the specific holding period requirements applying to performance shares granted to the Chairman and Chief Executive Officer and to the Group Managing Director under the plans set up between 2010 and 2012. The Committee received more detailed information, as requested, on compensation and incentive plans for the Group's senior executives.

In addition, the Committee issued an opinion on the status of all members with regard, in particular, to the independence criteria set forth within the AFEP/MEDEF Code.

Prior to the Board of Directors' meeting of January 30, 2014, the Committee issued recommendations, most notably on (i) the variable portion of compensation to be received for 2013 by the Chairman and Chief Executive Officer, the Group Managing Director, and other Directors receiving compensation from the Company or any of its subsidiaries, as well as on (ii) the fixed and variable compensation to be received by these same individuals for 2014. It examined all the appointments expiring in 2014 and expressed a favorable opinion on the candidacy of Ms. Marie-Laure Sauty de Chalon for membership on the Board of Directors, subject to a vote by the Shareholders' Meeting.

1.6. Advisory Board

Advisory Board members are invited to meetings of the Board of Directors and are consulted for decision-making purposes, although their absence cannot undermine the validity of the Board of Directors' deliberations.

They are appointed by the Shareholders' Meeting on the proposal of the Board of Directors and are chosen from among the shareholders on the basis of their competences.

The Advisory Board currently has three members: Messrs. Paolo Bulgari, Patrick Houël and Felix G. Rohatyn.

A resolution renewing the appointments of Messrs. Paolo Bulgari, Patrick Houël and Felix G. Rohatyn as Advisory Board members will be presented to the Shareholders' Meeting of April 10, 2014.

1.7. Participation in Shareholders' Meetings

The terms and conditions of participation by shareholders in Shareholders' Meetings, and in particular the conditions for the attribution of dual voting rights to registered shares, are defined in Article 23 of the Bylaws (see the "*Other information – Governance*" section of the Reference Document).

1.8. Information that could have a bearing on a takeover bid or exchange offer

Information that might have a bearing on a takeover bid or exchange offer, as required by Article L. 225-100-3 of the French Commercial Code, is published in the "*Management report of the Board of Directors* – Parent company: LVMH Moët Hennessy - Louis Vuitton" section of the Reference Document.

1.9. Compensation policy for company officers

Directors' fees paid to the members of the Board of Directors

The Shareholders' Meeting sets the total amount of Directors' fees to be paid to the members of the Board of Directors.

This amount is divided among the members of the Board of Directors and members of the Advisory Board, in accordance with the rule defined by the Board of Directors, based on the proposal of the Directors' Nominations and Compensation Committee, namely:

(i) two units for each Director or member of the Advisory Board;

(ii) one additional unit for serving as a Committee member;

(iii) two additional units for serving as both a Committee member and a Committee Chairman;

(iv) two additional units for serving as either Chairman or Vice-Chairman of the Company's Board of Directors;

with the understanding that the amount corresponding to one unit is obtained by dividing the overall amount allocated to be paid as Directors' fees by the total number of units to be distributed.

A portion of Directors' fees to be paid to its members is contingent upon their attendance at meetings of the Board of Directors and, where applicable, at those of the Committees to which they belong. A reduction in the amount to be paid is applied to two-thirds of the units described under (i) above, proportional to the number of Board Meetings the Director in question does not attend. In addition, for Committee members, a reduction in the amount to be paid is applied to the additional fees mentioned under (ii) and (iii) above, proportional to the number of meetings by Committee to which the Director in question participates which he or she does not attend.

In respect of the 2013 fiscal year, LVMH paid a total gross amount of 1,059,750 euros in Directors' fees to the members of its Board of Directors.

The Nominations and Compensation Committee is kept informed of the amount of Directors' fees paid to senior executive officers by the Group's subsidiaries in which they perform the role of company officers.

Other compensation

Compensation of senior executive officers is determined with reference to principles listed in the AFEP/MEDEF Corporate Governance Code for Listed Companies.

Compensation and benefits awarded to senior executive officers are mainly determined on the basis of the degree of responsibility ascribed to their missions, their individual performance, as well as the Group's performance and the achievement of targets. This determination also takes into account compensation paid by similar companies with respect to their size, industry segment and the extent of their international operations.

A portion of the compensation paid to senior executive officers of the Company is based on the attainment of both financial and qualitative targets. Quantitative and qualitative objectives carry an equal weighting for the purpose of determining the bonus of the Chairman and Chief Executive Officer; for the Group Managing Director, they carry the weighting of 2/3 and 1/3, respectively. The financial criteria are growth in revenue, operating profit and cash flow as compared to the budget, with each of these items representing one-third of the total determination. The qualitative criteria have been precisely established but are not made public for reasons of confidentiality. The variable portion is capped at 180% of the fixed portion for the Chairman and Chief Executive Officer and at 120% of the fixed portion for the Group Managing Director.

The breakdown of compensation and benefits awarded to the Chairman and Chief Executive Officer, and the Group Managing Director, is presented in the "*Management report of the Board of Directors* – Parent company: LVMH Moët Hennessy - Louis Vuitton" section of the Reference Document.

Pursuant to the provisions of Article L. 225-42-1 of the French Commercial Code, at its meeting on February 4, 2010, the Board of Directors approved the non-compete clause included in Mr. Antonio Belloni's employment contract – suspended during the duration of his mandate as Group Managing Director; this commitment not to compete for a twelve-month period provides for the payment of a monthly compensation equal to his monthly remuneration on the termination date of his functions, which would be supplemented by one twelfth of the last bonus received. Article 22 of the AFEP-MEDEF code recommending the termination of the employment contract of an employee, when appointed as a senior executive officer, does not apply to the Group Managing Director; a position he has held since September 26, 2001.

Notwithstanding this clause, no other senior executive officer of the Company currently benefits from provisions granting them a specific compensation payment should they leave the Company or derogations from the rules governing the exercise of options or the definitive allocation of bonus shares subject to performance conditions.

Senior executive officers or employees are eligible for stock option or bonus share plans instituted by the Company. The information relating to the allocation terms and conditions of these plans is presented in the "*Management report of the Board of Directors* – Parent company: LVMH Moët Hennessy - Louis Vuitton" section of the Reference Document.

The members of the Group's Executive Committee who are employees or senior executive officers of French subsidiaries, and who have been members of the Committee for at least six years, are entitled to a supplementary pension provided that they liquidate any pensions acquired under external pension plans immediately upon terminating their duties in the Group. This is not required however, if they leave the Group at the latter's request after the age of 55 and resume no other professional activity until their external pension plans are liquidated. This supplementary retirement benefit is determined, based on a reference remuneration amount equal to the average of the three highest amounts of annual remuneration received during the course of their career with the Group, capped at 35 times the annual social security ceiling. The annual supplemental retirement benefit is equal to the difference between 60% of the reference remuneration amount (i.e. 788,508 euros as of January 1, 2014) and all pension payments made by the general social security regime and the additional ARRCO and AGIRC regimes. Increases in provisions in 2013 for these supplemental retirement benefits are included in the amount shown for post-employment benefits under Note 31 of the consolidated financial statements.

An exceptional remuneration may be awarded by the Board of Directors to certain Directors, with respect to any specific mission with which they have been entrusted. The amount of this remuneration shall be determined by the Board of Directors and reported to the Company's Statutory Auditors.

2. IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

This section of the report draws upon the Reference Framework issued by the AMF on July 22, 2010 relating to processes for monitoring the effectiveness of risk management and internal control systems, including its general principles and application guidelines on the internal control of financial and accounting information. It takes into account changes in laws and regulations introduced since 2007, in particular the Law of July 3, 2008 and the Decree of December 8, 2008. In line with the measures implemented since 2008 following the publication of the first internal control reference guide, the Group reviewed in 2010 the extent to which its monitoring processes are consistent with this new framework and has decided to make use of the new suggested structure, for the drafting of this portion of the Chairman's report.

2.1. Scope, organizational and formalization principles

LVMH is comprised of five main business groups: Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing. Other activities comprise the media division managed by Les Echos group, the yacht builder Royal Van Lent, real estate activities and holding companies. The business groups are composed of companies of varying sizes owning prestigious brands and which act as the parent companies of subsidiaries operating worldwide.

This organizational structure ensures that the different brands of the Group maintain their independence, while facilitating cohesion between the companies with similar businesses. Decentralization and the responsibilities of senior executives are among the fundamental principles underlying the Group's organization.

The risk management and internal control policy applied across the Group is based on the following organizational principles:

- the parent company, LVMH SA, is responsible for its own risk management and internal control systems and acts as leader and coordinator on behalf of all Group companies. It makes available to all Group companies the single reference guide and methodology to be applied as well as a computer platform that centralizes all risk and internal control data and provides a framework for the structured coordination of these two fields (see §2.2.4 below);

- the President of a brand is responsible for the risk management and internal control of all the subsidiaries that contribute to developing the brand worldwide;
- each subsidiary's President is similarly responsible for their own operations.

In line with European directives and the Decree of December 8, 2008, the Group introduced changes in 2010 to the approach in use since 2003: this revised approach, known by the acronym ERICA, for Enterprise Risk and Internal Control Assessment, is a comprehensive process to improve and integrate risk management and internal control systems across the Group.

The main brands and business groups acknowledge their responsibility in relation to this process and the implemented systems each year by signing two letters of representation:

- a letter of representation covering both risk management and internal control procedures, signed on June 30. These letters signed by the President and by the Chief Financial Officer of each subsidiary and parent company are analyzed, followed up upon and consolidated at each superior level of the Group's organizational structure (Region, House, Business group) and then forwarded to the Finance Department and to the Audit and Internal Control Department. They are also made available to the Statutory Auditors. The June 30 deadline enables better integration into the planning cycle (strategic plan and budget);
- the annual letter of representation on financial reporting, including a paragraph devoted to internal control. The representation concerning internal control and the assessment of financial risks is thus extended to all of the transactions comprised within LVMH group's financial consolidation.

Since 2013, and depending on circumstances, entity Presidents have been required to provide information to the Performance Audit Committee on progress made in functions and activities under their supervision, achievements and benefits derived, as well as current action plans and the outlook for the following year.

In 2013, the Performance Audit Committee decided that the roll-out of this system to all entities of the LVMH group would be completed by June 30, 2015. A two-year grace period was granted to recently acquired entities to ensure that the new approach would only be applied once the integration process is complete. Accordingly, Loro Piana will be included in the scope of this assessment approach in 2015.

As of June 30, 2013, this self-appraisal system covered 69% of its operating entities and nearly 82% of Group revenue. This total includes both production and services companies, the regional holding companies as well as 11 central financial functions: Finance and Treasury, Tax, Consolidation, Financial Statements Closing, Interest and Exchange Rate Monitoring, Group Information Systems, Central Holding Company Information Systems, Financial Communication, Insurance, Management Control, and Mergers and Acquisitions.

2.2. Main risk management principles

2.2.1. Definition and objectives

According to the definition provided by the AMF's Reference Framework, risk represents the possibility of an event occurring that could affect the Company's personnel, assets, environment, objectives or reputation. The Group has defined a "major" risk as a risk with the potential to jeopardize either the continuity of operations or the attainment of its strategic objectives.

Risk management is understood to apply in this very broad sense, not solely to the financial realm, but also to the support of the longevity and excellence of our brands. It is a powerful management tool requiring the involvement of all Group senior executives, in accordance with the principle of delegation and organization presented above. The objectives of risk management are to:

- protect the value, assets and reputation of the Group and its brands;
- enhance the security of decision-making and operational processes, by way of a comprehensive perspective on the Group's potential threats and opportunities;
- promote consistency between the actions and the values of the brands;
- ensure that all employees embrace a shared vision of the main risks and challenges faced by our business activities.

2.2.2. Organization and components of the risk management system

Risks relating to our brands and business activities are managed at the level of each of our business groups and Houses. As part of the budget cycle and in connection with the preparation of the three-year plan, major risks affecting strategic, operational and financial objectives are systematically identified and evaluated, and a formal account of the conclusions reached, included in the corresponding sections of the reports issued.

Risk mitigation (in frequency and severity) is achieved through preventive actions, internal control actions, or through the implementation of business continuity plans or operational action plans. Depending on the types of risk to which a particular brand or entity is exposed, the latter may decide, in collaboration with the Group, to transfer residual risk to the insurance market or instead to assume this risk.

Specific monitoring procedures apply to some of the risks associated with the Group's businesses (damage to image or reputation, counterfeit goods and parallel markets, industrial and environmental risks, foreign currency and interest rate risk…); these risks are discussed in §2 "Business risk factors and insurance policy" of the "*Management report of the Board of Directors* – LVMH group" included in the Reference Document.

Finally, as a complement to these processes, and in order to institute a single approach for all brands, the Group is pursuing a project launched in 2010 that seeks to create a formal framework for risk management and internal control called ERICA, which is discussed in §2.2.3 below.

2.2.3. Establishment of formal procedures for the ERICA system

The ERICA project provides structure and formal guidelines for risk management within the Group, by offering:

- a framework: each business group or business unit included in the project determines its own roles and responsibilities with regard to a defined approach, as well as the eventual criticality;
- a process for the identification, analysis and handling of risks backed by a single Group-wide reference guide and methodology;
- action plan coordination and implementation to establish or reinforce coverage mechanisms;
- a follow-up on the effectiveness of existing control systems with regular reviews of the level of exposure to identified risks.

This project will be implemented at all Group entities as of June 30, 2015. The approach is intentionally pragmatic and gradual, beginning with an in-depth focus on several major risks, with action plans rolled out to brands and subsidiaries according to the nature of the risks selected: to date, the Management Committees of each business unit and of the regional holding companies have selected an average of six major risks among the 42 identified in the LVMH risk framework.

To reinforce the system's effectiveness, the Performance Audit Committee has decided that each business unit should include six other key risks in its risk map (media risk, supplier risk, supply shortage risk, site accident risk, sensitive data loss or theft risk, and property damage or theft of merchandise).

Discussion forums are organized by the Internal Control department for the main risk categories selected by most of the participants. These forums bring together risk managers, operational staff and internal control managers and have thus helped facilitate the sharing of best practices across the Group.

2.2.4. Coordination of risk management with internal control

Risk management and internal control systems jointly exert the necessary oversight over risks linked to the Group's businesses.

The **risk management system** aims to identify and analyze the principal risks that could affect the Group. Risks that exceed the acceptable levels are evaluated and, if deemed necessary, are addressed through specific action plans. These plans may call for the implementation of controls, a transfer of the financial consequences (through insurance or an equivalent mechanism) or an adaptation of the entity's organization. The controls to be implemented are part of the internal control system, which also serves to guarantee their effectiveness.

For its part, the **internal control system** relies on the risk management system to identify the main risks and principles that need to be controlled.

This coordination between these two systems has been reflected in both:

- the new application features added to the ERICA evaluation platform;
- and the reference guide of major risks, with a presentation for each major risk of the coverage measures in the internal control reference guide.

This coordination is also reflected in the "Risk factors" chapter of the "*Management report of the Board of Directors* – LVMH group": for each type of risk discussed, this report presents the evaluation approach and the control systems implemented and monitored by the Group or the brands involved.

2.3. General internal control principles

2.3.1. Definition and objectives

The Group uses an internal reference guide which is essentially consistent with COSO 3 principles (Committee of Sponsoring Organizations of the Treadway Commission) together with the new Reference Framework of the AMF.

Therefore, at the behest of the Board of Directors, the Performance Audit Committee, Executive Management and other senior managers of the Houses and their subsidiaries and as specified in this reference guide, internal control implies a set of resources, behaviors, procedures and actions adapted to the individual characteristics of each Group company that:

- contributes to control over its activities, the efficiency of its operations and the efficient use of its resources;
- must enable the entity to appropriately assess significant operational, financial and compliance risks.

More specifically, internal control aims to provide reasonable assurance with respect to the achievement of the following objectives:

- compliance with applicable laws and regulations;
- the implementation of instructions and directions given by the Executive Management of the Group and the Management of operational units (the Houses or brands and their subsidiaries);
- the proper functioning of internal processes, especially those relating to the protection of assets and the value of capital;
- the reliability of financial and accounting information.

The internal control system thus comprises a range of control procedures and activities over and above those directly connected to the financial and accounting system; as it aims to ensure the control and continuity of all existing and new activities, the system must enable the management of the Houses and subsidiaries to focus fully on the strategy, development and growth of the Group.

Limits of internal control

No matter how well designed and applied, the internal control system cannot provide an absolute guarantee that the Group's objectives will be achieved. All internal control systems have their limits, most notably because of the uncertainty of the outside world, individual judgment or malfunctions as a result of human or other errors.

The structure of the Group, which comprises a large number of subsidiaries with widely varying missions and purposes, some of which are relatively small in size, which is a specific risk factor.

2.3.2. Internal control components

The Group's internal control system includes five closely interrelated components:

- a general control environment, based on clearly defined and appropriate roles and responsibilities;
- a risk management system;
- appropriate control activities, procedures and documentation;
- an information and communication system that enables responsibilities to be exercised efficiently and effectively;
- a continual monitoring of the system.

All of these elements are centrally managed and coordinated, but they are also reviewed each year by the larger entities within the Group, through the established self-assessment procedure in place.

2.3.3. The general control environment

The internal control mechanism, which applies to all of LVMH's operations, aims primarily to create appropriate conditions for a general internal control environment tailored to the Group's specificities. It also aims to anticipate and control the risk of errors and fraud, without however guaranteeing their complete elimination.

The Group has always expressed its determination with regard to these fundamentals, which are the management's commitment to integrity and ethical behavior, the principle of honesty in relations with customers, suppliers, employees and other business partners, clear organizational structures, responsibilities and authorities defined and formalized according to the principle of the segregation of duties, regular monitoring of staff performance, and a commitment to skills management and the professional development of Group employees.

These ethical and good governance principles are included in the LVMH Code of Conduct, which has been distributed since May 2009 to all Group employees and is available on the LVMH website. This Code of Conduct serves as the common foundation and source of inspiration in this area for all of our brands or business lines. In particular, in the Houses, the Group recommends and oversees the implementation of codes of conduct, supplier charters, formalized procedures for declaring and monitoring conflicts of interest, and the implementation of delegation matrices that outline the responsibilities and powers of each employee.

The Group's commitment to social and environmental responsibility is promoted in house via an Intranet website ("LVMH Mind") where registered users can consult recommendations, procedures, tools and best practices. On this website employees can also find the LVMH Code of Conduct, the Environmental Charter first adopted in 2001 and the Supplier Charter introduced in 2008, which ensure compliance across the entire supply chain with strict guidelines. These charters and codes of conduct are also available on the LVMH website.

Skills management is a significant aspect of internal control. LVMH pays special attention to matching employees' profiles with corresponding responsibilities, formalizing annual performance reviews at individual and organizational level, ensuring the development of skills through training programs custom-designed for each level of seniority and encouraging internal mobility. Personnel reports are produced monthly by the Group's Human Resources Department, presenting changes in staff and related analyses as well as vacancies and internal movements. A dedicated Intranet site "LVMH Talents" also exists, which is for the use of Group Human Resources.

Since 2011, at the initiative of the Audit and Internal Control Department, the Group's brands have worked to strengthen their business continuity plans (BCPs). In 2012 and 2013, a questionnaire was disseminated to all of the Group's significant entities; training sessions and exchanges of BCP best practices have been held at the majority of Group companies. Sustained efforts will be required to further develop these procedures and ensure that they continue to meet the Group's requirements.

Furthermore, meetings for the sharing of best practices were organized in 2012 and 2013 on a range of issues: delegations of authority, payment processes (approval of payments, segregation of duties, signatures and banking delegations, secure payment flows), and the system for managing and controlling staff arrivals and departures.

2.3.4. Risk management

The risk management system is described in §2.2 Main risk management principles.

Since the launch of the Group's new approach to risk, all executive-level personnel responsible for risk management procedures across the Group have had access via the Finance Intranet to procedures and tools designed for the assessment, prevention and coverage of risks, together with the information provided by the Risk Management and Insurance Department.

Employees involved in risk management issues also take part in a community dedicated to these concerns on the Group's enterprise collaboration portal.

2.3.5. Control activities, procedures and documentation

Internal control practices and procedures are implemented by the companies' internal control managers under the responsibility of their Management Committees.

Through its Finance Intranet, the Group disseminates all of the regularly updated procedures contributing to accounting and financial information applicable to all the consolidated companies, covering: accounting and financial procedures and principally the accounting policies and standards, consolidation, taxation, investments, financial reporting (including budgetary procedures and strategic plans), cash flow and financing (including cash pooling, foreign exchange and interest rate hedging). The procedures available on the Finance Intranet also detail the format, content and frequency of financial reports.

The Finance Intranet is also used for the dissemination of Internal Control principles and best practices:

- a top-level guide, "The Essentials of Internal Control", describes the bases of the general environment and the salient features of the main processes: Sales, Retail Sales, Purchases, Inventory, Financial Statements Closing and Information Systems (general IT controls);
- in addition to this manual, the LVMH internal control reference guide covering a wide range of business processes has also been made available. This reference guide details, for each risk arising from a given process, the key control activities expected. This reference guide is regularly updated to take into account developments in information systems and procedures. Originally established in accordance with COSO principles, the reference guide covers most of the measures relating to the preparation of accounting and financial information that are also included in the Reference Framework of the AMF;
- best practices and implementation tools are available online via this Intranet site, covering the issues emphasized by the Group: fraud, conflicts of interest, delegations of authority, business continuity plans, IT disaster recovery plans, policies and guidelines for information system security, exception reports, the segregation of duties and resulting conflicts relating to sensitive transactions, the control of media expenses, and best practices in store.

The Group and its internal control managers in the Houses ensure the implementation of controls that are essential to achieving the key process internal control objectives, where necessary. The managers are asked to make a special effort in relation to the documentation of key activities in the form of a procedure, so as to ensure consistent quality over time, regardless of the person implementing them.

The activities relating to the control and remediation of internal control weaknesses are reflected, documented and tracked as part of the management process that guides all of the Group's core entities (cf. §2.3.7).

The Group's Guidelines may also be found on the Finance Intranet, together with specially designed tools for the evaluation, prevention and coverage of risks. These materials may be accessed by all personnel involved in the application of the Group's risk management procedures.

Employees involved in internal control issues also take part in a community dedicated to these concerns on the Group's enterprise collaboration portal.

2.3.6. Information and communication systems

The strategic plans in terms of information and communication systems are coordinated by the Information Systems Department, which ensures the standardization of the solutions implemented as well as business continuity. Aspects of internal control (segregation of duties and access rights) are integrated when employing new information systems and these are regularly reviewed.

The information and telecommunications systems and their associated risks (physical, technical, internal and external security, etc.) are also subject to special procedures: a Business Continuity Plan methodology tool kit has been distributed within the Group in order to define, for each significant entity, the broad outline of such a plan as well as those of a Disaster Recovery Plan. A Business Continuity Plan and a Disaster Recovery Plan have been developed at the level of the parent company LVMH SA and both plans have been tested.

All significant entities have appointed a Chief Information & Security Officer (CISO). The activities of the CISOs are coordinated by the Group CISO. Together they constitute a vigilance network to monitor the development of risks affecting information systems, and implement adequate defenses depending on the likelihood of a given type of risk and its potential impact.

An overall approach of intrusion testing has also been applied to evaluate internal and external threats as well as third-party risks. Action plans are followed by the Group Information Systems Department.

2.3.7. Continuous monitoring of the internal control systems

There are several levels of monitoring, the main ones being:

Ongoing monitoring of the processes

Monitoring is organized by the operational departments in order to anticipate or detect incidents as soon as possible. Exception reports are used to determine whether corrective actions are required based on a departure from normal operating conditions, as a complement to preventive measures, such as the segregation of duties.

Periodic monitoring of the mechanism

Periodic monitoring is performed by management and by the internal auditors and Statutory Auditors:

- by management or operational staff under the responsibility of the internal control managers. The final deliverable of this supervision is the letter of representation on risk management and internal control; it is signed by the Chairman and CFO or by each member of the Management Committee of each significant entity, confirming their acceptance of responsibility for internal control, in connection with the relaying of information on areas of weakness and the remedies pursued (see §2.1);

- by LVMH Internal Audit and Statutory Auditors, who provide management of the entities and the Executive Management of the Group with the results of their review work and their recommendations. The overall review of the ERICA system and the qualitative analysis of self-assessments is an integral part of the audits conducted by the Internal Audit team at all audited entities.

The Management of each significant entity carries out an annual self-assessment process.

Self-assessment is based on the LVMH internal control reference guide. This reference guide covers 12 key processes: Sales, Retail Sales, Purchases, Licenses, Travel and Movements, Inventory, Production, Cash Management, Fixed Assets, Human Resources, Information Systems and Financial Statements Closing. Specific processes have been developed to reflect the particular needs of certain activities (*Eaux-de-vie* and Vineyard Land for Wines and Spirits, End-of-Season Operations for Fashion and Leather Goods, Concessions for Duty-Free businesses).

In addition, at the level of the parent company LVMH SA and the Group, the eleven key processes listed in §2.1 are analyzed to determine the related risks, action plans are subsequently defined and followed-up, so as to remediate any weaknesses.

The self-assessment approach involves a single list of 83 key controls drawn up by the Group's Internal Control team and extracted from the internal control framework described above. Each entity follows the same methodology, which has been in use since 2006:

- a review of shortcomings and a follow-up by the entity's senior managers of the measures implemented to remediate these weaknesses;
- the formal documentation of this review and assessment process as well as that of the resulting action plans in the internal control data modeling and guidance tool, which has also been adopted by other CAC 40 companies;
- the signing of the letter of representation by the Management of each entity.

The letters of representation are consolidated and "cascaded", from the subsidiaries to the parent companies, and from the parent companies to the Group.

Work and assessments performed by senior executives

These internal control formalization procedures are carried out on an internal basis. This approach maximizes the involvement of operational managers, capitalizing on their knowledge and facilitating the process of continuous improvement of internal control over time within the Group. The Group's external Auditors are kept informed on the progress of this approach, as is the Performance Audit Committee, by means of regular reports.

2.4. Risk management and internal control stakeholders

In addition to the contribution of all Group employees to the success of these systems, the following participants fulfill specific roles with respect to internal control:

At Group level

Board of Directors

As part of the responsibilities described above, the Board of Directors contributes to the general control environment through its underlying professional principles: the savoir-faire and responsibility of its members, the clarity and transparency of its decisions, and the efficiency and effectiveness of its controls. The Company refers to the AFEP/MEDEF Code of Corporate Governance for Listed Companies, for guidance.

The Board of Directors is kept informed on a regular basis of the specific nature of risk management and internal control systems and procedures, and ensures that major risks, which are disclosed in its Management Report, are properly taken into account (see §2 Business risk and insurance policy).

Also at regular intervals, the Board and its Performance Audit Committee receive information on the results of the operation of these systems, any weaknesses noted and the action plans decided with a view to their resolution.

Executive Committee

The Executive Committee, comprised of executive, operational and functional directors, defines strategic objectives on the basis of the orientations decided by the Board of Directors, coordinates their implementation, ensures that the organization adapts to changes in the business environment, and oversees both the definition and the accomplishment of the responsibilities and delegations of authority of Executive Management.

Performance Audit Committee

As part of its responsibilities described above, the Performance Audit Committee controls the existence and application of internal control procedures. It also examines the results of the work of Internal audit and approves annual and midterm internal auditing orientation in terms of resources and geographic, business and risk coverage. The Committee also receives information on the management of major risks.

Legal Department

The Group's Legal Department is responsible for monitoring the proper application of laws and regulations in force in each of the countries where LVMH group has operations. It also fulfils a central legal review function and provides advice on legal matters as required by each of LVMH group's business groups.

The Risk Management and Insurance Department

Apart from the operational managers, who are responsible for the risks inherent to their businesses, the Risk Management and Insurance Department ensures that Group companies have access to tools and methodologies for the identification and evaluation of risks, promotes effective loss prevention practices, and advises on risk coverage and financing strategies.

The Risk Management and Insurance Department collaborates with the Internal Audit team on the definition and implementation of evaluation methods and processes for handling certain major or large-scale risks.

The Audit and Internal Control Department

As of December 31, 2013, the Audit and Internal Control Department had a staff of some fifteen professionals, including two individuals responsible for the management of internal control. Although this team's supervision is centralized, its members operate out of two offices in Paris and Hong Kong and are active throughout the Group.

Between forty and fifty audit assignments are carried out each year. As planned, nearly 80 entities were covered in 2013, divided equally between regions and business groups, with slightly increased coverage of Fashion and Leather Goods and the Asia region in 2013.

Follow-ups on recommendations made in the context of past assignments are reinforced through systematic on-site visits to companies with the most significant issues.

The Internal Audit team applies a multi-year audit plan, which is revised each year. The multi-year audit plan allows the degree to which the internal control system has been understood and assimilated to be monitored and reinforced where necessary, and ensures the appropriate application of the procedures that are in place. The audit plan is prepared on the basis of an analysis of potential risks, either existing or emerging, by type of business (such as size, contribution to profits, geographical location, quality of local management, etc.) and on the basis of meetings held with the operational managers concerned. Internal Audit intervenes both in operational and financial matters. A review of the self-assessment process and its results is performed systematically for the significant entities involved.

The plan can be modified in response to changes in the political and economic environment or internal strategy.

Internal Audit reports on its work to management of the entity concerned and to Executive Management of the Group by way of an Executive Summary and a detailed report explaining its recommendations and setting out managers' commitment to apply them within a reasonable period of time. Internal Audit sends copies of the reports that it issues to Statutory Auditors and meets with them periodically to discuss current internal control issues.

The main features of the annual and multi-year audit plan, together with the main conclusions of the year under review and the follow-up of the main recommendations of previous assignments, are presented to the Performance Audit Committee and to the business groups concerned.

Moreover, Internal Audit has coordinated the Group's compliance with LSF (French Financial Security Act) internal control measures, and has devoted a specific management team to internal controls. This team monitors and anticipates regulatory changes so that the measures can be adapted.

The Group's internal control management team coordinates a network of internal controllers responsible for ensuring compliance with the Group's internal control procedures and for preparing internal controls, tailored to their businesses. These internal control managers are responsible for the various projects related to the internal control and risk management system and promote the dissemination and application of guidelines.

At subsidiary level

Management Committees

The Management Committee within each subsidiary is responsible for implementing the procedures necessary to ensure an effective internal control mechanism for its scope of operations. The fact that operational managers are personally accountable for internal controls, in each company and in each of the key business processes, is a cornerstone of the internal control system.

The Management Committees of brands or entities are responsible for the implementation of action plans for the management of the major risks they identify and evaluate in the course of internal control self-assessment, for their scope of operations.

Auditors and internal control managers at our brands

The most significant business groups and business units have dedicated in-house auditors or internal control managers whose role is to ensure compliance with the Group's internal control rules and reference guide by the organization of parent companies and their subsidiaries.

2.5. Risk management and internal control procedures related to financial and accounting information

2.5.1. Organization

Risk management and internal controls of accounting and financial information are organized based on the cooperation and control of the following departments, which are all part of the Finance Team: Accounting and Consolidation, Management Control, Information Systems, Corporate Finance and Treasury, Tax and Financial Communication.

Accounting and Consolidation is responsible for preparing and producing the individual company accounts of the holding companies and the consolidated financial statements, in particular the financial statements and financial documents published as of June 30 (the interim report) and as of December 31 (the Reference Document).

To this end, Accounting and Consolidation defines and disseminates the Group's accounting policies, monitors and enforces their application and organizes any related training programs that may be deemed necessary. Accounting and Consolidation also ensures that an appropriate financial reporting information system is maintained, while also coordinating the work of the Group's Statutory Auditors.

Management Control is responsible for coordinating the budget process and its revisions during the year as well as the five-year strategic plan. It produces the monthly operating report and all reviews required by Executive Management (see below §2.5.4 Management reporting); it also tracks capital expenditures and cash flow, as well as producing statistics and specific operational indicators.

By virtue of its area of competence and the high standards of the reports it produces, Management Control is an important and inevitable participant in the internal control and financial risk management system.

Information Systems designs and implements the information systems needed by the Group's central functions. It disseminates the Group's technical standards, which are indispensable given the decentralized structure of the Group's equipment, applications, networks, etc., and identifies any potential synergies between businesses, while respecting brand independence. It develops and maintains a telecommunications system, IT hosting platforms, and transversal applications shared by all entities in the Group. It drives policies for system and data security and helps the brands prepare emergency contingency plans. In cooperation with the subsidiaries, Information Systems supervises the creation of three-year plans for all information systems across the Group, by business group and by entity.

Corporate Finance and Treasury is responsible for applying the Group's financial policy, which includes effective balance sheet management, financing strategies, the monitoring of financing costs, returns on cash surpluses and investments, improvements to financial structure, and prudent management of solvency, liquidity, market and counterparty risks. Within this department, International Treasury focuses particularly on pooling the Group's surplus cash and forecasts the financing requirements of Group companies on the basis of quarterly updates prepared by these companies, while meeting the short, medium term liquidity and financing requirements of subsidiaries. It is also responsible for applying a centralized foreign exchange risk management strategy.

The Markets department, which is also in this department, is delegated the responsibility of implementing the policy of hedging market risks generated directly or indirectly by Group companies. In that respect, it is responsible for applying a centralized interest rate risk and counterparty risk management strategy, designed to limit the negative impact of interest rate fluctuations and of counterparty credit risk in financial transactions and investments.

To this end, a management policy and strict procedures have been established to measure, manage and consolidate these market risks. Within this team, the separation of Front office and Back office activities, combined with an independent control team reporting to the Accounting Director allow for a greater segregation of duties. This organization relies on an integrated computerized system allowing real-time controls on hedging transactions. The hedging mechanism is periodically presented to the Performance Audit Committee. Hedging decisions are taken by means of a clearly established process that includes regular presentations to the Group's Executive Committee and detailed documentation.

The **Tax** team, which coordinates the preparation of tax returns and ensures compliance with applicable tax laws and regulations, provides advice to the different business groups and companies and defines tax planning strategy based on the Group's operational requirements. It organizes appropriate training courses in response to major changes in tax law and coordinates the uniform reporting system for tax data.

The **Financial Communication** department is responsible for coordinating all information issued to the financial community to enable it to acquire a clear, transparent and precise understanding of the Group's performance and prospects. It also provides Executive Management with the perspectives of the financial community on the Group's strategy and its positioning within its competitive environment. It defines the key messages to be communicated in close collaboration with Executive Management and the business groups. It harmonizes and coordinates the distribution of corporate messages through various channels (publications such as the annual and half-yearly reports, financial presentations, meetings with shareholders and analysts, the website, etc.)

Each of these departments coordinates the financial aspects of the Group's internal control in its own area of activity via the finance departments of business groups, the main companies and their subsidiaries, which are in charge of similar functions in their respective entities. In this way, each of the central departments runs its control mechanism through its functional chain of command (controller, head of accounting, consolidation manager, Treasurer, etc.).

The finance departments of the main companies of the Group and the Departments of the parent company, LVMH, described above periodically organize joint finance committees. Run and coordinated by the Central Departments, these committees deal particularly with applicable standards and procedures, financial performance and any corrective action needed, together with internal controls applied to accounting and management data.

2.5.2. Accounting and management policies

Subsidiaries adopt the accounting and management policies considered as appropriate for the individual company and consolidated financial statements. A consistent set of accounting standards is applied throughout, together with consistent formats and tools to submit data to be consolidated. Accounting and management reporting is also carried out through the same system, thus ensuring the consistency of internal and published data.

2.5.3. Consolidation process

The consolidation process is laid out in a detailed set of instructions and has a specially adapted data submission system designed to facilitate complete and accurate data processing, based on a consistent methodology and within suitable timeframes. The Chairman and CFO of each company undertake to ensure the quality and completeness of financial information sent to the Group – including off-balance sheet items – in a signed letter of representation which gives added weight to the quality of their financial information.

There are sub-consolidations at business unit and business group level, which also act as primary control filters and help ensure consistency.

At Group level, the teams in charge of consolidation are specialized by type of business and are in permanent contact with the business groups and companies concerned, thereby enabling them to better understand and validate the reported financial data and anticipate the treatment of complex transactions.

The quality of financial information, and its compliance with standards, are also guaranteed through ongoing exchanges with the Statutory Auditors whenever circumstances are complex and open to interpretation.

2.5.4. Management reporting

Each year, all of the Group's consolidated entities produce a strategic plan, a complete budget and annual forecasts. Detailed instructions are sent to the companies for each process.

These key steps represent opportunities to perform detailed analyses of actual data compared with budget and prior year data, and to foster ongoing communication between companies and the Group – an essential feature of the financial internal control mechanism.

A team of controllers at Group level, specialized by business, is in permanent contact with the business groups and companies concerned, thus ensuring better knowledge of performance and management decisions as well as appropriate controls.

The half-yearly and annual financial statements are closed out at special results presentation meetings, in the presence of the Group's financial representatives and the companies concerned, during which the Statutory Auditors present their conclusions with regard to the quality of financial and accounting information and the internal control environment of the different companies of the Group, on the basis of the work that they performed during their review and audit assignments.

Conclusions

The LVMH group is pursuing its policy of constantly improving its internal controls, which it has carried out since 2003, by bolstering the self-appraisal system and its adoption by the main stakeholders.

In response to changes in regulatory requirements, the Group has been rolling out the ERICA project since 2010: an approach integrating risk management internal control, which has been extended to reach to all entities since 2011.

3. STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF LVMH MOËT HENNESSY - LOUIS VUITTON

To the Shareholders,

In our capacity as Statutory Auditors of LVMH Moët Hennessy - Louis Vuitton and in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code for the fiscal year ended December 31, 2013.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by Article L. 225-37 of the French Commercial Code relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,
- confirm that the report also includes the other information required by Article L. 225-37 of the French Commercial Code. It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we may have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code.

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, February 18, 2014

The Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres	
Thierry Benoit	Jeanne Boillet	Gilles Cohen

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

FINANCIAL STATEMENTS

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

(EUR millions, except for earnings per share)	Notes	2013	2012	2011
Revenue	23-24	**29,149**	**28,103**	**23,659**
Cost of sales		(10,055)	(9,917)	(8,092)
Gross margin		**19,094**	**18,186**	**15,567**
Marketing and selling expenses		(10,849)	(10,101)	(8,360)
General and administrative expenses		(2,224)	(2,164)	(1,944)
Profit from recurring operations	23-24	**6,021**	**5,921**	**5,263**
Other operating income and expenses	25	(127)	(182)	(109)
Operating profit		**5,894**	**5,739**	**5,154**
Cost of net financial debt		(103)	(140)	(151)
Other financial income and expenses		(96)	126	(91)
Net financial income (expense)	26	**(199)**	**(14)**	**(242)**
Income taxes	27	(1,755)	(1,820)	(1,453)
Income (loss) from investments in associates	7	7	4	6
Net profit before minority interests		**3,947**	**3,909**	**3,465**
Minority interests	17	(511)	(485)	(400)
Net profit, Group share		**3,436**	**3,424**	**3,065**
Basic Group share of net earnings per share *(EUR)*	28	**6.87**	**6.86**	**6.27**
Number of shares on which the calculation is based		500,283,414	499,133,643	488,769,286
Diluted Group share of net earnings per share *(EUR)*	28	**6.83**	**6.82**	**6.23**
Number of shares on which the calculation is based		503,217,497	502,229,952	492,207,492

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

(EUR millions)	2013	2012 [a]	2011 [a]
Net profit before minority interests	**3,947**	**3,909**	**3,465**
Translation adjustments	(346)	(99)	190
Tax impact	(48)	(18)	47
	(394)	**(117)**	**237**
Change in value of available for sale financial assets	963	(27)	1,634
Amounts transferred to income statement	(16)	(14)	(38)
Tax impact	(35)	(6)	(116)
	912	**(47)**	**1,480**
Change in value of hedges of future foreign currency cash flows	304	182	95
Amounts transferred to income statement	(265)	13	(168)
Tax impact	(17)	(50)	21
	22	**145**	**(52)**
Gains and losses recognized in equity, transferable to income statement	**540**	**(19)**	**1,665**
Change in value of vineyard land	369	85	25
Tax impact	(127)	(28)	(11)
	242	**57**	**14**
Employee benefit commitments: change in value resulting from actuarial gains and losses	80	(101)	(45)
Tax impact	(22)	29	13
	58	**(72)**	**(32)**
Gains and losses recognized in equity, not transferable to income statement	**300**	**(15)**	**(18)**
Comprehensive income	**4,787**	**3,875**	**5,112**
Minority interests	(532)	(470)	(429)
Comprehensive income, Group share	**4,255**	**3,405**	**4,683**

(a) The consolidated statements of comprehensive gains and losses as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR millions)*	Notes	2013	2012 [a]	2011 [a]
Brands and other intangible assets	3	11,458	11,510	11,482
Goodwill	4	9,959	7,806	6,957
Property, plant and equipment	6	9,602	8,769	8,017
Investments in associates	7	152	163	170
Non-current available for sale financial assets	8	7,080	6,004	5,982
Other non-current assets	9	432	519	478
Deferred tax	27	909	954	760
Non-current assets		**39,592**	**35,725**	**33,846**
Inventories and work in progress	10	8,586	8,080	7,510
Trade accounts receivable	11	2,189	1,985	1,878
Income taxes		235	201	121
Other current assets	12	1,851	1,811	1,455
Cash and cash equivalents	14	3,221	2,196	2,303
Current assets		**16,082**	**14,273**	**13,267**
Total assets		**55,674**	**49,998**	**47,113**

LIABILITIES AND EQUITY *(EUR millions)*	Notes	2013	2012 [a]	2011 [a]
Share capital	15.1	152	152	152
Share premium account	15.1	3,849	3,848	3,801
Treasury shares and LVMH-share settled derivatives	15.2	(451)	(414)	(485)
Cumulative translation adjustment	15.4	(8)	342	431
Revaluation reserves		3,900	2,731	2,637
Other reserves		15,817	14,341	12,770
Net profit, Group share		3,436	3,424	3,065
Equity, Group share		26,695	24,424	22,371
Minority interests	17	1,028	1,084	1,055
Total equity		**27,723**	**25,508**	**23,426**
Long-term borrowings	18	4,159	3,836	4,132
Non-current provisions	19	1,755	1,756	1,530
Deferred tax	27	3,934	3,960	3,925
Other non-current liabilities	20	6,403	5,456	4,506
Non-current liabilities		**16,251**	**15,008**	**14,093**
Short-term borrowings	18	4,688	2,976	3,134
Trade accounts payable		3,308	3,134	2,952
Income taxes		382	442	443
Current provisions	19	322	335	349
Other current liabilities	21	3,000	2,595	2,716
Current liabilities		**11,700**	**9,482**	**9,594**
Total liabilities and equity		**55,674**	**49,998**	**47,113**

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares and LVMH-share settled derivatives	Cumulative translation adjustment	Revaluation reserves				Net profit and other reserves	Total equity		
						Available for sale financial assets	Hedges of future foreign currency cash flows	Vineyard land	Employee benefit commit-ments		Group share	Minority interests	Total
Notes		15.1		15.2	15.4							17	
As of January 1, 2011	**490,642,232**	**147**	**1,782**	**(607)**	**230**	**510**	**31**	**703**	**-**	**14,402**	**17,198**	**1,006**	**18,204**
Impact of changes in accounting standards (See Note 1.2)										(52)	(52)	(2)	(54)
As of January 1, 2011, after restatement	**490,642,232**	**147**	**1,782**	**(607)**	**230**	**510**	**31**	**703**	**-**	**14,350**	**17,146**	**1,004**	**18,150**
Gains and losses recognized in equity					201	1,480	(46)	11	(28)		1,618	29	1,647
Net profit										3,065	3,065	400	3,465
Comprehensive income		**-**	**-**	**-**	**201**	**1,480**	**(46)**	**11**	**(28)**	**3,065**	**4,683**	**429**	**5,112**
Stock option plan and similar expenses										49	49	3	52
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				15						(8)	7	-	7
Exercise of LVMH share subscription options	1,395,835		94								94	-	94
Retirement of LVMH shares	(2,259,454)		(107)	107							-	-	-
Acquisition of a controlling interest in Bulgari	18,037,011	5	2,032							201	2,238	772	3,010
Capital increase in subsidiaries											-	4	4
Interim and final dividends paid										(1,069)	(1,069)	(187)	(1,256)
Changes in control of consolidated entities										(5)	(5)	20	15
Acquisition and disposal of minority interests' shares										(681)	(681)	(785)	(1,466)
Purchase commitments for minority interests' shares										(91)	(91)	(205)	(296)
As of December 31, 2011, after restatement	**507,815,624**	**152**	**3,801**	**(485)**	**431**	**1,990**	**(15)**	**714**	**(28)**	**15,811**	**22,371**	**1,055**	**23,426**
Gains and losses recognized in equity					(89)	(47)	133	44	(60)		(19)	(15)	(34)
Net profit										3,424	3,424	485	3,909
Comprehensive income		**-**	**-**	**-**	**(89)**	**(47)**	**133**	**44**	**(60)**	**3,424**	**3,405**	**470**	**3,875**
Stock option plan and similar expenses										50	50	3	53
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				24						(12)	12	-	12
Exercise of LVMH share subscription options	1,344,975		94								94	-	94
Retirement of LVMH shares	(997,250)		(47)	47							-	-	-
Capital increase in subsidiaries											-	8	8
Interim and final dividends paid										(1,448)	(1,448)	(317)	(1,765)
Changes in control of consolidated entities										(11)	(11)	(11)	(22)
Acquisition and disposal of minority interests' shares										(39)	(39)	(26)	(65)
Purchase commitments for minority interests' shares										(10)	(10)	(98)	(108)
As of December 31, 2012, after restatement	**508,163,349**	**152**	**3,848**	**(414)**	**342**	**1,943**	**118**	**758**	**(88)**	**17,765**	**24,424**	**1,084**	**25,508**
Gains and losses recognized in equity					(350)	912	18	188	51		819	21	840
Net profit										3,436	3,436	511	3,947
Comprehensive income		**-**	**-**	**-**	**(350)**	**912**	**18**	**188**	**51**	**3,436**	**4,255**	**532**	**4,787**
Stock option plan and similar expenses										31	31	3	34
(Acquisition)/disposal of treasury shares and LVMH-share settled derivatives				(103)						(7)	(110)	-	(110)
Exercise of LVMH share subscription options	1,025,418		67								67	-	67
Retirement of LVMH shares	(1,395,106)		(66)	66							-	-	-
Capital increase in subsidiaries											-	8	8
Interim and final dividends paid										(1,500)	(1,500)	(228)	(1,728)
Changes in control of consolidated entities										1	1	50	51
Acquisition and disposal of minority interests' shares										(73)	(73)	(76)	(149)
Purchase commitments for minority interests' shares										(400)	(400)	(345)	(745)
As of December 31, 2013	**507,793,661**	**152**	**3,849**	**(451)**	**(8)**	**2,855**	**136**	**946**	**(37)**	**19,253**	**26,695**	**1,028**	**27,723**

CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	Notes	2013	2012	2011
I. OPERATING ACTIVITIES AND OPERATING INVESTMENTS				
Operating profit		5,894	5,739	5,154
Net increase in depreciation, amortization and provisions		1,454	1,299	999
Other computed expenses		(29)	(62)	(45)
Dividends received		86	188	61
Other adjustments		(76)	(51)	(32)
Cash from operations before changes in working capital		**7,329**	**7,113**	**6,137**
Cost of net financial debt: interest paid		(112)	(154)	(152)
Income taxes paid		(1,979)	(1,970)	(1,544)
Net cash from operating activities before changes in working capital		**5,238**	**4,989**	**4,441**
Total change in working capital	14.1	(617)	(813)	(534)
Net cash from operating activities		**4,621**	**4,176**	**3,907**
Operating investments	14.2	(1,663)	(1,702)	(1,730)
Net cash from operating activities and operating investments (free cash flow)		**2,958**	**2,474**	**2,177**
II. FINANCIAL INVESTMENTS				
Purchase of non-current available for sale financial assets	8	(197)	(131)	(518)
Proceeds from sale of non-current available for sale financial assets	8	38	36	17
Impact of purchase and sale of consolidated investments	2.4	(2,158)	(45)	(785) [a]
Net cash from (used in) financial investments		**(2,317)**	**(140)**	**(1,286)**
III. TRANSACTIONS RELATING TO EQUITY				
Capital increases of LVMH SA	15.1	66	94	94 [a]
Capital increases of subsidiaries subscribed by minority interests	17	7	8	3
Acquisition and disposals of treasury shares and LVMH-share settled derivatives	15.2	(113)	5	2
Interim and final dividends paid by LVMH SA	15.3	(1,501)	(1,447)	(1,069)
Interim and final dividends paid to minority interests in consolidated subsidiaries	17	(220)	(314)	(189)
Purchase and proceeds from sale of minority interests	2.4	(150)	(206)	(1,413)
Net cash from (used in) transactions relating to equity		**(1,911)**	**(1,860)**	**(2,572)**
Change in cash before financing activity		**(1,270)**	**474**	**(1,681)**
IV. FINANCING ACTIVITIES				
Proceeds from borrowings		3,145	1,068	2,659
Repayment of borrowings		(1,099)	(1,526)	(1,005)
Purchase and proceeds from sale of current available for sale financial assets	13	101	(67)	6
Net cash from (used in) financing activities		**2,147**	**(525)**	**1,660**
V. EFFECT OF EXCHANGE RATE CHANGES		**46**	**(42)**	**60**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		**923**	**(93)**	**39**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14	**1,988**	**2,081**	**2,042**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	**2,911**	**1,988**	**2,081**
Transactions included in the table above, generating no change in cash: - acquisition of assets by means of finance leases		7	5	3

(a) Not including the impact of the amount attributable to the acquisition of Bulgari remunerated by the capital increase of LVMH SA as of June 30, 2011, which did not generate any cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1. General framework and environment

The consolidated financial statements for the year ended December 31, 2013 were established in accordance with international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2013. These standards and interpretations have been applied consistently to the fiscal years presented. The 2013 consolidated financial statements were approved for publication by the Board of Directors on January 30, 2014.

1.2. Changes in the accounting framework applicable to LVMH in 2013

Standards, amendments and interpretations for which application was mandatory in 2013

The principal standards, amendments and interpretations applicable to LVMH with effect from January 1, 2013 are as follows:

- amendments to IAS 19 on employee benefit commitments (pensions, contribution to medical costs and other employee benefit commitments) which require the immediate recognition of the effect of actuarial differences taken directly to equity and the calculation of the return on plan assets on the basis of the discount rate used to value the underlying obligation rather than on the basis of market expectations for returns.

Up to December 31, 2012, the LVMH group applied the "corridor" approach, with the result that the portion of employee benefit commitments arising from actuarial gains and losses was not recognized if the latter was less than 10% of the amount of the commitment. In light of the fact that this method was no longer applied from January 1, 2013 onward, LVMH recognized against equity an additional provision in the amount of 85 million euros, corresponding to the amount of actuarial gains and losses that were not yet recognized as of January 1, 2011, the date of first-time adoption, as well as the associated deferred tax asset, representing a net amount of 54 million euros. The actuarial gains and losses recognized in 2011 and 2012, including the effects of restating the return on financial assets at the discount rate and after deducting the amounts amortized to profit or loss in 2011 and 2012, were recognized retrospectively in gains and losses in equity. The net profit for fiscal years 2011 and 2012 has therefore not been restated, the impact of the change of standard on each of these fiscal years being less than 5 million euros. The retrospective impact on equity of the change in standard is analyzed below:

(EUR millions)	Non-current provisions	Other non-current assets	Deferred taxes	Total equity	*Of which: Group share*	*Minority interests*
As of January 1, 2011	(85)	-	31	**(54)**	*(52)*	*(2)*
Gains and losses recognized in equity	(45)	-	13	**(32)**	*(28)*	*(4)*
As of December 31, 2011	(130)	-	44	**(86)**	*(80)*	*(6)*
Gains and losses recognized in equity	(96)	(5)	29	**(72)**	*(60)*	*(12)*
As of December 31, 2012	(226)	(5)	73	**(158)**	*(140)*	*(18)*
Of which: Other reserves				*(54)*	*(52)*	*(2)*
Revaluation reserves				*(104)*	*(88)*	*(16)*

- amendment to IAS 1 on gains and losses recognized in equity and their separate presentation, depending on whether or not they may subsequently be transferred to the income statement;
- IFRS 13, which defines the measurement principles of fair value and related disclosures on methodology to be presented in the notes to the financial statements, where fair value applies. The application of this text did not have a significant impact on the Group's consolidated financial statements. See Note 1.8.

Standards, amendments and interpretations for which application is mandatory with effect from January 1, 2014

The standards, amendments and interpretations applicable to LVMH, whose mandatory application date is January 1, 2014, mostly relate to IFRS 10, IFRS 11 and IFRS 12 on consolidation. These IFRS redefine the concept of the control of entities, eliminating the possibility to use proportionate consolidation to consolidate jointly controlled entities which will be accounted for only using the equity method, and introducing additional disclosure requirements in the notes to the consolidated financial statements.

The application of these standards will not have a material impact on the Group's consolidated financial statements, as proportionately consolidated entities represent only a small portion of the Group's financial statements. As these entities are fully integrated within the Group's operating activities, LVMH will disclose their net profit, as well as that of entities currently accounted for using the equity method (see Note 7), on a specific line within profit from recurring operations.

The consolidation method of distribution subsidiaries jointly owned with the Diageo group will not be impacted (see Note 1.5 regarding the consolidation method of these subsidiaries).

Other changes in the accounting framework

The Group receives information on the progress of ongoing discussions held at IFRIC and IASB related to the recognition of purchase commitments for minority interests' shares and changes in their amount. See Note 1.11 for a description of the recognition method applied to these commitments as of December 31, 2013.

The Group also monitors developments with regard to the exposure draft on accounting for lease commitments.

1.3. First-time adoption of IFRS

The first accounts prepared by the Group in accordance with IFRS were the financial statements for the year ended December 31, 2005, with a transition date of January 1, 2004. IFRS 1 allowed for exceptions to the retrospective application of IFRS at the transition date. The procedures implemented by the Group with respect to these exceptions are listed below:

- business combinations: the exemption from retrospective application was not applied. The recognition of the merger of Moët Hennessy and Louis Vuitton in 1987 and all subsequent acquisitions were restated in accordance with IFRS 3; IAS 36 Impairment of Assets and IAS 38 Intangible Assets were applied retrospectively as of this date;
- foreign currency translation of the financial statements of subsidiaries outside the euro zone: translation reserves relating to the consolidation of subsidiaries that prepare their accounts in foreign currency were reset to zero as of January 1, 2004 and offset against "Other reserves".

1.4. Use of estimates

For the purpose of preparing the consolidated financial statements, measurement of certain balance sheet and income statement items requires the use of hypotheses, estimates or other forms of judgment. This is particularly true of the valuation of intangible assets, purchase commitments for minority interests and of the determination of the amount of provisions for contingencies and losses or for impairment of inventories and, if applicable, deferred tax assets. Such hypotheses, estimates or other forms of judgment which are undertaken on the basis of the information available, or situations prevalent at the date of preparation of the accounts, may prove different from the subsequent actual events.

1.5. Methods of consolidation

The subsidiaries in which the Group holds a direct or indirect *de facto* or *de jure* controlling interest are fully consolidated.

Jointly controlled companies are consolidated on a proportionate basis. See Note 1.2 regarding the impacts of the implementation of IFRS 10 and IFRS 11 from January 1, 2014.

For distribution subsidiaries operating in accordance with the contractual distribution arrangements with the Diageo group, only the portion of assets and liabilities and results of operations relating to the LVMH group's activities is included in the consolidated financial statements (see Note 1.24).

Companies where the Group has significant influence but no controlling interest are accounted for using the equity method.

1.6. Foreign currency translation of the financial statements of entities outside the euro zone

The consolidated financial statements are stated in euros; the financial statements of entities stated in a different functional currency are translated into euros:

- at the period-end exchange rates for balance sheet items;
- at the average rates for the period for income statement items.

Translation adjustments arising from the application of these rates are recorded in equity under "Cumulative translation adjustment".

1.7. Foreign currency transactions and hedging of exchange rate risks

Transactions of consolidated companies denominated in a currency other than their functional currencies are translated to their functional currencies at the exchange rates prevailing at the transaction dates.

Accounts receivable, accounts payable and debts denominated in currencies other than the entities' functional currencies are translated at the applicable exchange rates at the balance sheet date. Unrealized gains and losses resulting from this translation are recognized:

- within cost of sales in the case of commercial transactions;
- within net financial income/expense in the case of financial transactions.

Foreign exchange gains and losses arising from the translation or elimination of inter-company transactions or receivables and payables denominated in currencies other than the entity's functional currency are recorded in the income statement unless they relate to long-term inter-company financing transactions which can be considered as transactions relating to equity. In the latter case, translation adjustments are recorded in equity under "Cumulative translation adjustment".

Derivatives which are designated as hedges of commercial transactions denominated in a currency other than the functional currency of the entity are recognized in the balance sheet at their market value (see Note 1.8) at the balance sheet date and any change in the market value of such derivatives is recognized:

- within cost of sales for the effective portion of hedges of receivables and payables recognized in the balance sheet at the end of the period;
- within equity (as "Revaluation reserves") for the effective portion of hedges of future cash flows (this part is transferred to cost of sales at the time of recognition of the hedged assets and liabilities);
- within net financial income/expense for the ineffective portion of hedges; changes in the value of discount and premium associated with forward contracts, as well as in the time value component of options, are systematically considered as ineffective portions.

When derivatives are designated as hedges of subsidiaries' equity outside the euro zone (net investment hedge), any change in fair value of the derivatives is recognized within equity under "Cumulative translation adjustment" for the effective portion and within net financial income/expense for the ineffective portion.

Market value changes of derivatives not designated as hedges are recorded within net financial income/expense.

See also Note 1.20 regarding the definition of the concepts of effective and ineffective portions.

1.8. Fair value measurement

Fair value (or market value) is the price that would be obtained from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants.

The assets and liabilities measured at fair value at each balance sheet date are as follows:

	Approaches to determining fair value (Level of the fair value hierarchy established by IFRS 13 Fair Value Measurement)	Amounts recorded at balance sheet date
Vineyard land	Based on recent transactions in similar assets (Level 2). See Note 1.12.	Note 6.1, Note 1
Grape harvests	Based on purchase prices for equivalent grapes (Level 2). See Note 1.15.	Note 10
Derivatives	Based on market data and according to commonly used valuation models (Level 2). See Note 1.20.	Note 22.4
Borrowings hedged against changes in value due to interest rate fluctuations	Based on market data and according to commonly used valuation models (Level 2). See Note 1.19.	Note 18
Liabilities in respect of purchase commitments for minority interests' shares priced according to fair value	Generally, based on the market multiples of comparable companies (Level 2).	Note 20
Available for sale financial assets	Quoted investments: price quotations at the close of trading on the balance sheet date (Level 1). Non-quoted investments: estimated net realizable value, either according to formulas based on market data (Level 2) or based on private quotations (Level 3). See Note 1.14.	Note 8, Note 13
Cash and cash equivalents	Closing price quotation (Level 1). See Note 1.17.	Note 14

No other asset or liability has been remeasured at market value at the balance sheet date.

1.9. Brands, trade names and other intangible assets

Only acquired brands and trade names that are well known and individually identifiable are recorded as assets based on their market values at their dates of acquisition.

Brands and trade names are chiefly valued using the method of the forecast discounted cash flows, or of comparable transactions (i.e. using the revenue and net profit coefficients employed for recent transactions involving similar brands), or of stock market multiples observed for related businesses. Other complementary methods may also be employed: the royalty method, involving equating a brand's value with the present value of the royalties required to be paid for its use; the margin differential method, applicable when a measurable difference can be identified between the amount of revenue generated by a branded product in comparison with a similar unbranded product; and finally the equivalent brand reconstitution method involving, in particular, estimation of the amount of advertising and promotion expenses required to generate a similar brand.

Costs incurred in creating a new brand or developing an existing brand are expensed.

Brands, trade names and other intangible assets with finite useful lives are amortized over their estimated useful lives. The classification of a brand or trade name as an asset of definite or indefinite useful life is generally based on the following criteria:

- the brand or trade name's positioning in its market expressed in terms of volume of activity, international presence and notoriety;
- its expected long-term profitability;
- its degree of exposure to changes in the economic environment;
- any major event within its business segment liable to compromise its future development;
- its age.

Amortizable lives of brands and trade names with definite useful lives range from 15 to 40 years, depending on their estimated period of utilization.

Any impairment expense of brands and trade names and, in some cases, amortization expense, are recognized within "Other operating income and expenses".

Impairment tests are carried out for brands, trade names and other intangible assets using the methodology described in Note 1.13.

Research expenditure is not capitalized. New product development expenditure is not capitalized unless the final decision to launch the product has been taken.

Intangible assets other than brands and trade names are amortized over the following periods:

- leasehold rights, key money: based on market conditions, generally over the lease period;
- development expenditure: three years at most;
- software: one to five years.

1.10. Changes in the percentage interest in consolidated entities

When the Group takes *de jure* or *de facto* control of a business, its assets, liabilities and contingent liabilities are estimated at their fair value as of the date when control is obtained and the difference between the cost of taking control and the Group's share of the fair value of those assets, liabilities and contingent liabilities is recognized as goodwill.

The cost of taking control is the price paid by the Group in the context of an acquisition, or an estimate of this price if the transaction is carried out without any payment of cash, excluding acquisition costs which are disclosed under "Other operating income and expenses".

As from January 1, 2010, for transactions occurring after that date, in accordance with IAS 27 (Revised), the difference between the carrying amount of minority interests purchased after control is obtained and the price paid for their acquisition is deducted from equity.

Goodwill is accounted for in the functional currency of the acquired entity.

Goodwill is not amortized but is subject to annual impairment testing using the methodology described in Note 1.13. Any impairment expense recognized is included within "Other operating income and expenses".

1.11. Purchase commitments for minority interests

The Group has granted put options to minority shareholders of certain fully consolidated subsidiaries.

Pending specific guidance from IFRSs regarding this issue, the Group recognizes these commitments as follows:

- the value of the commitment at the balance sheet date appears in "Other non-current liabilities";
- the corresponding minority interests are cancelled;
- for commitments granted prior to January 1, 2010, the difference between the amount of the commitments and cancelled minority interests is maintained as an asset on the balance sheet under goodwill, as well as subsequent changes in this difference. For commitments granted as from January 1, 2010, the difference between the amount of the commitments and minority interests is recorded in equity, under "Other reserves".

This accounting policy has no effect on the presentation of minority interests within the income statement.

1.12. Property, plant and equipment

With the exception of vineyard land, the gross value of property, plant and equipment is stated at acquisition cost. Any borrowing costs incurred prior to the placed-in-service date or during the construction period of assets are capitalized.

Vineyard land is recognized at the market value at the balance sheet date. This valuation is based on official published data for recent transactions in the same region (Level 2 of the fair value hierarchy established by IFRS 13). Any difference compared to historical cost is recognized within equity in "Revaluation reserves". If market value falls below acquisition cost the resulting impairment is charged to the income statement.

Vines for champagnes, cognacs and other wines produced by the Group, are considered as biological assets as defined in IAS 41 Agriculture. As their valuation at market value differs little from that recognized at historical cost, no revaluation is undertaken for these assets.

Buildings mostly occupied by third parties are reported as investment property, at acquisition cost. Investment property is thus not remeasured at market value.

Assets acquired under finance leases are capitalized on the basis of the lower of their market value and the present value of future lease payments.

The depreciable amount of property, plant and equipment comprises the acquisition cost of their components less residual value, which corresponds to the estimated disposal price of the asset at the end of its useful life.

Property, plant and equipment is depreciated on a straight-line basis over its estimated useful life; the estimated useful lives are as follows:

- buildings including investment property	20 to 50 years
- machinery and equipment	3 to 25 years
- leasehold improvements	3 to 10 years
- producing vineyards	18 to 25 years

Expenses for maintenance and repairs are charged to the income statement as incurred.

1.13. Impairment testing of fixed assets

Intangible and tangible fixed assets are subject to impairment testing whenever there is any indication that an asset may be impaired, and in any event at least annually in the case of intangible assets with indefinite useful lives (mainly brands, trade names and goodwill). When the carrying amount of assets with indefinite useful lives is greater than the higher of their value in use or market value, the resulting impairment loss is recognized within "Other operating income and expenses", allocated in priority to any existing goodwill.

Value in use is based on the present value of the cash flows expected to be generated by these assets. Market value is estimated by comparison with recent similar transactions or on the basis of valuations performed by independent experts in the perspective of a disposal transaction.

Cash flows are forecast for each business segment defined as one or several brands or trade names under the responsibility of a dedicated management team. Smaller scale cash generating units, e.g. a group of stores, may be distinguished within a particular business segment.

The forecast data required for the cash flow methods is based on budgets and business plans prepared by management of the related business segments. Detailed forecasts cover a five-year period, a period which may be extended in the case of certain brands undergoing strategic repositioning, or which have a production cycle exceeding five years. An estimated final value is added to the value resulting from discounted forecast cash flows which corresponds to the capitalization in perpetuity of cash flows most often arising from the last year of the plan. When several forecast scenarios are developed, the probability of occurrence of each scenario is assessed. Forecast cash flows are discounted on the basis of the rate of return to be expected by an investor in the applicable business and an assessment of the risk premium associated with that business.

1.14. Available for sale financial assets

Financial assets are classified as current or non-current based on their nature.

Non-current available for sale financial assets comprise strategic and non-strategic investments whose estimated period and form of ownership justify such classification.

Current available for sale financial assets include temporary investments in shares, shares of SICAVs, FCPs and other mutual funds, excluding investments made as part of the daily cash management, which are accounted for as "Cash and cash equivalents" (see Note 1.17).

Available for sale financial assets are measured at their listed value at the balance sheet date in the case of quoted investments (Level 1 of the fair value hierarchy established by IFRS 13), and at their net realizable value at that date in the case of unquoted investments (Level 2 or 3 of the fair value hierarchy established by IFRS 13).

Positive or negative changes in value are taken to equity within "Revaluation reserves". If an impairment loss is judged to be definitive, an impairment is recognized and charged to net financial income/expense; the impairment is only reversed through the income statement at the time of sale of the underlying available for sale financial assets.

1.15. Inventories and work in progress

Inventories other than wine produced by the Group are recorded at the lower of cost (excluding interest expense) and net realizable value; cost comprises manufacturing cost (finished goods) or purchase price, plus incidental costs (raw materials, merchandise).

Wine produced by the Group, especially champagne, is measured on the basis of the applicable harvest market value, which is determined by reference to the average purchase price of equivalent grapes (Level 2 of the fair value hierarchy established by IFRS 13), as if the grapes harvested had been purchased from third parties. Until the date of the harvest, the value of grapes is calculated *pro rata temporis* on the basis of the estimated yield and market value.

Inventories are valued using the weighted average cost or FIFO methods.

Due to the length of the aging process required for champagne and spirits (cognac, whisky), the holding period for these inventories generally exceeds one year. However, in accordance with industry practices, these inventories are classified as current assets.

Provisions for impairment of inventories are chiefly recognized for businesses other than Wines and Spirits. They are generally required because of product obsolescence (end of season or collection, date of expiry, etc.) or lack of sales prospects.

1.16. Trade accounts receivable, loans and other receivables

Trade accounts receivable are recorded at their face value. A provision for impairment is recorded if their net realizable value, based on the probability of their collection, is less than their carrying amount.

The amount of long-term loans and receivables (i.e. those falling due in more than one year) is subject to discounting, the effects of which are recognized under net financial income/expense using the effective interest rate method.

1.17. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and highly liquid monetary investments subject to an insignificant risk of changes in value over time.

Monetary investments are measured at their market value (Level 1 of the fair value hierarchy established by IFRS 13) and at the exchange rate prevailing at the balance sheet date, with any changes in value recognized as part of net financial income/expense.

1.18. Provisions

A provision is recognized whenever an obligation exists towards a third party resulting in a probable disbursement for the Group, the amount of which may be reliably estimated.

When execution of its obligation is expected to be deferred by more than one year, the provision amount is discounted, the effects of which are recognized in net financial income/expense using the effective interest rate method.

1.19. Borrowings

Borrowings are measured at amortized cost, i.e. nominal value net of premium and issue expenses, which are charged progressively to net financial income/expense using the effective interest method.

In the case of hedging against fluctuations in the capital amount of borrowings resulting from changes in interest rates, both the hedged amount of borrowings and the related hedges are measured at their market value at the balance sheet date, with any changes in those values recognized within net financial income/expense. Market value of hedged borrowings is determined using similar methods as those described hereafter in Note 1.20.

In the case of hedging against fluctuations in future interest payments, the related borrowings remain measured at their amortized cost whilst any changes in value of the effective hedge portions are taken to equity as part of revaluation reserves.

Changes in value of non-hedging derivatives, and of the ineffective portions of hedges, are recognized within net financial income/expense.

Financial debt bearing embedded derivatives is measured at fair value; changes in fair value are recognized within net financial income/expense.

Net financial debt comprises short and long-term borrowings, the market value at the balance sheet date of interest rate derivatives, less the amount at the balance sheet date of current available for sale financial assets, cash and cash equivalents, in addition to the market value at the balance sheet date of foreign exchange derivatives related to any of the aforementioned items.

See also Note 1.20 regarding the definition of the concepts of effective and ineffective portions.

1.20. Derivatives

The Group enters into derivative transactions as part of its strategy for hedging foreign exchange and interest rate risks.

IAS 39 subordinates the use of hedge accounting to demonstration and documentation of the effectiveness of hedging relationships when hedges are implemented and subsequently throughout their existence. A hedge is considered to be effective if the ratio of changes in the value of the derivative to changes in the value of the hedged underlying remains within a range of 80 to 125%.

Derivatives are recognized in the balance sheet at their fair value at the balance sheet date. Changes in their value are accounted for as described in Note 1.7 in the case of foreign exchange hedges, and as described in Note 1.19 in the case of interest rate hedges.

Market value is based on market data and on commonly used valuation models (Level 2 of the fair value hierarchy established by IFRS 13), and may be confirmed in the case of complex instruments by reference to values quoted by independent financial institutions.

Derivatives with maturities in excess of twelve months are disclosed as non-current assets and liabilities.

1.21. Treasury shares and LVMH-share settled derivatives

LVMH shares and options to purchase LVMH shares that are held by the Group are measured at their acquisition cost and recognized as a deduction from consolidated equity, irrespective of the purpose for which they are held.

The cost of disposals of shares is determined by allocation category (see Note 15.2) using the FIFO method with the exception of shares held under stock option plans for which the calculation is performed for each plan using the weighted average cost method. Gains and losses on disposal, net of income taxes, are taken directly to equity.

1.22. Pensions, contribution to medical costs and other employee benefit commitments

When retirement indemnity plans, pension plans, contribution to medical costs and other commitments entail the payment by the Group of contributions to third party organizations which assume the exclusive responsibility for subsequently paying the retirement indemnities, pensions or contribution to medical costs, these contributions are expensed in the period in which they fall due with no liability recorded on the balance sheet.

When retirement indemnity plans, pension plans, contribution to medical costs and other commitments are to be borne by the Group, a provision is recorded in the balance sheet in the amount of the corresponding actuarial commitment for the Group. Since January 1, 2013, and retrospectively as of January 1, 2011, changes in this provision are recognized as follows:

- the portion related to the cost of services rendered by employees and net interest for the fiscal year is recognized in profit (loss) from recurring operations for the fiscal year;
- the portion related to changes in actuarial assumptions and to differences between projected and actual data (experience adjustments) is recognized in gains and losses taken to equity.

If this commitment is either partially or wholly funded by payments made by the Group to external financial organizations, these dedicated funds are deducted from the actuarial commitment recorded in the balance sheet.

The actuarial commitment is calculated based on assessments that are specifically designed for the country and the Group company concerned. In particular, these assessments include assumptions regarding salary increases, inflation, life expectancy and staff turnover.

1.23. Current and deferred tax

Deferred tax is recognized in respect of temporary differences arising between the value of assets and liabilities for purposes of consolidation and the value resulting from application of tax regulations.

Deferred tax is measured on the basis of the income tax rates enacted at the balance sheet date; the effect of changes in rates is recognized during the periods in which changes are enacted.

Future tax savings from tax losses carried forward are recorded as deferred tax assets on the balance sheet and impaired if they are deemed not recoverable; only amounts for which future use is deemed probable are recognized.

Deferred tax assets and liabilities are not discounted.

Taxes payable in respect of the distribution of retained earnings of subsidiaries are provided for if distribution is deemed probable.

1.24. Revenue recognition

Definition of revenue

Revenue mainly comprises retail sale within the Group's store network and sales through agents and distributors. Sales made in stores owned by third parties are treated as retail transactions if the risks and rewards of ownership of the inventories are retained by the Group.

Direct sales to customers are made through retail stores for Fashion and Leather Goods and Selective Retailing, as well as certain Watches and Jewelry and Perfumes and Cosmetics brands. These sales are recognized at the time of purchase by retail customers.

Wholesale sales concern Wines and Spirits, as well as certain Perfumes and Cosmetics and Watches and Jewelry brands. The Group recognizes revenue when title transfers to third party customers, generally upon shipment.

Revenue includes shipment and transportation costs re-billed to customers only when these costs are included in products' selling prices as a lump sum.

Revenue is presented net of all forms of discount. In particular, payments made in order to have products referenced or, in accordance with agreements, to participate in advertising campaigns with the distributors, are deducted from related revenue.

Provisions for product returns

Perfumes and Cosmetics and, to a lesser extent, Fashion and Leather Goods and Watches and Jewelry companies may accept the return of unsold or outdated products from their customers and distributors.

Where this practice is applied, revenue and the corresponding trade receivables are reduced by the estimated amount of such returns, and a corresponding entry is made to inventories. The estimated rate of returns is based on statistics of historical returns.

Businesses undertaken in partnership with Diageo

A significant proportion of revenue for the Group's Wines and Spirits businesses is generated within the framework of distribution agreements with Diageo generally taking the form of shared entities which sell and deliver both groups' products to customers. On the basis of the distribution agreements, which provide specific rules for allocating these entities' income statement items and assets and liabilities between LVMH and Diageo, LVMH only recognizes the portion of the income statement and balance sheet attributable to its own brands. The application of IFRS 11 as from January 1, 2014 will not impact this method. See Note 1.2.

1.25. Advertising and promotion expenses

Advertising and promotion expenses include the costs of producing advertising media, purchasing media space, manufacturing samples and publishing catalogs, and in general, the cost of all activities designed to promote the Group's brands and products.

Advertising and promotion expenses are recorded upon receipt or production of goods or upon completion of services rendered.

1.26. Stock option and similar plans

Share purchase and subscription option plans give rise to recognition of an expense based on the amortization of the expected benefit granted to beneficiaries calculated according to the Black & Scholes method on the basis of the closing share price on the day before the Board Meeting at which the plan is instituted.

For bonus share plans, the expected benefit is calculated on the basis of the closing share price on the day before the Board Meeting at which the plan is instituted, less the amount of dividends expected to accrue during the vesting period. A discount may be applied to the value of the bonus shares thus calculated to account for a period of non-transferability, where applicable.

For all plans, the amortization expense is apportioned on a straight-line basis in the income statement over the vesting period, with a corresponding impact on reserves in the balance sheet.

For cash-settled compensation plans index-linked to the change in LVMH share price, the gain over the vesting period is estimated at each balance sheet date based on the LVMH share price at that date, and is charged to the income statement on a pro rata basis over the vesting period, with a corresponding balance sheet impact on provisions. Between that date and the settlement date, the change in the expected benefit resulting from the change in the LVMH share price is recorded in the income statement.

1.27. Definitions of Profit from recurring operations and Other operating income and expenses

The Group's main business is the management and development of its brands and trade names. Profit from recurring operations is derived from these activities, whether they are recurring or non-recurring, core or incidental transactions.

Other operating income and expenses comprises income statement items which, due to their nature, amount or frequency, may not be considered as inherent to the Group's recurring operations. This caption reflects in particular the impact of changes in the scope of consolidation and the impairment of brands, trade names and goodwill, as well as any significant amount of gains or losses arising on the disposal of fixed assets, restructuring costs, costs in respect of disputes, or any other non-recurring income or expense which may otherwise distort the comparability of profit from recurring operations from one period to the next.

1.28. Earnings per share

Earnings per share are calculated based on the weighted average number of shares in circulation during the period, excluding treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares before dilution and adding the weighted average number of shares that would result from the exercise of existing subscription options during the period or any other diluting instrument. It is assumed for the purposes of this calculation that the funds received from the exercise of options, supplemented by the expense to be recognized for stock option and similar plans (see Note 1.26), would be employed to re-purchase LVMH shares at a price corresponding to their average trading price over the fiscal year.

2. CHANGES IN THE PERCENTAGE INTEREST IN CONSOLIDATED ENTITIES

2.1. Fiscal year 2013

2.1.1. Wines and Spirits

During the first quarter of 2013, the Group acquired an additional 30% stake in Château d'Yquem, increasing its ownership interest to 95%. The difference between the acquisition price and minority interests was deducted from equity.

2.1.2. Fashion and Leather Goods

Loro Piana

In July 2013 LVMH signed a memorandum of understanding for the acquisition of an 80% stake in Italian company Loro Piana, which makes and sells luxury fabrics, clothing, and accessories. On December 5, 2013, pursuant to that memorandum of understanding, LVMH acquired 80% of Loro Piana for 1,987 million euros. Loro Piana was fully consolidated with effect from December 5, 2013. The 20% of the share capital that has not been acquired is covered by reciprocal undertakings to buy and sell, exercisable no later than three years from December 5, 2013. The difference in value between the purchase commitment (recorded in Other non-current liabilities, see Note 20) and the minority interest, i.e. 428 million euros, was deducted from consolidated reserves.

The following table lays out the provisional allocation of the price paid by LVMH on December 5, 2013, the date of acquisition of the controlling interest. Due to the short period of time between the transaction date and the date on which the LVMH financial statements were approved for publication, Loro Piana is consolidated based on the financial statements prepared by Loro Piana as of the date of acquisition of the controlling interest, using its historical accounting policies and methods, without any adjustments or remeasurements required under IFRS 3 Business Combinations. The amounts retained are presented below:

(EUR millions)	Provisional purchase price allocation
Intangible assets and tangible assets, net	159
Other non-current assets	11
Non-current provisions	(18)
Current assets	382
Current liabilities	(203)
Net financial debt	(127)
Deferred tax	49
Net assets acquired, excluding revaluation adjustments in compliance with IFRS 3	**253**
Minority interests (20%)[a]	(51)
Net assets, Group share (80%), excluding revaluation adjustments in compliance with IFRS 3	**202**
Provisional goodwill	1,785
Carrying amount of shares held as of December 5, 2013	**1,987**

(a) Minority interests have been recognized on the basis of net assets acquired.

Loro Piana acquisition expenses were recognized in Other operating income and expenses; they represent a total amount of 9 million euros, see Note 25.

Loro Piana acquisition generated an outlay of 1,982 million euros, net of cash acquired in the amount of 5 million euros.

For 2013, based on estimated data, Loro Piana had consolidated revenue of 686 million euros, profit from recurring operations of 103 million euros and net profit of 60 million euros.

Nicholas Kirkwood

In September 2013, LVMH acquired a 52% stake in British luxury footwear company Nicholas Kirkwood. This entity was consolidated with effect from October 1, 2013. The rest of the company's share capital is covered by reciprocal undertakings to buy and sell, mainly exercisable from 2020.

Marc Jacobs

During the fiscal year, the Group raised its stake in Marc Jacobs to 80%. The difference between the acquisition price and minority interests was deducted from equity.

2.1.3. Other activities

In June 2013, LVMH acquired a 80% stake in Cova, a patisserie business based in Milan (Italy) which is also present in Asia through its franchisee network. This entity was consolidated with effect from July 2013.

In August 2013, the Group acquired 100% of Hotel Saint-Barth Isle de France, which owns and operates a luxury hotel located on the island of St. Barts (French West Indies). This entity was consolidated with effect from September 2013.

2.2. Fiscal year 2012

2.2.1. Fashion and Leather Goods

In May 2012, LVMH acquired the entire share capital of Les Tanneries Roux (France), a supplier of high quality leather. In June 2012, LVMH acquired a 100% ownership interest in Arnys (France), a ready-to-wear and made-to-measure menswear label. These entities were consolidated with effect from June 2012.

2.2.2. Perfumes and Cosmetics

In October 2012, LVMH acquired the 20% stake in the share capital of Benefit that it did not own; the price paid generated the recognition of a final goodwill in the amount of 133 million euros, previously recorded under Goodwill arising on purchase commitments for minority interests.

2.3. Fiscal year 2011

2.3.1. Fashion and Leather Goods

By means of a voluntary cash offer closed in December 2011, LVMH acquired 51% of Heng Long International Ltd. ("Heng Long") for an amount of 47 million euros (82 million Singapore dollars), with the founding family retaining 49% of the share capital of Heng Long by means of a reinvestment in the acquisition structure. Following this operation, Heng Long was delisted from the Singapore stock exchange in December 2011. The share capital held by the founding family is subject to purchase commitments that can be exercised in several tranches, mainly as from December 2016.

Heng Long is renowned for its expertise in the tanning and finishing of crocodilian leather. Heng Long has been fully consolidated with effect from December 31, 2011. Goodwill arising on this acquisition amounts to 23 million euros and minority interests were valued in the amount of their share in the acquiree's restated net assets. The difference between the value of the purchase commitment for the 49% of the share capital held by the founding family and minority interests, amounting to 24 million euros, was deducted from equity.

2.3.2. Watches and Jewelry

Bulgari

On March 5, 2011, LVMH concluded a memorandum of understanding with the Bulgari family, under the terms of which, the Bulgari family undertook to contribute to LVMH its majority ownership stake in the share capital of Bulgari SpA, on the basis of a value per share of 12.25 euros for Bulgari shares and a parity of 0.108 LVMH shares for one Bulgari share, thus implicitly valuing LVMH shares at 113 euros per share.

On June 30, 2011, pursuant to this memorandum of understanding, the Board of Directors of LVMH Moët Hennessy – Louis Vuitton SA approved the contribution of 55% (48% on a fully-diluted basis) of the share capital of Bulgari SpA and, as consideration for this contribution, issued 18 million new shares, representing 3.5% of the share capital after this capital increase.

As of June 30, 2011, the acquisition date of the controlling interest, the ownership stake held by LVMH amounted to 76.1% of the share capital (66% on a fully-diluted basis) of Bulgari, i.e. 230.1 million shares, resulting on the one hand from the abovementioned contribution transaction, and on the other hand from prior acquisitions on the stock market: 57.9 million shares were acquired during the first quarter of 2011 and 5.9 million shares were already owned as of December 31, 2010.

	Carrying amount at acquisition date of controlling interest *(EUR millions)*	Number of shares *(millions)*	Value per share *(EUR)*
Historical cost price of shares	739	63.8	11.58
Remeasurement at acquisition date of controlling interest	42 [a]		
Value of shares acquired prior to acquisition of controlling interest	**781**	**63.8**	
Contribution value of shares contributed by family shareholders	2,038	166.3	12.25
Remeasurement at acquisition date of controlling interest	200 [b]		
Value of shares contributed at acquisition of controlling interest	**2,238**	**166.3**	
Value of shares held as of June 30, 2011	**3,019**	**230.1**	

In accordance with IFRS:

(a) Bulgari shares acquired by LVMH prior to the acquisition of the controlling interest were revalued at 12.25 euros per share, the share price agreed between the parties for the acquisition of the controlling interest, generating a gain of 42 million euros, which was recognized under Other operating income and expenses.

(b) The Bulgari shares contributed by the family shareholders were revalued according to the exchange ratio and the quotation of the LVMH share on the Paris stock exchange as of the acquisition date of the controlling interest, June 30, 2011. The impact of the revaluation, 200 million euros, was recognized under consolidated reserves.

Bulgari was consolidated under the full consolidation method from June 30, 2011, according to the percentage interest owned, determined on a fully diluted basis, 66%. The table presented below summarizes the definitive allocation, as of June 30, 2012, of the purchase price paid by LVMH at the date on which a controlling interest was acquired:

(EUR millions)	Purchase price allocation
Brands, other intangible assets and tangible assets, net	2,367
Other non-current assets	64
Non-current provisions	(69)
Current assets	906
Current liabilities	(345)
Net financial debt	(24)
Deferred tax	(631)
Revalued net assets	**2,268**
Minority interests (34%)	(772)
Revalued net assets, Group share (66%)	**1,496**
Goodwill	1,523
Carrying amount of shares held as of June 30, 2011	**3,019**

Goodwill, in the amount of 1,523 million euros, corresponds to Bulgari's expertise, particularly in watches and jewelry, in addition to synergies with the group's Watches and Jewelry network. The value of the Bulgari brand was estimated at 2,100 million euros.

Since Bulgari SpA was listed on the Milan (Italy) stock exchange, in accordance with applicable stock market regulations, LVMH launched a public tender offer ("OPA") for all of the Bulgari shares held by minority shareholders at the price of 12.25 euros per share following the contribution transaction. On September 28, 2011, at the completion of procedure, LVMH held a 98.09% stake in Bulgari, authorizing the Group to launch a squeeze-out procedure ("OPRO") for the purchase of the remaining outstanding shares. Since December 31, 2011, LVMH has held a 100% stake in the company.

Shares acquired after June 30, 2011 break down as follows:

	Total value *(EUR millions)*	Number of shares *(millions)*	Value per share *(EUR)*
Shares acquired through the public tender offer	1,338	109.2	
Shares acquired through the squeeze-out procedure	82	6.7	
Shares acquired on the stock market	33	2.7	
Shares acquired after June 30, 2011	**1,453**	**118.6**	**12.25**

In accordance with the memorandum of understanding, shares acquired through the public tender offer included 36.8 million shares issued in connection with the early exercise of conversion options by holders of convertible bonds issued in 2009 and 9.5 million shares issued as a result of the early exercise of subscription options granted prior to the acquisition of the controlling interest by LVMH in favor of senior executives and employees of Bulgari.

Shares acquired after June 30, 2011 represented a disbursement of 1,453 million euros. The difference between this amount and minority interests' attributable portion of net assets of 772 million euros, which represents 681 million euros, was deducted from consolidated reserves.

Transaction fees relating to the Bulgari acquisition were recognized in "Other operating income and expenses"; they represented an amount of 16 million euros, see Note 25.

The impact of the acquisition of Bulgari on Group cash flows was a cash outflow of 2,025 million euros, net of 89 million euros of cash acquired and of 60 million euros of cash obtained from the exercise of share subscription options. A portion of this amount (705 million euros) represented acquisitions of shares on the market in the first half of the year, with 1,453 million euros corresponding to acquisitions of shares in the second half of the year via the public tender offer. The balance represents acquisition-related costs.

Bulgari's consolidated revenue for the second half of 2011 amounted to 713 million euros, with operating profit of 85 million euros and net profit of 71 million euros. Bulgari's consolidated revenue for 2011 amounted to 1,272 million euros with operating profit of 109 million euros, after deducting non-recurring expenses amounting to 16 million euros relating to the alliance with LVMH.

ArteCad

In November 2011, the Group acquired 100% of the share capital of the Swiss company ArteCad SA, for consideration of 60 million Swiss francs (49 million euros), 14 million of which will be paid in 2015. ArteCad is one of the leading Swiss manufacturers of watch dials. ArteCad was fully consolidated with effect from December 31, 2011. The final goodwill arising on this acquisition amounts to 48 million Swiss francs (40 million euros).

2.3.3. Selective Retailing

The stake held by LVMH in the share capital of the company owning the Ile de Beauté stores, one of the leading perfume and cosmetics retail chains in Russia, was increased from 45% to 65% in June 2011, for an amount of 40 million euros. LVMH's partner benefits from an option to sell the remaining 35% stake to LVMH, which may be exercised in tranches from 2013 to 2016. This investment, which was previously accounted for under equity method, was fully consolidated with effect from June 1, 2011.

The price paid was allocated to the Ile de Beauté trade name, for an amount of 12 million euros. The final goodwill amounts to 128 million euros, in recognition of Sephora's prospects for expansion in the Russian market. Minority interests were valued in the amount of their share in the acquiree's restated net assets, with the difference between the value of the purchase commitment for the 35% of share capital that was not acquired and non-controlling interests, in the amount of 66 million euros, deducted from consolidated reserves.

2.4. Impact on cash and cash equivalents of changes in the percentage interest in consolidated entities

(EUR millions)	**2013**	**2012**	**2011**
Purchase price of consolidated investments and of minority interests' shares	(2,318)	(250)	(2,375)
Positive cash balance/(net overdraft) of companies acquired	10	(1)	174
Proceeds from sale of consolidated investments	-	-	8
(Positive cash balance)/net overdraft of companies sold	-	-	(5)
Impact of changes in the percentage interest in consolidated entities on cash and cash equivalents	**(2,308)**	**(251)**	**(2,198)**
Of which: purchase and proceeds from sale of consolidated investments	*(2,158)*	*(45)*	*(785)*
purchase and proceeds from sale of minority interests	*(150)*	*(206)*	*(1,413)*

In 2013, the impact of changes in the percentage interest in consolidated entities was related, for 1,982 million euros, to the acquisition of Loro Piana. The remainder is related to the acquisition of Hotel Saint Barth Isle de France, the Cova pastry brand, Nicholas Kirkwood, and of additional shareholdings in Château d'Yquem and Marc Jacobs.

In 2012, the impact on the Group's cash position of changes in the percentage interest in consolidated entities mainly included the effects of the acquisition of the 20% stake in Benefit not previously owned by the Group, as well as the acquisition of 100% stakes in Tanneries Roux and Arnys.

In 2011, the main impact of changes in the percentage interest in consolidated entities was related, in the amount of 2,025 million euros, to the acquisition of Bulgari. The remainder was related to the acquisition of ArteCad, of a 51% stake in Heng Long, and a 20% stake in Ile de Beauté.

3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

(EUR millions)			2013	2012	2011
	Gross	Amortization and impairment	Net	Net	Net
Brands	9,266	(518)	8,748	8,819	8,850
Trade names	3,257	(1,324)	1,933	2,009	2,044
License rights	88	(68)	20	22	25
Leasehold rights	552	(249)	303	248	182
Software, web sites	901	(666)	235	200	172
Other	496	(277)	219	212	209
Total	**14,560**	**(3,102)**	**11,458**	**11,510**	**11,482**
Of which: assets held under finance leases	*14*	*(14)*	-	-	-

3.1. Movements in the fiscal year

Movements during the fiscal year ended December 31, 2013 in the net amounts of brands, trade names and other intangible assets were as follows:

Gross value *(EUR millions)*	Brands	Trade names	Software, web sites	Leasehold rights	Other intangible assets	Total
As of December 31, 2012	**9,318**	**3,389**	**759**	**468**	**567**	**14,501**
Acquisitions	-	-	95	53	105	253
Disposals and retirements	-	-	(23)	(19)	(46)	(88)
Changes in the scope of consolidation	7	-	47	46	10	110
Translation adjustment	(59)	(132)	(14)	(4)	(13)	(222)
Reclassifications	-	-	37	8	(39)	6
As of December 31, 2013	**9,266**	**3,257**	**901**	**552**	**584**	**14,560**

Accumulated amortization and impairment *(EUR millions)*	Brands	Trade names	Software, web sites	Leasehold rights	Other intangible assets	Total
As of December 31, 2012	**(499)**	**(1,380)**	**(559)**	**(220)**	**(333)**	**(2,991)**
Amortization expense	(25)	(1)	(96)	(30)	(63)	(215)
Impairment expense	-	-	-	(1)	(1)	(2)
Disposals and retirements	-	-	23	16	44	83
Changes in the scope of consolidation	(2)	-	(41)	(14)	(5)	(62)
Translation adjustment	8	57	9	1	11	86
Reclassifications	-	-	(2)	(1)	2	(1)
As of December 31, 2013	**(518)**	**(1,324)**	**(666)**	**(249)**	**(345)**	**(3,102)**
Net carrying amount as of December 31, 2013	**8,748**	**1,933**	**235**	**303**	**239**	**11,458**

3.2. Movements in prior fiscal years

Net carrying amount (EUR millions)	Brands	Trade names	Software, web sites	Leasehold rights	Other intangible assets	Total
As of December 31, 2010	**6,717**	**1,977**	**141**	**111**	**158**	**9,104**
Acquisitions	-	-	60	43	143	246
Disposals and retirements	-	-	-	-	(1)	(1)
Changes in the scope of consolidation	2,106	12	21	37	18	2,194
Amortization expense	(32)	(1)	(80)	(18)	(51)	(182)
Impairment expense	-	-	-	-	-	-
Translation adjustment	59	56	2	2	1	120
Reclassification	-	-	28	7	(34)	1
As of December 31, 2011	**8,850**	**2,044**	**172**	**182**	**234**	**11,482**
Acquisitions	-	-	81	72	85	238
Disposals and retirements	-	-	(1)	(4)	1	(4)
Changes in the scope of consolidation	-	-	-	18	1	19
Amortization expense	(40)	(1)	(85)	(21)	(54)	(201)
Impairment expense	-	-	-	-	-	-
Translation adjustment	9	(34)	-	(3)	(2)	(30)
Reclassification	-	-	33	4	(31)	6
As of December 31, 2012	**8,819**	**2,009**	**200**	**248**	**234**	**11,510**

The impact of changes in the scope of consolidation in fiscal year 2011 corresponded to the valuation of the Bulgari brand in the amount of 2,100 million euros.

3.3. Brands and trade names

The breakdown of brands and trade names by business group is as follows:

(EUR millions)			2013	2012	2011
	Gross	Amortization and impairment	Net	Net	Net
Wines and Spirits	1,018	(70)	948	973	980
Fashion and Leather Goods	3,883	(367)	3,516	3,532	3,555
Perfumes and Cosmetics	616	(23)	593	596	597
Watches and Jewelry	3,511	(6)	3,505	3,528	3,518
Selective Retailing	3,214	(1,277)	1,937	2,014	2,049
Other activities	281	(99)	182	185	195
Brands and trade names	**12,523**	**(1,842)**	**10,681**	**10,828**	**10,894**

The brands and trade names recognized are those that the Group has acquired. The principal acquired brands and trade names as of December 31, 2013 are:

- Wines and Spirits: Veuve Clicquot, Krug, Château d'Yquem, Château Cheval Blanc, Belvedere, Glenmorangie, Newton Vineyards and Numanthia Termes;
- Fashion and Leather Goods: Louis Vuitton, Fendi, Donna Karan New York, Céline, Loewe, Givenchy, Kenzo, Thomas Pink, Berluti, Pucci;
- Perfumes and Cosmetics: Parfums Christian Dior, Guerlain, Parfums Givenchy, Make Up For Ever, Benefit Cosmetics, Fresh and Acqua di Parma;
- Watches and Jewelry: Bulgari, TAG Heuer, Zenith, Hublot, Chaumet and Fred;
- Selective Retailing: DFS Galleria, Sephora, Le Bon Marché, Ile de Beauté and Ole Henriksen;
- Other activities: the publications of the media group Les Echos-Investir, the Royal Van Lent-Feadship brand and the patisserie brand Cova.

These brands and trade names are recognized in the balance sheet at their value determined as of the date of their acquisition by the Group, which may be much less than their value in use or their net selling price as of the closing date for the consolidated financial statements of the Group. This is notably the case for the brands Louis Vuitton, Veuve Clicquot, and Parfums Christian Dior, or the trade name Sephora, with the understanding that this list must not be considered as exhaustive.

Brands developed by the Group, notably Hennessy, Moët & Chandon, Dom Pérignon, Mercier and Ruinart champagnes, as well as De Beers Diamond Jewellers developed as a joint-venture with the De Beers group, are not capitalized in the balance sheet.

Brands and trade names developed by the Group, in addition to Louis Vuitton, Veuve Clicquot, Parfums Christian Dior and Sephora, represented 23% of total brands and trade names capitalized in the balance sheet and 58% of the Group's consolidated revenue.

Please refer also to Note 5 for the impairment testing of brands, trade names and other intangible assets with indefinite useful lives.

4. GOODWILL

(EUR millions)			2013	2012	2011
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	8,308	(1,208)	7,100	5,270	5,142
Goodwill arising on purchase commitments for minority interests	2,862	(3)	2,859	2,536	1,815
Total	**11,170**	**(1,211)**	**9,959**	**7,806**	**6,957**

Changes in net goodwill during the fiscal years presented break down as follows:

(EUR millions)			2013	2012	2011
	Gross	Impairment	Net	Net	Net
As of January 1	**8,990**	**(1,184)**	**7,806**	**6,957**	**5,027**
Changes in the scope of consolidation [a]	1,945	1	1,946	43	1,743
Changes in purchase commitments for minority interests	294	-	294	836	203
Changes in impairment	-	(57)	(57)	(24)	(40)
Translation adjustment	(59)	29	(30)	(6)	24
As of December 31	**11,170**	**(1,211)**	**9,959**	**7,806**	**6,957**

(a) See Note 2.

Changes in the scope of consolidation in fiscal year 2013 were mainly attributable to provisional goodwill arising on the acquisition of Loro Piana for 1,785 million euros, and to the provisional goodwill arising on the initial consolidation of Hotel Saint-Barth Isle de France, Nicholas Kirkwood and Cova for the remaining amount.

Changes in the scope of consolidation in fiscal year 2011 were mainly attributable to the integration of Bulgari for 1,522 million euros, as well as to that of Ile de Beauté, ArteCad and Heng Long.

Please refer also to Note 20 for goodwill arising on purchase commitments for minority interests.

5. IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brands, trade names, and other intangible assets with indefinite useful lives as well as the goodwill arising on acquisition have been subject to annual impairment testing. No significant impairment expense has been recognized in respect of these items during the course of fiscal year 2013. As described in Note 1.13, these assets are generally valued on the basis of the present value of forecast cash flows determined in the context of multi-year business plans drawn up over the course of each fiscal year. The main assumptions retained for the determination of these forecast cash flows are as follows:

(as %)	2013				2012			2011		
	Discount rate		Compound annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Compound annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Compound annual growth rate for revenue during the plan period	Growth rate for the period after the plan
	Post-tax	Pre-tax								
Wines and Spirits	7.5 to 11.2	11.2 to 16.7	9.2	2.0	7.5 to 11.2	10.3	2.0	7.5 to 11.2	11.8	2.0
Fashion and Leather Goods	8.0 to 13.1	11.9 to 19.6	11.1	2.0	8.0 to 13.1	11.7	2.0	8.0 to 13.3	12.5	2.0
Perfumes and Cosmetics	8.0 to 9.4	11.9 to 14	9.5	2.0	8.0 to 8.4	9.2	2.0	8.0 to 8.4	10.3	2.0
Watches and Jewelry	9.2 to 9.6	13.7 to 14.3	9.7	2.0	9.2 to 9.6	9.8	2.0	8.5 to 10.3	13.1	2.0
Selective Retailing	8.4 to 9.6	12.5 to 14.3	10.1	2.0	8.4 to 9.6	9.6	2.0	8.4 to 9.6	14.3	2.0
Other	6.5 to 8.2	9.7 to 12.2	2.7	2.0	6.5 to 8.2	10.9	2.0	6.5 to 8.2	3.3	2.0

Plans generally cover a five-year period, but may be prolonged up to ten years in case of brands for which production cycle exceeds five years or brands undergoing strategic repositioning. The compound annual growth rate for revenue and the improvement in profit margins over plan periods are comparable to the growth achieved in the past four exercises, except for brands undergoing strategic repositioning, for which the improvements projected were greater than historical performance due to the expected effects of the repositioning measures implemented.

Discount rates are unchanged compared to 2012, reflecting the stability of interest rates. Annual growth rates applied for the period not covered by the plans are based on market estimates for the business groups concerned.

As of December 31, 2013, the intangible assets with indefinite useful lives that are the most significant in terms of their net carrying amounts and the criteria used for their impairment testing are as follows:

(EUR millions)	Brands and trade names	Goodwill	Total	Post-tax discount rate *(as %)*	Growth rate for the period after the plans *(as %)*	Period covered by the forecast cash flows
Louis Vuitton	2,058	489	2,547	8.0	2.0	5 years
Fendi	713	405	1,118	9.6	2.0	5 years
Bulgari	2,100	1,523	3,623	9.2	2.0	10 years
TAG Heuer	1,010	192	1,202	9.2	2.0	5 years
DFS Galleria	1,659	17	1,676	9.6	2.0	5 years
Sephora	278	598	876	8.4	2.0	5 years

As of December 31, 2013, for the business segments listed above, a change of 0.5 points in the post-tax discount rate or in the growth rate for the period not covered by the plans, compared to rates used as of December 31, 2013, or a reduction of 2 points in the compound annual growth rate for revenue over the period covered by the plans would not result in the recognition of any impairment losses for these intangible assets. The Group considers that changes in excess of the limits mentioned above would entail assumptions at a level not deemed relevant, in view of the current economic environment and medium to long-term growth prospects for the business segments concerned.

With respect to the other business segments, eight have disclosed intangible assets with a carrying amount close to their value in use. The carrying amount for each of these intangible assets as of December 31, 2013 as well as the impairment loss that would result from a change of 0.5 points in the post-tax discount rate or in the growth rate for the period not covered by the plans, or from a reduction of 2 points in the compound annual growth rate for revenue compared to rates used as of December 31, 2013 break down as follows:

(EUR millions)	Amount of intangible assets concerned as of 12/31/2013	Amount of impairment if:		
		Increase of 0.5% in post-tax discount rate	Decrease of 2% in compound annual growth rate for revenue	Decrease of 0.5% in growth rate for the period after the plan
Wines and Spirits	661	29	34	11
Fashion and Leather Goods	487	18	27	9
Other business groups	488	40	36	32
Total	**1,636**	**87**	**97**	**52**

As of December 31, 2013, the gross and net values of brands, trade names and goodwill giving rise to amortization and/or impairment charges in 2013 were 849 million euros and 559 million euros, respectively.

6. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)			2013	2012	2011
	Gross	Depreciation and impairment	Net	Net	Net
Land	1,042	(55)	987	1,182	941
Vineyard land and producing vineyards	2,419	(84)	2,335	1,971	1,867
Buildings	2,458	(1,182)	1,276	1,314	1,399
Investment property	647	(42)	605	509	536
Leasehold improvements, machinery and equipment	7,207	(4,571)	2,636	2,124	1,895
Assets in progress	800	-	800	716	511
Other tangible fixed assets	1,489	(526)	963	953	868
Total	**16,062**	**(6,460)**	**9,602**	**8,769**	**8,017**
Of which: assets held under finance leases	*275*	*(170)*	*105*	*110*	*113*
historical cost of vineyard land and producing vineyards	*661*	*(84)*	*577*	*575*	*552*

6.1. Movements in the fiscal year

Movements in property, plant and equipment during the fiscal year break down as follows:

Gross value *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment: Stores	Leasehold improvements, machinery and equipment: Production, logistics	Leasehold improvements, machinery and equipment: Other	Assets in progress	Other tangible fixed assets	Total
As of December 31, 2012	**2,051**	**3,865**	**580**	**3,454**	**1,629**	**850**	**716**	**1,538**	**14,683**
Acquisitions	5	97	18	583	89	115	598	82	1,587
Change in the market value of vineyard land	369	-	-	-	-	-	-	-	369
Disposals and retirements	-	(133)	(2)	(192)	(64)	(58)	(3)	(88)	(540)
Changes in the scope of consolidation	-	71	-	112	180	48	-	3	414
Translation adjustment	(13)	(131)	(15)	(187)	(20)	(33)	(19)	(36)	(454)
Other movements, including transfers	7	(269)	66	498	55	148	(492)	(10)	3
As of December 31, 2013	**2,419**	**3,500**	**647**	**4,268**	**1,869**	**1,070**	**800**	**1,489**	**16,062**

Depreciation and impairment *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment: Stores	Leasehold improvements, machinery and equipment: Production, logistics	Leasehold improvements, machinery and equipment: Other	Assets in progress	Other tangible fixed assets	Total
As of December 31, 2012	**(80)**	**(1,369)**	**(71)**	**(2,139)**	**(1,072)**	**(598)**	**-**	**(585)**	**(5,914)**
Depreciation expense	(6)	(122)	(7)	(473)	(118)	(110)	-	(80)	(916)
Impairment expense	-	(1)	-	(2)	-	-	(8)	-	(11)
Disposals and retirements	-	75	2	190	63	56	1	66	453
Changes in the scope of consolidation	-	(33)	-	(64)	(159)	(26)	-	(2)	(284)
Translation adjustment	2	52	2	115	12	23	-	21	227
Other movements, including transfers	-	161	32	(205)	3	(67)	7	54	(15)
As of December 31, 2013	**(84)**	**(1,237)**	**(42)**	**(2,578)**	**(1,271)**	**(722)**	**-**	**(526)**	**(6,460)**
Net carrying amount as of December 31, 2013	**2,335**	**2,263**	**605**	**1,690**	**598**	**348**	**800**	**963**	**9,602**

The impact of marking vineyard land to market was 1,758 million euros as of December 31, 2013 (1,396 million euros as of December 31, 2012; 1,315 million euros as of December 31, 2011). See Notes 1.8 and 1.12 on the measurement method of vineyard land.

The market value of investment property, according to appraisals by independent third parties, was 1 billion euros as of December 31, 2013. The valuation methods used are based on market data (Level 2 of the fair value hierarchy established by IFRS 13).

The effects of changes in the scope of consolidation are mainly related to the consolidation of Loro Piana.

Purchases of property, plant and equipment include investments by Louis Vuitton, Sephora, DFS, Bulgari and Berluti in their retail networks, as well as those of the champagne houses in their production equipment, and those of Parfums Christian Dior in new counters.

6.2. Movements in prior fiscal years

Net carrying amount *(EUR millions)*	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other tangible fixed assets	Total
				Stores	Production, logistics	Other			
As of December 31, 2010	**1,828**	**1,904**	**297**	**1,084**	**456**	**164**	**289**	**711**	**6,733**
Acquisitions	18	303	237	336	92	66	413	159	1,624
Disposals and retirements	-	(12)	-	(4)	(2)	(1)	(12)	(2)	(33)
Depreciation expense	(7)	(76)	(5)	(360)	(99)	(65)	-	(90)	(702)
Impairment expense	-	(1)	-	-	-	2	-	1	2
Change in the market value of vineyard land	25	-	-	-	-	-	-	-	25
Changes in the scope of consolidation	-	147	-	20	22	2	5	22	218
Translation adjustment	1	57	8	35	2	3	9	4	119
Other, including transfers	2	18	(1)	85	40	17	(193)	63	31
As of December 31, 2011	**1,867**	**2,340**	**536**	**1,196**	**511**	**188**	**511**	**868**	**8,017**
Acquisitions	14	133	74	466	106	92	608	120	1,613
Disposals and retirements	(1)	(15)	-	(4)	(1)	(1)	(2)	(4)	(28)
Depreciation expense	(6)	(143)	(5)	(371)	(111)	(92)	-	(90)	(818)
Impairment expense	-	(75)	-	-	(1)	-	-	-	(76)
Change in the market value of vineyard land	86	-	-	-	-	-	-	-	86
Changes in the scope of consolidation	-	6	-	4	-	-	-	6	16
Translation adjustment	(5)	(32)	(1)	(16)	(1)	(6)	(6)	(3)	(70)
Other, including transfers	16	282	(95)	40	54	71	(395)	56	29
As of December 31, 2012	**1,971**	**2,496**	**509**	**1,315**	**557**	**252**	**716**	**953**	**8,769**

Purchases of property, plant and equipment in 2011 and 2012 included investments by Louis Vuitton, Sephora, DFS and Parfums Christian Dior in their retail networks, those of the champagne houses in their production equipment, in addition to the effects of real estate investments dedicated to administrative, commercial or rental purposes. In 2011 they also included investments by Glenmorangie and Parfums Christian Dior in their production equipment.

7. INVESTMENTS IN ASSOCIATES

(EUR millions)			2013	2012	2011
	Gross	Impairment	Net	Net	Net
Share of net assets of associates as of January 1	**163**	**-**	**163**	**170**	**223**
Share of net profit (loss) for the period	7	-	7	4	6
Dividends paid	(15)	-	(15)	(9)	(12)
Changes in the scope of consolidation	6	-	6	1	(57)
Translation adjustment	(13)	-	(13)	(4)	3
Other movements, including transfers	4	-	4	1	7
Share of net assets of associates as of December 31	**152**	**-**	**152**	**163**	**170**

As of December 31, 2013, investments in associates consisted primarily of:

- a 40% equity stake in Mongoual SA, a real estate company which owns an office building in Paris (France), which is the head office of LVMH Moët Hennessy - Louis Vuitton SA;
- a 45% equity stake in PT. Sona Topas Tourism Industry Tbk (STTI), an Indonesian retail company, which notably holds duty-free sales licenses in airports;
- a 46% equity stake in JW Anderson, a London-based ready-to-wear brand, acquired in September 2013.

The impact of changes in the scope of consolidation in 2011 were attributable to accounting for the above-mentioned investment in STTI and the change in accounting treatment of Ile de Beauté, which was previously accounted for under the equity method and has been fully consolidated since June 2011 (See Note 2).

8. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)			2013	2012	2011
	Gross	Impairment	Net	Net	Net
Total	**7,230**	**(150)**	**7,080**	**6,004**	**5,982**

Non-current available for sale financial assets changed as follows during the fiscal years presented:

(EUR millions)		2013	2012	2011
	Total	Of which Hermès		
As of January 1	**6,004**	**5,409**	**5,982**	**3,891**
Acquisitions	197	133	125	496
Disposals at net realized value	(38)	-	(36)	(17)
Changes in market value	941	895	(38)	1,613
Changes in impairment	(5)	-	(4)	(6)
Changes in the scope of consolidation	1	-	-	6
Translation adjustment	(11)	-	(5)	6
Reclassifications	(9)	-	(20)	(7)
As of December 31	**7,080**	**6,437**	**6,004**	**5,982**

As of December 31, 2013, non-current available for sale assets mainly include an investment in Hermès International SCA ("Hermès") with a gross and net amount of 6,437 million euros (5,409 million euros as of December 31, 2012, 5,438 million euros as of December 31, 2011). The stake in the share capital of Hermès increased from 22.6% to 23.1% in fiscal year 2013, resulting from the acquisition of shares on the market. Given the legal form of Hermès, a "Société en Commandite par Actions", the investment stake held by LVMH is not accounted for under the equity method.

As of December 31, 2013, the stake in Hermès, corresponding to 24.4 million shares, represented, on the basis of the Hermès share price at that date on Paris stock exchange, an amount of 6.4 billion euros, for a total amount of 3.6 billion euros on initial recognition (2.6 billion euros in cash after deducting the gain recognized in 2010, upon the settlement of equity linked swaps covering 12.8 million shares).

As of December 31, 2013, the Hermès share price, applied for the purpose of valuing this investment, was 263.50 euros (226.30 as of December 31, 2012, 230.35 as of December 31, 2011).

The market value of non-current available for sale financial assets is determined using the methods described in Note 1.8 (see also Note 22.2 for the breakdown of these assets according to the measurement methods used). Impairment of non-current available for sale financial assets is determined in accordance with the accounting policies described in Note 1.14.

Non-current available for sale financial assets held by the Group as of December 31, 2013 include the following:

(EUR millions)	Percentage of interest	Net value	Revaluation reserve	Dividends received	Equity	Net profit
Hermès International SCA (France)[a]	23.1%	6,437	2,800	61	2,344[c][d]	740[c][d]
Hengdeli Holdings Ltd (China)[a]	6.3%	51	33	1	664[c][d]	101[c][d]
Tod's SpA (Italy)[a]	3.5%	129	82	3	758[c][d]	145[c][d]
L Real Estate SCA (Luxembourg)[b]	32.2%	114	33	-	353[e]	29[e]
L Capital 2 FCPR (France)[b]	18.5%	42	(2)	-	216[c][e]	(4)[c][e]
Sociedad Textil Lonia SA (Spain)[b]	25.0%	40	32	5	160[c][d]	33[c][d]
Other investments		267	38	1		
Total		**7,080**	**3,016**	**71**		

(a) Market value of securities as of the close of trading on December 31, 2013.
(b) Valuation at estimated net realizable value.
(c) Figures provided reflect company information prior to December 31, 2013, as fiscal year-end accounting data for 2013 was not available at the date of preparation of the financial statements.
(d) Consolidated data.
(e) Company data.

9. OTHER NON-CURRENT ASSETS

(EUR millions)	**2013**	**2012**[a]	**2011**[a]
Warranty deposits	226	210	185
Derivatives	68	176	143
Loans and receivables	123	115	125
Other	15	18	25
Total	**432**	**519**	**478**

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

10. INVENTORIES AND WORK IN PROGRESS

(EUR millions)			2013	2012	2011
	Gross	Impairment	Net	Net	Net
Wines and *eaux-de-vie* in the process of aging	3,749	(18)	3,731	3,478	3,377
Other raw materials and work in progress	1,485	(319)	1,166	1,062	951
	5,234	(337)	4,897	4,540	4,328
Goods purchased for resale	1,287	(117)	1,170	1,171	988
Finished products	3,129	(610)	2,519	2,369	2,194
	4,416	(727)	3,689	3,540	3,182
Total	**9,650**	**(1,064)**	**8,586**	**8,080**	**7,510**

The net change in inventories for the periods presented breaks down as follows:

(EUR millions)			2013	2012	2011
	Gross	Impairment	Net	Net	Net
As of January 1	**9,057**	**(977)**	**8,080**	**7,510**	**5,991**
Change in gross inventories [a]	761	-	761	827	770
Fair value adjustment for the harvest of the period	2	-	2	(26)	14
Changes in impairment	-	(245)	(245)	(192)	(68)
Changes in the scope of consolidation	305	(20)	285	32	694
Translation adjustment	(328)	29	(299)	(78)	135
Other, including reclassifications	(147)	149	2	7	(26)
As of December 31	**9,650**	**(1,064)**	**8,586**	**8,080**	**7,510**

(a) Including the impact of product returns. See Note 1.24.

Changes in the scope of consolidation in 2013 are mainly related to the consolidation of Loro Piana.

Changes in the scope of consolidation in 2011 primarily reflected the consolidation of Bulgari and Ile de Beauté.

The effects of marking harvests to market on Wines and Spirits' cost of sales and value of inventory are as follows:

(EUR millions)	2013	2012	2011
Fair value adjustment for the harvest of the period	37	12	50
Adjustment for inventory consumed	(35)	(38)	(36)
Net effect on cost of sales of the period	**2**	**(26)**	**14**
Net effect on the value of inventory as of period-end	**173**	**171**	**197**

See Notes 1.8 and 1.15 on the method of marking harvests to market.

11. TRADE ACCOUNTS RECEIVABLE

(EUR millions)	2013	2012	2011
Trade accounts receivable, nominal amount	2,431	2,227	2,107
Provision for impairment	(67)	(63)	(64)
Provision for product returns	(175)	(179)	(165)
Net amount	**2,189**	**1,985**	**1,878**

The change in trade accounts receivable for the periods presented breaks down as follows:

(EUR millions)			2013	2012	2011
	Gross	Impairment	Net	Net	Net
As of January 1	**2,227**	**(242)**	**1,985**	**1,878**	**1,565**
Changes in gross receivables	288	-	288	147	80
Changes in provision for impairment	-	(5)	(5)	1	4
Changes in provision for product returns	-	(1)	(1)	(5)	(14)
Changes in the scope of consolidation	61	(1)	60	(2)	183
Translation adjustment	(146)	7	(139)	(44)	55
Reclassifications	1	-	1	10	5
As of December 31	**2,431**	**(242)**	**2,189**	**1,985**	**1,878**

The receivable auxiliary balance is comprised primarily of receivables from wholesalers or agents, who are limited in number and with whom the Group maintains ongoing relationships for the most part. As of December 31, 2013, coverage of customer credit risk had been requested from insurers for the majority of trade receivables, approximately 90% of the amount of which was granted (93% as of December 31, 2012).

As of December 31, 2013, the breakdown of the nominal amount of trade receivables and of provisions for impairment by age was as follows:

(EUR millions)		Nominal amount of receivables	Impairment	Net amount of receivables
Not due:	- less than 3 months	1,972	(12)	1,960
	- more than 3 months	96	(4)	92
		2,068	(16)	2,052
Overdue:	- less than 3 months	240	(7)	233
	- more than 3 months	123	(44)	79
		363	(51)	312
Total		**2,431**	**(67)**	**2,364**

For each of the fiscal years presented, no single customer represented revenue exceeding 10% of the Group's consolidated revenue.

There is no difference between the present value of trade accounts receivable and their carrying amount.

12. OTHER CURRENT ASSETS

(EUR millions)	2013	2012	2011
Current available for sale financial assets	171	177	145
Derivatives	494	425	147
Tax accounts receivable, excluding income taxes	358	393	468
Advances and payments on account to vendors	173	195	163
Prepaid expenses	285	284	249
Other receivables	370	337	283
Total	**1,851**	**1,811**	**1,455**

There is no difference between the present value of other current assets and their carrying amount.

Please also refer to Note 13 Current available for sale financial assets and Note 22 Financial instruments and market risk management.

13. CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	2013	2012	2011
Unlisted securities, shares in non-money market SICAVs and funds	12	13	14
Listed securities	159	164	131
Total	**171**	**177**	**145**
Of which: historical cost of current available for sale financial assets	*136*	*161*	*140*

The net value of current available for sale financial assets changed as follows during the fiscal years presented:

(EUR millions)	2013	2012	2011
As of January 1	**177**	**145**	**219**
Acquisitions	-	-	256
Disposals at net realized value	(27)	(4)	(285)
Changes in market value	22	11	21
Changes in impairment	-	-	(1)
Changes in the scope of consolidation [(a)]	-	-	(72)
Translation adjustment	(1)	-	-
Reclassifications	-	25	7
As of December 31	**171**	**177**	**145**

(a) Impact related to the acquisition of Bulgari. See Note 2.

The market value of current available for sale financial assets is determined using the methods described in Note 1.8 (see also Note 22.2 for the breakdown of these assets according to the measurement methods used). See also Note 1.14 for the method used to determine impairment losses on current available for sale financial assets.

14. CASH AND CASH EQUIVALENTS

(EUR millions)	2013	2012	2011
Fixed term deposits (less than 3 months)	810	480	421
SICAV and FCP money market funds	532	112	216
Ordinary bank accounts	1,879	1,604	1,666
Cash and cash equivalents per balance sheet	**3,221**	**2,196**	**2,303**

The reconciliation between cash and cash equivalents as shown in the balance sheet and net cash and cash equivalents appearing in the cash flow statement is as follows:

(EUR millions)	2013	2012	2011
Cash and cash equivalents	3,221	2,196	2,303
Bank overdrafts	(310)	(208)	(222)
Net cash and cash equivalents per cash flow statement	**2,911**	**1,988**	**2,081**

14.1. Change in working capital

The change in working capital breaks down as follows for the periods presented:

(EUR millions)	Notes	2013	2012	2011
Change in inventories and work in progress	10	(765)	(829)	(768)
Change in trade accounts receivable	11	(288)	(147)	(65)
Change in trade accounts payable		205	173	331
Change in other receivables and payables		231	(10)	(32)
Change in working capital [(a)]		**(617)**	**(813)**	**(534)**

(a) Increase/(Decrease) in cash and cash equivalents.

14.2. Operating investments

Operating investments comprise the following elements for the periods presented:

(EUR millions)	Notes	2013	2012	2011
Purchase of intangible fixed assets	3	(253)	(238)	(244)
Purchase of tangible fixed assets	6	(1,587)	(1,613)	(1,624)
Changes in accounts payable related to fixed asset purchases		108	141	119
Net cash used in purchases of fixed assets [(a)]		**(1,732)**	**(1,710)**	**(1,749)**
Net cash from fixed assets disposals [(a)]		**98**	**44**	**31**
Guarantee deposits paid and other cash flows related to operating investments		(29)	(36)	(12)
Operating investments		**(1,663)**	**(1,702)**	**(1,730)**

(a) Increase/(Decrease) in cash and cash equivalents.

15. EQUITY

15.1. Share capital and share premium account

As of December 31, 2013, issued and fully paid-up shares totaled 507,793,661 (508,163,349 shares as of December 31, 2012 and 507,815,624 shares as of December 31, 2011), with a par value of 0.30 euros per share, including 224,907,923 shares with double voting rights (224,699,349 as of December 31, 2012 and 224,575,071 as of December 31, 2011). Double voting rights are granted to registered shares held for more than three years.

Changes in the share capital and share premium account, in value and in terms of number of shares, break down as follows:

(EUR millions)				2013	2012	2011
	Number			Amount	Amount	Amount
		Share capital	Share premium account	Total		
As of January 1	**508,163,349**	**152**	**3,848**	**4,000**	**3,953**	**1,929**
Increase in share capital related to the contribution of Bulgari shares	-	-	-	-	-	2,037
Exercise of share subscription options	1,025,418	-	67	67	94	94
Retirement of shares	(1,395,106)	-	(66)	(66)	(47)	(107)
As of December 31	**507,793,661**	**152**	**3,849**	**4,001**	**4,000**	**3,953**

15.2. Treasury shares and derivatives settled in LVMH shares

The portfolio of treasury shares and derivatives settled in LVMH shares is allocated as follows:

(EUR millions)		2013	2012	2011
	Number	Amount	Amount	Amount
Share subscription option plans	4,301,285	203	270	319
Share purchase option plans	-	-	7	22
Bonus share plans	1,484,118	101	75	64
Other plans	816,950	39	49	64
Shares held for stock option and similar plans [a]	**6,602,353**	**343**	**401**	**469**
Liquidity contract	100,000	13	13	13
Shares pending retirement	689,566	95	-	-
LVMH treasury shares	**7,391,919**	**451**	**414**	**482**
LVMH share-based calls	-	-	-	3
LVMH treasury shares and derivatives settled in LVMH shares	**7,391,919**	**451**	**414**	**485**

(a) See Note 16 regarding stock option and similar plans.

"Other plans" correspond to future plans.

The market value of LVMH shares held under the liquidity contract as of December 31, 2013 amounts to 13 million euros.

The portfolio movements of LVMH treasury shares in fiscal year 2013 were as follows:

(EUR millions)	Number	Amount	Effect on cash
As of December 31, 2012	**8,167,519**	**414**	
Share purchases	2,848,311	386	(386)
Exercise of share purchase options	(19,620)	(2)	1
Bonus shares definitively allocated	(193,440)	(10)	-
Retirement of shares	(1,395,106)	(66)	-
Proceeds from disposal at net realized value	(2,015,745)	(272)	272
Gain/(loss) on disposal		1	-
As of December 31, 2013	**7,391,919**	**451**	**(113)**

15.3. Dividends paid by the parent company LVMH SA

In accordance with French regulations, dividends are deducted from the profit for the year and reserves available for distribution of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares.

As of December 31, 2013, the amount available for distribution was 10,272 million euros; after taking into account the proposed dividend distribution in respect of the 2013 fiscal year, the amount available for distribution is 9,308 million euros.

(EUR millions, except for data per share in EUR)	2013	2012	2011
Interim dividend for the current fiscal year (2013: 1.20 euros; 2012: 1.10 euros; 2011: 0.80 euros)	609	559	406
Impact of treasury shares	(9)	(9)	(8)
	600	**550**	**398**
Final dividend for the previous fiscal year (2012 and 2011: 1.80 euros)	914	914	685
Impact of treasury shares	(14)	(16)	(14)
	900	**898**	**671**
Total gross amount disbursed during the fiscal year [a]	**1,500**	**1,448**	**1,069**

(a) Excludes the impact of tax regulations applicable to the beneficiary.

The final dividend for fiscal year 2013, as proposed to the Shareholders' Meeting of April 10, 2014 is 1.90 euros per share, representing a total amount of 965 million euros, excluding the amount to be deducted in relation to treasury shares held at date of payment.

15.4. Cumulative translation adjustment

The change in the translation adjustment recognized under equity, Group share net of hedging effects of net assets denominated in foreign currency, break down as follows by currency:

(EUR millions)	2013	Change	2012	2011
US dollar	(203)	(104)	(99)	(57)
Swiss franc	406	(40)	446	424
Japanese yen	52	(68)	120	212
Hong Kong dollar	(15)	(75)	60	88
Pound sterling	(52)	(12)	(40)	(56)
Other currencies	(67)	(132)	65	64
Foreign currency net investment hedges	(129)	81	(210)	(244)
Total, Group share	**(8)**	**(350)**	**342**	**431**

15.5. Strategy relating to the Group's financial structure

The Group firmly believes that the management of its financial structure contributes, together with the development of the companies it owns and the management of its brand portfolio, to its objective of driving value creation for its shareholders. Maintaining a suitable quality credit rating is a core objective for the Group, ensuring good access to markets and favorable conditions, allowing it both to seize opportunities and benefit from the resources that it needs to develop its business.

To this end, the Group monitors a certain number of financial ratios and aggregate measures of financial risk, including:

- net financial debt (see Note 18) to equity;
- cash from operations before changes in working capital to net financial debt;
- net cash from operations before changes in working capital;
- net cash from operating activities and operating investments (free cash flow);
- long-term resources to fixed assets;
- proportion of long-term debt in net financial debt.

Long-term resources are understood to correspond to the sum of equity and non-current liabilities.

Where applicable, these indicators are adjusted to reflect the Group's off-balance sheet financial commitments.

The Group also promotes financial flexibility by maintaining numerous and varied banking relationships, through the frequent recourse to several negotiable debt markets (both short and long-term), by holding a large amount of cash and cash equivalents, and through the existence of sizable amounts in undrawn confirmed credit lines, so as to largely exceed the outstanding portion of its commercial paper program, while continuing to represent a reasonable cost for the Group.

16. STOCK OPTION AND SIMILAR PLANS

16.1. General characteristics of plans

Share purchase option and subscription plans

The Shareholders' Meeting of April 5, 2012 renewed the authorization given to the Board of Directors, for a period of thirty-eight months expiring in June 2015, to grant share subscription or purchase options to Group company employees or directors, on one or more occasions, in an amount not to exceed 3% of the Company's share capital.

Each plan is valid for 10 years. The options may be exercised after a three-year period, for plans issued before 2004, or a four-year period, for plans issued from 2004.

For all plans, one option gives the right to one share.

Bonus share plans

The Shareholders' Meeting of April 18, 2013 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2015, to grant bonus shares to Group company employees or directors, on one or more occasions, in an amount not to exceed 1% of the Company's share capital on the date of this authorization.

The allocation of bonus shares to beneficiaries who are French residents for tax purposes becomes definitive after a two-year vesting period (three years for allocations related to plans having commenced from 2011 onwards), which is followed by a two-year holding period during which the beneficiaries may not sell their shares.

The allocation of bonus shares to beneficiaries who are not French residents for tax purposes becomes definitive after a vesting period of four years and may be freely transferred at that time.

Cash-settled share-based compensation plans index-linked to the change in the LVMH share price

In place of share option and bonus share plans, the Group has issued plans which are equivalent in terms of gains as for the beneficiaries of share purchase option plans and bonus share plans, but are settled in cash rather than shares. These plans have a four-year vesting period.

Performance conditions

Since 2009, certain share subscription option plans and bonus share plans have been subject to performance conditions in proportions determined based on the hierarchical level and status of the beneficiary, that determine whether the beneficiaries are entitled to receive the definitive allocation of these plans. Shares subject to performance conditions are definitively allocated only if LVMH's consolidated financial statements both for the fiscal year in which the plan is set up (fiscal year "Y") and for fiscal year Y+1 show a positive change compared to fiscal year Y-1 in relation to one or more of the following indicators: profit from recurring operations, net cash from operating activities and operating investments, current operating margin rate.

16.2. Share purchase option plans

The main characteristics of share purchase option plans and changes having occurred during the fiscal year are as follows:

Plan commencement date	Number of options granted	Exercise price *(EUR)*	Vesting period of rights	Number of options exercised in 2013	Number of options expired in 2013	Number of options to be exercised as of Dec. 31, 2013
January 22, 2003 [a]	3,155,225	37.00	3 years	19,120	62,700	-
January 22, 2003 [a]	58,500	38.73	"	500	23,000	-
Total	**3,213,725**			**19,620**	**85,700**	**-**

(a) Plans expired on January 21, 2013.

The number of unexercised purchase options and the weighted average exercise price changed as follows during the fiscal years presented:

	2013		2012		2011	
	Number	Weighted average exercise price *(EUR)*	Number	Weighted average exercise price *(EUR)*	Number	Weighted average exercise price *(EUR)*
Share purchase options outstanding as of January 1	**105,320**	**37.39**	**385,070**	**39.90**	**915,482**	**47.15**
Options expired	(85,700)	37.46	(143,650)	42.26	(311,550)	56.04
Options exercised	(19,620)	37.04	(136,100)	39.35	(218,862)	47.30
Share purchase options outstanding as of December 31	**-**	**-**	**105,320**	**37.39**	**385,070**	**39.90**

16.3. Share subscription option plans

The main characteristics of share subscription option plans and changes having occurred during the fiscal year are as follows:

Plan commencement date	Number of options granted	Exercise price *(EUR)*	Vesting period of rights	Number of options exercised in 2013	Number of options expired in 2013	Number of options to be exercised as of Dec. 31, 2013
January 21, 2004	2,720,425	55.70	4 years	(58,840)	(8,850)	666,976
"	27,050	58.90	"	(9,500)	(750)	850
May 12, 2005	1,852,150	52.82	"	(78,656)	(3,000)	138,601
"	72,250	55.83	"	-	-	18,600
May 11, 2006	1,712,959	78.84	"	(56,926)	(2,625)	812,939
"	76,400	82.41	"	(500)	-	6,375
May 10, 2007	1,679,988	86.12	"	(66,881)	(3,025)	839,300
May 15, 2008	1,621,882	72.50	"	(328,309)	(3,438)	850,437
"	76,438	72.70	"	(2,400)	-	30,338
May 14, 2009 [a]	1,266,507	56.50	"	(416,743)	(4,676)	789,948
"	35,263	56.52	"	(4,163)	(125)	23,125
July 29, 2009	2,500	57.10	"	(2,500)	-	-
Total	**11,143,812**			**(1,025,418)**	**(26,489)**	**4,177,489**

(a) Plan subject to performance conditions, see Note 16.1 General characteristics of plans.

The number of subscription options not exercised and the weighted average exercise prices changed as follows over the course of the fiscal years presented:

	2013		2012		2011	
	Number	Weighted average exercise price *(EUR)*	Number	Weighted average exercise price *(EUR)*	Number	Weighted average exercise price *(EUR)*
Share subscription options outstanding as of January 1	**5,229,396**	**68.86**	**6,603,917**	**69.07**	**8,084,215**	**68.79**
Options expired	(26,489)	63.56	(29,546)	65.36	(84,463)	71.23
Options exercised	(1,025,418)	64.52	(1,344,975)	69.96	(1,395,835)	67.31
Share subscription options outstanding as of December 31	**4,177,489**	**69.97**	**5,229,396**	**68.86**	**6,603,917**	**69.07**

16.4. Bonus share plans

The main characteristics of bonus share plans and changes having occurred during the year are as follows:

Plan commencement date	Number of shares allocated initially	*Of which: performance shares*[a]	*Fiscal years to which performance conditions apply*	*Conditions satisfied?*	Vesting periods of rights	Expired allocations in 2013	Shares vested in 2013	Non-vested shares as of Dec. 31, 2013
May 14, 2009	311,209	-	-	-	2[b] or 4 years[c]	(3,751)	(122,921)	-
July 29, 2009	833	-	-	-	"	-	(833)	-
April 15, 2010	469,436	*274,367*	*2010 and 2011*	*yes*	"	(6,497)	(1,552)	136,190
March 31, 2011	442,052	*257,724*	*2011 and 2012*	*yes*	3[b] or 4 years[c]	(9,076)	(431)	418,209
October 20, 2011	115,000	-	-	-	3 years	-	(67,500)	47,500
April 5, 2012	416,609	*416,609*	*2012 and 2013*	*yes*	3[b] or 4 years[c]	(10,381)	(203)	402,262
July 26, 2012	45,830	*830*	*2012 and 2013*	*yes*	3[b] or 4 years[c]	-	-	45,830
January 31.2013	32,800	-	-	-	2 years	-	-	32,800
July 25, 2013	397,406	*397,406*	*2013 and 2014*	*[d]*	3[b] or 4 years[c]	(2,307)	-	395,099
October 24, 2013	6,228	*6,228*	*2013 and 2014*	*[d]*	3[b] or 4 years[c]	-	-	6,228
Total	**2,237,403**	*1,353,164*				**(32,012)**	**(193,440)**	**1,484,118**

(a) See Note 16.1 General characteristics of plans.
(b) Beneficiaries with tax residence in France.
(c) Beneficiaries with tax residence outside France.
(d) The performance conditions, which were met in 2013, were considered to have been met in 2014 for the purpose of determining the expense for fiscal year 2013.

The number of non-vested shares allocated changed as follows during the period:

(number of shares)	2013	2012	2011
Non-vested shares as of January 1	**1,273,136**	**1,160,441**	**770,611**
Non-vested allocations during the period	436,434	462,439	557,052
Allocations vested during the period	(193,440)	(313,809)	(143,979)
Allocations expired during the period	(32,012)	(35,935)	(23,243)
Non-vested shares as of December 31	**1,484,118**	**1,273,136**	**1,160,441**

Owned shares were remitted in settlement of the bonus shares vested during the periods presented.

16.5. Cash-settled compensation plans index-linked to the change in LVMH share price

The plans in force as of December 31, by type and number of equivalent share-based plans, together with the provision recognized in the balance sheet, break down as follows:

	2013	2012	2011
Type of plan *(in equivalent number of shares)*:			
Share purchase option plan	6,800	8,050	20,050
Bonus share plan	-	-	50,364
Provision as of December 31 *(EUR millions)*	**-**	**-**	**6**

16.6. Expense for the period

(EUR millions)	2013	2012	2011
Share subscription and purchase option plans, bonus share plans	34	53	52
Cash-settled share-based compensation plans index-linked to the change in the LVMH share price	-	1	1
Expense for the period	**34**	**54**	**53**

See Note 1.26 regarding the method used to determine the accounting expense.

The LVMH share price the day before the grant date of the plan amounted to 138.9 euros for the plan instituted on January 31, 2013, 130.4 euros for the plan instituted on July 25, 2013 and 139.7 euros for the plan instituted on October 24, 2013.

The average unit value of non-vested bonus shares granted in 2013 was 119.3 euros for beneficiaries who are French residents for tax purposes and 115.9 euros for beneficiaries with tax residence outside France.

17. MINORITY INTERESTS

(EUR millions)	2013	2012 [a]	2011 [a]
As of January 1	**1,084**	**1,055**	**1,004**
Minority interests' share of net profit	511	485	400
Dividends paid to minority interests	(228)	(317)	(187)
Effects of changes in control of consolidated entities:			
- consolidation of Loro Piana	51	-	-
- consolidation of Bulgari	-	-	772
- consolidation of Heng Long	-	-	18
- other movements	(1)	(11)	2
Effects of acquisition and disposal of minority interests' shares:			
- acquisition of minority interests in Château d'Yquem	(51)	-	-
- acquisition of minority interests in Bulgari	-	-	(771)
- other movements	(25)	(26)	(14)
Total effects of changes in the percentage interest in consolidated entities	(26)	(37)	7
Capital increases subscribed by minority interests	8	8	4
Minority interests' share in gains and losses recognized in equity	21	(15)	29
Minority interests' share in stock option plan expenses	3	3	3
Effects of changes in minority interests subject to purchase commitments	(345)	(98)	(205)
As of December 31	**1,028**	**1,084**	**1,055**

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

The change in minority interests' share in gains and losses recognized in equity breaks down as follows:

(EUR millions)	Cumulative translation adjustment	Hedges of future foreign currency cash flows	Vineyard land	Revaluation adjustments of employee benefit commitments [a]	Total share of minority interests
As of December 31, 2010	**(43)**	**5**	**146**	**-**	**108**
Changes for the fiscal year	36	(6)	3	(4)	29
As of December 31, 2011	**(7)**	**(1)**	**149**	**(4)**	**137**
Changes for the fiscal year	(28)	12	13	(12)	(15)
As of December 31, 2012	**(35)**	**11**	**162**	**(16)**	**122**
Changes for the fiscal year	(44)	4	54	7	21
As of December 31, 2013	**(79)**	**15**	**216**	**(9)**	**143**

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

18. BORROWINGS

18.1. Net financial debt

(EUR millions)	2013	2012	2011
Long-term borrowings	4,159	3,836	4,132
Short-term borrowings	4,688	2,976	3,134
Gross amount of borrowings	**8,847**	**6,812**	**7,266**
Interest rate risk derivatives	(117)	(178)	(159)
Other derivatives	-	-	1
Gross borrowings after derivatives	**8,730**	**6,634**	**7,108**
Current available for sale financial assets	(171)	(177)	(145)
Cash and cash equivalents	(3,221)	(2,196)	(2,303)
Net financial debt	**5,338**	**4,261**	**4,660**

Net financial debt does not take into consideration purchase commitments for minority interests included in "Other non-current liabilities" (see Note 20).

LVMH issued two bonds in 2013 under its EMTN program, each with a nominal value of 500 million euros, in addition to a bond with a nominal value of 600 million euros. These bonds are redeemable on maturity at par in November 2019, September 2016 and November 2020 respectively. The bond redeemable in 2019 was issued at 99.473% of par value with a coupon rate of 1.25%; it was swapped on issuance, thus converting 50% of the issue's nominal value into a floating rate financing arrangement. The bond redeemable in 2016 is a floating rate note. The third one, maturing in 2020, was issued at 99.399% of par value, bearing interest at 1.75%, and has not been subject to any swaps for hedging purposes.

Furthermore, the 300 million Swiss franc bond issued in 2007 was reimbursed, as well as a portion of debt relating to foreign currency denominated private placements (20 billion Japanese yen and 350 million US dollars).

18.2. Analysis of gross borrowings

(EUR millions)	2013	2012	2011
Bonds and Euro Medium Term Notes (EMTNs)	3,866	3,337	3,390
Finance and other long-term leases	109	122	133
Bank borrowings	184	377	609
Long-term borrowings	**4,159**	**3,836**	**4,132**
Bonds and Euro Medium Term Notes (EMTNs)	1,013	696	759
Finance and other long-term leases	14	16	19
Bank borrowings	567	524	248
Commercial paper	2,348	1,212	1,603
Other borrowings and credit facilities	357	245	193
Bank overdrafts	310	208	222
Accrued interest	79	75	90
Short-term borrowings	**4,688**	**2,976**	**3,134**
Total borrowings	**8,847**	**6,812**	**7,266**

The market value of gross borrowings was 8,946 million euros as of December 31, 2013 (6,955 million euros as of December 31, 2012 and 7,418 million euros as of December 31, 2011).

As of December 31, 2013, 2012 and 2011, no amount of financial debt was recognized in accordance with the fair value option. See Note 1.20.

18.3. Bonds and EMTNs

Nominal amount *(in local currency)*	Date of issuance	Maturity	Initial effective interest rate [a] *(as %)*	2013 *(EUR millions)*	2012	2011
EUR 600,000,000	2013	2020	1.89	594	-	-
EUR 500,000,000	2013	2019	1.38	490	-	-
EUR 500,000,000	2013	2016	floating	500	-	-
USD 850,000,000	2012	2017	1.75	616	653	-
EUR 500,000,000	2011	2018	4.08	518	521	524
EUR 500,000,000	2011	2015	3.47	515	527	522
EUR 1,000,000,000	2009	2014	4.52	1,013	1,036	1,033
EUR 250,000,000	2009	2015	4.59	260	267	263
EUR 150,000,000	2009	2017	4.81	162	167	161
CHF 200,000,000	2008	2015	4.04	163	166	165
EUR 760,000,000 [b]	2005 and 2008	2012	3.76	-	-	759
CHF 300,000,000	2007	2013	3.46	-	253	250
Private placements in foreign currencies				48	443	472
Total bonds and EMTNs				**4,879**	**4,033**	**4,149**

(a) Before impact of interest rate hedges set up at the time of, or subsequent to, each issuance.

(b) Accumulated amounts and weighted average initial effective interest rate for a 600 million euros bond issued in 2005 at an initial effective interest rate of 3.43%, which was supplemented in 2008 by an amount of 160 million euros issued at an effective rate of 4.99%.

18.4. Finance and other long-term leases

The amount of the Group's debt resulting from finance and other long-term lease agreements, which corresponds to the present value of future payments, breaks down as follows, by maturity:

(EUR millions)	2013		2012		2011	
	Minimum future payments	Present value of payments	Minimum future payments	Present value of payments	Minimum future payments	Present value of payments
Less than one year	21	19	23	21	25	23
One to five years	57	43	67	49	78	56
More than five years	294	61	329	69	354	73
Total minimum future payments	**372**		**419**		**457**	
Impact of discounting	(249)		(280)		(305)	
Total debt under finance and other long-term lease agreements	**123**	**123**	**139**	**139**	**152**	**152**

Assets financed or refinanced under finance or other long-term leases relate mainly to property assets or industrial machinery.

18.5. Analysis of gross borrowings by payment date and by type of interest rate

(EUR millions)	Gross borrowings			Effects of derivatives			Gross borrowings after derivatives		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity: 2014	4,128	560	4,688	(1,000)	961	(39)	3,128	1,521	4,649
2015	1,000	63	1,063	(703)	655	(48)	297	718	1,015
2016	35	579	614	-	(6)	(6)	35	573	608
2017	787	-	787	(766)	743	(23)	21	743	764
2018	523	-	523	-	(5)	(5)	523	(5)	518
2019	494	-	494	(250)	254	4	244	254	498
Thereafter	677	1	678	-	-	-	677	1	678
Total	**7,644**	**1,203**	**8,847**	**(2,719)**	**2,602**	**(117)**	**4,925**	**3,805**	**8,730**

See Note 22.4 regarding the market value of interest rate risk derivatives.

The breakdown by quarter of the amount falling due in 2014 is as follows:

(EUR millions)	Falling due in 2014
First quarter	3,204
Second quarter	1,260
Third quarter	158
Fourth quarter	66
Total	**4,688**

18.6. Analysis of gross borrowings by currency after derivatives

(EUR millions)	2013	2012	2011
Euro	6,912	4,753	5,349
US dollar	107	174	253
Swiss franc	981	992	991
Japanese yen	221	266	274
Other currencies	509	449	241
Total	**8,730**	**6,634**	**7,108**

In general, the purpose of foreign currency borrowings is to hedge net foreign currency-denominated assets of consolidated companies located outside of the euro zone.

18.7. Sensitivity

On the basis of debt as of December 31, 2013:

- an instantaneous increase of 1 point in the yield curves of the Group's debt currencies would raise the cost of net financial debt by 38 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 87 million euros after hedging;
- an instantaneous decline of 1 point in these same yield curves would lower the cost of net financial debt by 38 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 87 million euros after hedging.

These changes would have no impact on the amount of equity as of December 31, 2013, due to the absence of hedging of future interest payments.

18.8. Covenants

In connection with certain loan agreements, the Group has undertaken to comply with certain financial covenants. As of December 31, 2013, no significant loan agreements are concerned by those covenants.

18.9. Undrawn confirmed credit lines

As of December 31, 2013, unused confirmed credit lines totaled 4.4 billion euros.

18.10. Guarantees and collateral

As of December 31, 2013, borrowings secured by collateral were less than 200 million euros.

19. PROVISIONS

(EUR millions)	2013	2012 [a]	2011 [a]
Provisions for pensions, medical costs and other employee benefit commitments	455	519	413
Provisions for contingencies and losses	1,279	1,219	1,096
Provisions for reorganization	21	18	21
Non-current provisions	**1,755**	**1,756**	**1,530**
Provisions for pensions, medical costs and other employee benefit commitments	3	13	11
Provisions for contingencies and losses	289	282	294
Provisions for reorganization	30	40	44
Current provisions	**322**	**335**	**349**
Total	**2,077**	**2,091**	**1,879**

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

In fiscal year 2013, the changes in provisions were as follows:

(EUR millions)	Dec. 31, 2012 [a]	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other items (including translation adjustment)	Dec. 31, 2013
Provisions for pensions, medical costs and other employee benefit commitments	532	91	(83)	(4)	15	(93)	458
Provisions for contingencies and losses	1,501	307	(88)	(126)	(6)	(20)	1,568
Provisions for reorganization	58	21	(24)	(6)	2	-	51
Total	**2,091**	**419**	**(195)**	**(136)**	**11**	**(113)**	**2,077**
Of which: profit from recurring operations		*221*	*(163)*	*(42)*			
net financial income (expense)		-	-	-			
other		*198*	*(33)*	*(94)*			

(a) The balance sheet as of December 31, 2012 has been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

Provisions for contingencies and losses correspond to the estimate of the impact on assets and liabilities of risks, disputes, or actual or probable litigation arising from the Group's activities; such activities are carried out worldwide, within what is often an imprecise regulatory framework that is different for each country, changes over time, and applies to areas ranging from product composition to the tax computation.

In particular, the Group's entities in France and abroad may be subject to tax inspections and, in certain cases, to rectification claims from local administrations. These rectification claims, together with any uncertain tax positions that have been identified but not yet officially reassessed, are subject to appropriate provisions, the amount of which is regularly reviewed in accordance with the criteria of IAS 37 Provisions.

Provisions for retirement benefit obligations, contribution to medical costs and other employee benefit commitments are analyzed in Note 29.

20. OTHER NON-CURRENT LIABILITIES

(EUR millions)	2013	2012	2011
Purchase commitments for minority interests	6,035	5,022	4,195
Derivatives (see Note 22)	51	41	4
Employee profit sharing [a]	85	93	88
Other liabilities	232	300	219
Total	**6,403**	**5,456**	**4,506**

(a) French companies only, pursuant to legal provisions.

As of December 31, 2013, 2012 and 2011 purchase commitments for minority interests mainly include the put option granted to Diageo plc for its 34% share in Moët Hennessy, with six-months' advance notice and for 80% of the fair value of Moët Hennessy at the exercise date of the commitment. With regard to this commitment's valuation, the fair value was determined by applying the share price multiples of comparable firms to Moët Hennessy's consolidated operating results.

Moët Hennessy SNC and Moët Hennessy International SAS ("Moët Hennessy") hold the LVMH group's investments in the Wines and Spirits businesses, with the exception of the equity investments in Château d'Yquem, Château Cheval Blanc and excluding certain Champagne vineyards.

Purchase commitments for minority interests also include commitments relating to minority shareholders in Loro Piana (20%, see Note 2), Ile de Beauté (35%), Heng Long (35%) and distribution subsidiaries in various countries, mainly in the Middle East. Minority interests in Benefit exercised their put option in 2012 (see Note 2 for further information).

21. OTHER CURRENT LIABILITIES

(EUR millions)	2013	2012	2011
Derivatives (see Note 22)	76	20	265
Employees and social institutions	1,010	924	855
Employee profit sharing [a]	84	95	86
Taxes other than income taxes	405	361	385
Advances and payments on account from customers	165	139	180
Deferred payment for tangible and financial non-current assets	406	367	282
Deferred income	151	116	111
Other liabilities	703	573	552
Total	**3,000**	**2,595**	**2,716**

(a) French companies only, pursuant to legal provisions.

The present value of the other current liabilities is identical to their carrying amount.

22. FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

22.1. Organization of foreign exchange, interest rate and equity market risk management

Financial instruments are mainly used by the Group to hedge risks arising from Group activity and protect its assets.

The management of foreign exchange and interest rate risk, in addition to transactions involving shares and financial instruments, are centralized.

The Group has implemented a stringent policy, as well as rigorous management guidelines to manage, measure, and monitor these market risks.

These activities are organized based on a segregation of duties between risk measurement, hedging (front office), administration (back office) and financial control.

The backbone of this organization is an integrated information system which allows hedging transactions to be monitored quickly.

The Group's hedging strategy is presented to the Audit Committee. Hedging decisions are made according to an established process that includes regular presentations to the Group's Executive Committee and detailed documentation.

Counterparties are selected based on their rating and in accordance with the Group's risk diversification strategy.

22.2. Presentation of financial assets and liabilities in the balance sheet

Breakdown and fair value of financial assets and liabilities according to the measurement categories defined by IAS 39

(EUR millions)	Notes	2013		2012		2011	
		Balance sheet value	Fair value [d]	Balance sheet value	Fair value [d]	Balance sheet value	Fair value [d]
Non-current available for sale financial assets	8	7,080	7,080	6,004	6,004	5,982	5,982
Current available for sale financial assets	13	171	171	177	177	145	145
Available for sale financial assets (see Note 1.14)		7,251	7,251	6,181	6,181	6,127	6,127
Other non-current assets, excluding derivatives	9	364	364	348	348	335	335
Trade accounts receivable	11	2,189	2,189	1,985	1,985	1,878	1,878
Other current assets [a]	12	901	901	925	925	914	914
Loans and receivables (see Note 1.16)		3,454	3,454	3,258	3,258	3,127	3,127
Cash and cash equivalents (see Note 1.17)	14	3,221	3,221	2,196	2,196	2,303	2,303
Financial assets, excluding derivatives		**13,926**	**13,926**	**11,635**	**11,635**	**11,557**	**11,557**
Long-term borrowings	18	4,159	4,256	3,836	3,977	4,132	4,275
Short-term borrowings	18	4,688	4,690	2,976	2,978	3,134	3,143
Trade accounts payable		3,308	3,308	3,134	3,134	2,952	2,952
Other non-current liabilities [b]	20	317	317	393	393	307	307
Other current liabilities [c]	21	2,773	2,773	2,459	2,459	2,340	2,340
Financial liabilities, excluding derivatives (see Note 1.19)		**15,245**	**15,344**	**12,798**	**12,941**	**12,865**	**13,017**
Derivatives (see Note 1.20)	22.3	**435**	**435**	**540**	**540**	**21**	**21**

(a) Excluding derivatives, available for sale financial assets and prepaid expenses.
(b) Excluding derivatives and purchase commitments for minority interests.
(c) Excluding derivatives and deferred income.
(d) See Note 1.8 on fair value measurement methods.

Breakdown of financial assets and liabilities measured at fair value by measurement method

(EUR millions)	2013			2012			2011		
	Available for sale financial assets	Derivatives	Cash and cash equivalents	Available for sale financial assets	Derivatives	Cash and cash equivalents	Available for sale financial assets	Derivatives	Cash and cash equivalents
Valuation based on [a]:									
Published price quotations	6,789	-	3,221	5,761	-	2,196	5,738	-	2,303
Formula based on market data	135	562	-	131	601	-	112	290	-
Private quotations	327	-	-	289	-	-	277	-	-
Assets	**7,251**	**562**	**3,221**	**6,181**	**601**	**2,196**	**6,127**	**290**	**2,303**
Valuation based on [a]:									
Published price quotations	-	-	-	-	-	-	-	-	-
Formula based on market data	-	127	-	-	61	-	-	269	-
Private quotations	-	-	-	-	-	-	-	-	-
Liabilities	**-**	**127**	**-**	**-**	**61**	**-**	**-**	**269**	**-**

(a) See Note 1.8 for information on the correspondence between valuation approaches used and the levels in the IFRS 13 fair value measurement hierarchy.

Derivatives used by the Group are measured at fair value according to generally accepted models and on the basis of observable market data. The counterparty risk associated with these derivatives (i.e. the credit valuation adjustment) is assessed on the basis of credit spreads from observable market data, as well as on the basis of the derivatives' market value adjusted by flat-rate add-ons depending on the type of underlying and the maturity of the derivative.

The amount of financial assets valued on the basis of private quotations changed as follows in 2013:

(EUR millions)	2013
As of January 1	**289**
Acquisitions	57
Disposals (at net realized value)	(31)
Gains and losses recognized in income statement	15
Gains and losses recognized in equity	(3)
As of December 31	**327**

22.3. Summary of derivatives

Derivatives are recorded in the balance sheet for the amounts and in the captions detailed as follows:

(EUR millions)			Notes	2013	2012	2011
Interest rate risk	Assets:	non-current		67	131	113
		current		68	56	57
	Liabilities:	non-current		(9)	(1)	(1)
		current		(9)	(8)	(10)
			22.3	**117**	**178**	**159**
Foreign exchange risk	Assets:	non-current		1	17	2
		current		389	369	83
	Liabilities:	non-current		(42)	(40)	(3)
		current		(60)	(9)	(255)
			22.4	**288**	**337**	**(173)**
Other risks	Assets:	non-current		-	28	28
		current		37	-	7
	Liabilities:	non-current		-	-	-
		current		(7)	(3)	-
				30	**25**	**35**
Total	Assets:	non-current	9	68	176	143
		current	12	494	425	147
	Liabilities:	non-current	20	(51)	(41)	(4)
		current	21	(76)	(20)	(265)
				435	**540**	**21**

22.4. Derivatives used to manage interest rate risk

The aim of the Group's debt management policy is to adapt the debt maturity profile to the characteristics of the assets held, to contain borrowing costs, and to protect net profit from the effects of significant changes in interest rates.

As such, the Group uses interest rate swaps and options.

Derivatives used to manage interest rate risk outstanding as of December 31, 2013 break down as follows:

(EUR millions)	Nominal amounts by maturity				Market value [a] [b]		
	Less than one year	One to five years	More than five years	Total	Fair value hedges	Not allocated	Total
Interest rate swaps in euros:							
- floating rate payer	1,000	900	250	2,150	113	-	113
- floating rate/floating rate	152	-	-	152	-	-	-
Foreign currency swaps	-	1,644	-	1,644	2	2	4
Other interest rate risk derivatives	-	500	-	500	-	-	-
Total					**115**	**2**	**117**

(a) Gain/(Loss).
(b) See Note 1.8 regarding the methodology used for market value measurement.

22.5. Derivatives used to manage foreign exchange risk

A significant part of Group companies' sales to customers and to their own retail subsidiaries as well as certain purchases are denominated in currencies other than their functional currency; the majority of these foreign currency-denominated cash flows are inter-company cash flows. Hedging instruments are used to reduce the risks arising from the fluctuations of currencies against the exporting and importing companies' functional currencies and are allocated to either accounts receivable or accounts payable (fair value hedges) for the fiscal year, or to transactions anticipated for future periods (cash flow hedges).

Future foreign currency-denominated cash flows are broken down as part of the budget preparation process and are hedged progressively over a period not exceeding one year unless a longer period is justified by probable commitments. As such, and according to market trends, identified foreign exchange risks are hedged using forward contracts or options.

In addition, the Group may also use appropriate financial instruments to hedge the net worth of subsidiaries outside the euro zone, in order to limit the impact of foreign currency fluctuations against the euro on consolidated equity.

Derivatives used to manage foreign exchange risk outstanding as of December 31, 2013 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation				Market value [a] [b]				
	2013	2014	Beyond	Total	Fair value hedges	Future cash flow hedges	Foreign currency net investment hedges	Not allocated	Total
Options purchased									
Put USD	62	207	-	269	1	10	-	(1)	10
Put JPY	2	10	-	12	-	1	-	-	1
Put GBP	-	8	-	8	-	-	-	-	-
	64	**225**	**-**	**289**	**1**	**11**	**-**	**(1)**	**11**
Collars									
Written USD	273	3,010	-	3,283	17	162	-	5	184
Written JPY	5	402	-	407	-	47	-	-	47
Written Other	7	106	-	113	-	1	-	-	1
	285	**3,518**	**-**	**3,803**	**17**	**210**	**-**	**5**	**232**
Forward exchange contracts [c]									
USD	156	(64)	-	92	1	(1)	-	-	-
JPY	62	116	-	178	-	38	-	-	38
GBP	16	16	-	32	-	-	-	-	-
Other	81	(218)	-	(137)	1	1	-	1	3
	315	**(150)**	**-**	**165**	**2**	**38**	**-**	**1**	**41**
Foreign exchange swaps [c]									
USD	2,884	32	-	2,916	2	-	10	(37)	(25)
CHF	254	(18)	-	236	-	-	(1)	(2)	(3)
GBP	171	2	-	173	-	-	-	1	1
JPY	352	-	-	352	4	-	1	10	15
Other	417	(43)	-	374	-	-	17	(1)	16
	4,078	**(27)**	**-**	**4,051**	**6**	**-**	**27**	**(29)**	**4**
Total					**26**	**259**	**27**	**(24)**	**288**

(a) Gain/(Loss).
(b) See Note 1.8 regarding the methodology used for market value measurement.
(c) Sale/(Purchase).

The impact on the income statement of gains and losses on hedges of future cash flows as well as the future cash flows hedged, using these instruments, will be recognized in 2014; the amount will depend on exchange rates at this date.

The impacts on the net profit for fiscal year 2013 of a 10% change in the value of the US dollar, the Japanese yen, the Swiss franc and the Hong Kong dollar against the euro, including impact of foreign currency hedges outstanding during the period, compared with the rates applying to transactions in 2013, would have been as follows:

(EUR millions)	US dollar		Japanese yen		Swiss franc		Hong Kong dollar	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Impact of:								
- change in exchange rates of receipts in respect of foreign currency-denominated sales	(223)	(38)	12	(7)	-	-	(4)	3
- conversion to euro of net profit of entities outside the euro zone	57	(57)	15	(15)	14	(14)	42	(42)
Impact on net profit	**(166)**	**(95)**	**27**	**(22)**	**14**	**(14)**	**38**	**(39)**

The data presented in the table above should be assessed on the basis of the characteristics of the hedging instruments outstanding in fiscal year 2013, mainly comprising options and collars.

As of December 31, 2013, forecast cash collections for 2014 in US dollars and Japanese yen are both hedged in the proportion of 71%.

The Group's net equity (excluding net profit) exposure to foreign currency fluctuations as of December 31, 2013 is assessed by measuring the effect of a 10% change in the value of the US dollar, the Japanese yen, the Swiss franc and the Hong Kong dollar against the euro compared to the rates applying as of the same date:

(EUR millions)	US dollar		Japanese yen		Swiss franc		Hong Kong dollar	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Conversion of foreign-currency denominated net assets	249	(249)	23	(23)	244	(244)	167	(167)
Change in market value of net investment hedges, after tax	(80)	65	(3)	2	(70)	58	(57)	46
Net impact on equity, excluding net profit	**169**	**(184)**	**20**	**(21)**	**174**	**(186)**	**110**	**(121)**

22.6. Financial instruments used to manage other risks

The Group's investment policy is designed to take advantage of a long-term investment horizon. Occasionally, the Group may invest in equity-based financial instruments with the aim of enhancing the dynamic management of its investment portfolio.

The Group is exposed to risks of share price changes either directly, as a result of its holding of equity investments and current available for sale financial assets, or indirectly, as a result of its holding of funds which are themselves partially invested in shares.

The Group may also use equity-based derivatives to create synthetically an economic exposure to certain assets, or to hedge cash-settled compensation plans index-linked to the LVMH share price. The carrying amount of these unlisted financial instruments corresponds to the estimate of the amount, provided by the counterparty, of the valuation at the balance sheet date. The valuation of financial instruments thus takes into consideration market parameters such as interest rates and share prices. As of December 31, 2013, derivatives used to manage equity risk with an impact on the Group's net profit have a positive market value of 37 million euros. Considering nominal values of 20 million euros for those derivatives, a uniform 1% change in their underlying assets' share prices as of December 31, 2013 would induce a net impact on the Group's profit for an amount of less than 0.4 million euros. Most of these instruments mature in 2014.

The Group, mainly through its Watches and Jewelry business group, may be exposed to changes in the prices of certain precious metals, such as gold. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the forecast price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers; or directly by purchasing hedges from top-ranking banks. In the latter case, gold may be purchased from banks, or future and/or options contracts may be taken out with a physical delivery of the gold. Derivatives outstanding relating to the hedging of precious metal prices as of December 31, 2013 have a negative market value of 7 million euros. Considering nominal values of 37 million euros for those derivatives, a uniform 1% change in their underlying assets' prices as of December 31, 2013 would induce a net impact on the Group's consolidated reserves in an amount of less than 0.5 million euros. These instruments mature in 2014.

22.7. Liquidity risk

In addition to local liquidity risks, which are generally immaterial, the Group's exposure to liquidity risk can be assessed in relation to the amount of its short-term borrowings excluding derivatives, net of cash and cash equivalents, i.e. 1.1 billion euros as of December 31, 2013, or through the outstanding amount of its commercial paper program, i.e. 2.3 billion euros. Should any of these instruments not be renewed, the Group has access to undrawn confirmed credit lines totaling 4.4 billion euros.

The Group's liquidity is based on the amount of its investments, its capacity to raise long-term borrowings, the diversity of its investor base (short-term paper and bonds), and the quality of its banking relationships, whether evidenced or not by confirmed lines of credit.

The following table presents the contractual schedule of disbursements for financial liabilities (excluding derivatives) recognized as of December 31, 2013, at nominal value and with interest, excluding discounting effects:

(EUR millions)	2014	2015	2016	2017	2018	Over 5 years	Total
Bonds and EMTNs	1,107	982	603	812	522	1,125	5,151
Bank borrowings	576	112	61	6	2	2	759
Other borrowings and credit facilities	361	-	-	-	-	-	361
Finance and other long-term leases	21	17	15	13	12	296	374
Commercial paper	2,348	-	-	-	-	-	2,348
Bank overdrafts	310	-	-	-	-	-	310
Gross financial debt	**4,723**	**1,111**	**679**	**831**	**536**	**1,423**	**9,303**
Other liabilities, current and non-current [a]	2,773	72	26	34	30	59	2,994
Trade accounts payable	3,308	-	-	-	-	-	3,308
Other financial liabilities	**6,081**	**72**	**26**	**34**	**30**	**59**	**6,302**
Total financial liabilities	**10,804**	**1,183**	**705**	**865**	**566**	**1,482**	**15,605**

(a) Corresponds to "Other current liabilities" (excluding derivatives, purchase commitments for minority interest and deferred income) for 2,773 million euros and to "Other non-current liabilities" (excluding derivatives, purchase commitments for minority interests and deferred income of 96 million euros as of December 31, 2013) for 221 million euros. See Note 22.2.

See Note 30.3 regarding contractual maturity dates of collateral and other guarantees commitments. See Notes 18.6 and 22.5 regarding foreign exchange derivatives and Note 22.4 regarding interest rate risk derivatives.

23. SEGMENT INFORMATION

The Group's brands and trade names are organized into six business groups. Four business groups – Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry – comprise brands dealing with the same category of products that use similar production and distribution processes.

The Selective Retailing business comprises the Group's own-label retailing activities. Other activities and holding companies comprise brands and businesses that are not associated with any of the abovementioned business groups, most often relating to the Group's new businesses and holding or real estate companies.

23.1. Information by business group

Fiscal year 2013

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [a]	Total
Sales outside the Group	4,160	9,834	3,228	2,732	8,915	280	-	29,149
intra-Group sales	27	48	489	52	23	15	(654)	-
Total revenue	**4,187**	**9,882**	**3,717**	**2,784**	**8,938**	**295**	**(654)**	**29,149**
Profit from recurring operations	1,370	3,140	414	375	901	(177)	(2)	6,021
Other operating income and expenses	(4)	(63)	(6)	(6)	(5)	(43)	-	(127)
Depreciation and amortization expense	110	447	128	143	264	39	-	1,131
Impairment expense	(1)	48	-	-	8	12	-	67
Intangible assets and goodwill [b]	4,219	6,625	1,068	5,582	2,992	931	-	21,417
Property, plant and equipment	2,238	2,018	404	399	1,321	3,222	-	9,602
Inventories	4,253	1,388	356	1,136	1,449	159	(155)	8,586
Other operating assets	1,133	741	590	594	495	581	11,935 [c]	16,069
Total assets	**11,843**	**10,772**	**2,418**	**7,711**	**6,257**	**4,893**	**11,780**	**55,674**
Equity	-	-	-	-	-	-	27,723	27,723
Liabilities	1,310	2,121	1,130	716	1,821	697	20,156 [d]	27,951
Total liabilities and equity	**1,310**	**2,121**	**1,130**	**716**	**1,821**	**697**	**47,879**	**55,674**
Operating investments [e]	(187)	(629)	(229)	(192)	(390)	(36)	-	(1,663)

Fiscal year 2012

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [a]	Total
Sales outside the Group	4,116	9,872	3,165	2,778	7,856	316	-	28,103
Intra-Group sales	21	54	448	58	23	16	(620)	-
Total revenue	**4,137**	**9,926**	**3,613**	**2,836**	**7,879**	**332**	**(620)**	**28,103**
Profit from recurring operations	1,260	3,264	408	334	854	(164)	(35)	5,921
Other operating income and expenses	(13)	(108)	(7)	(8)	(19)	(27)	-	(182)
Depreciation and amortization expense	100	414	112	122	229	42	-	1,019
Impairment expense	1	81	-	-	3	16	-	101
Intangible assets and goodwill [b]	3,989	4,857	1,032	5,577	3,046	815	-	19,316
Property, plant and equipment	1,937	1,768	312	378	1,252	3,122	-	8,769
Inventories	4,008	1,158	339	1,213	1,421	101	(160)	8,080
Other operating assets	1,057	658	583	635	459	590	9,851 [c]	13,833
Total assets [f]	**10,991**	**8,441**	**2,266**	**7,803**	**6,178**	**4,628**	**9,691**	**49,998**
Equity	-	-	-	-	-	-	25,508	25,508
Liabilities	1,271	1,870	1,098	732	1,785	675	17,059 [d]	24,490
Total liabilities and equity [f]	**1,271**	**1,870**	**1,098**	**732**	**1,785**	**675**	**42,567**	**49,998**
Operating investments [e]	(182)	(579)	(196)	(136)	(332)	(277)	-	(1,702)

Fiscal year 2011

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated [a]	Total
Sales outside the Group	3,511	8,672	2,851	1,911	6,414	300	-	23,659
Intra-Group sales	13	40	344	38	22	14	(471)	-
Total revenue	**3,524**	**8,712**	**3,195**	**1,949**	**6,436**	**314**	**(471)**	**23,659**
Profit from recurring operations	1,101	3,075	348	265	716	(204)	(38)	5,263
Other operating income and expenses	(16)	(56)	(2)	(6)	(26)	(3)	-	(109)
Depreciation and amortization expense	92	359	105	82	209	37	-	884
Impairment expense	-	20	-	-	5	15	-	40
Intangible assets and goodwill [b]	3,121	4,873	985	5,570	3,015	875	-	18,439
Property, plant and equipment	1,820	1,635	237	354	1,114	2,857	-	8,017
Inventories	3,905	1,030	337	1,118	1,181	67	(128)	7,510
Other operating assets	947	512	513	546	386	617	9,626 [c]	13,147
Total assets [f]	**9,793**	**8,050**	**2,072**	**7,588**	**5,696**	**4,416**	**9,498**	**47,113**
Equity	-	-	-	-	-	-	23,426	23,426
Liabilities	1,303	1,738	1,047	697	1,482	679	16,741 [d]	23,687
Total liabilities and equity [f]	**1,303**	**1,738**	**1,047**	**697**	**1,482**	**679**	**40,167**	**47,113**
Operating investments [e]	(159)	(437)	(150)	(117)	(215)	(652)	-	(1,730)

(a) Eliminations correspond to sales between business groups; these generally consist of sales from business groups other than Selective Retailing to Selective Retailing. Selling prices between the different business groups correspond to the prices applied in the normal course of business for sales transactions to wholesalers or distributors outside the Group.
(b) Intangible assets and goodwill correspond to the net carrying amounts shown under Notes 3 and 4.
(c) Assets not allocated include investments in associates, available for sale financial assets, other financial assets, and income tax receivables. As of December 31, 2013, they include the 23.1% shareholding in Hermès International, representing an amount of 6,437 million euros, see Note 8 (5,409 million euros as of December 31, 2012 and 5,438 million euros as of December 31, 2011).
(d) Liabilities not allocated include financial debt and both current and deferred tax liabilities.
(e) Increase/(Decrease) in cash and cash equivalents.
(f) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

Data for fiscal year 2011 integrated data for Bulgari, which has been fully consolidated since June 30, 2011. Considering the fact that Bulgari is managed by a unique management team, dealing with all of the businesses related to Bulgari, which involve mainly manufacturing and distributing watches and jewelry, all of Bulgari's activities, including perfumes and cosmetics, have been included in the Watches and Jewelry business group.

As of December 31, 2011 and with respect to the period of Bulgari's consolidation within the LVMH group, its perfumes and cosmetics business accounted for consolidated revenue of 142 million euros.

23.2. Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

(EUR millions)	2013	2012	2011
France	3,144	3,107	2,866
Europe (excluding France)	5,510	5,455	4,797
United States	6,652	6,390	5,237
Japan	2,066	2,363	1,970
Asia (excluding Japan)	8,669	7,895	6,430
Other	3,108	2,893	2,359
Revenue	**29,149**	**28,103**	**23,659**

Operating investments by geographic region are as follows:

(EUR millions)	2013	2012	2011
France	586	648	692
Europe (excluding France)	315	290	601
United States	237	283	127
Japan	71	69	46
Asia (excluding Japan)	342	326	194
Other	112	86	70
Operating investments	**1,663**	**1,702**	**1,730**

No geographic breakdown of segment assets is provided since a significant portion of these assets consists of brands and goodwill, which must be analyzed on the basis of the revenue generated by these assets in each region, and not in relation to the region of their legal ownership.

23.3. Quarterly information

Quarterly sales by business group break down as follows:

(EUR millions)	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations	Total
First quarter	979	2,383	932	624	2,122	72	(165)	6,947
Second quarter	829	2,328	872	686	2,093	97	(157)	6,748
Third quarter	1,032	2,428	879	677	2,101	55	(152)	7,020
Fourth quarter	1,347	2,743	1,034	797	2,622	71	(180)	8,434
Total 2013	**4,187**	**9,882**	**3,717**	**2,784**	**8,938**	**295**	**(654)**	**29,149**
First quarter	926	2,374	899	630	1,823	84	(154)	6,582
Second quarter	833	2,282	828	713	1,767	99	(138)	6,384
Third quarter	1,006	2,523	898	690	1,862	66	(145)	6,900
Fourth quarter	1,372	2,747	988	803	2,427	83	(183)	8,237
Total 2012	**4,137**	**9,926**	**3,613**	**2,836**	**7,879**	**332**	**(620)**	**28,103**
First quarter	762	2,029	803	261	1,421	74	(103)	5,247
Second quarter	673	1,942	715	315	1,410	83	(93)	5,045
Third quarter	871	2,218	793	636	1,547	74	(128)	6,011
Fourth quarter	1,218	2,523	884	737	2,058	83	(147)	7,356
Total 2011	**3,524**	**8,712**	**3,195**	**1,949**	**6,436**	**314**	**(471)**	**23,659**

24. REVENUE AND EXPENSES BY NATURE

24.1. Analysis of revenue

Revenue consists of the following:

(EUR millions)	2013	2012	2011
Revenue generated by brands and trade names	28,697	27,650	23,274
Royalties and license revenue	159	160	133
Income from investment property	28	39	34
Other revenue	265	254	218
Total	**29,149**	**28,103**	**23,659**

Approximately 63% of the Group’s revenue was generated through its own stores in 2013, 2012 and 2011.

24.2. Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	2013	2012	2011
Advertising and promotion expenses	3,332	3,277	2,711
Commercial lease expenses	2,489	1,944	1,563
Personnel costs	5,006	4,803	4,074
Research and development expenses	72	69	63

Advertising and promotion expenses mainly consist of the cost of media campaigns and point-of-sale advertising, and also include personnel costs dedicated to this function.

As of December 31, 2013, a total of 3,384 stores (excluding Loro Piana, whose network will be integrated in 2014) were operated by the Group worldwide (3,204 in 2012, 3,040 in 2011), particularly by Fashion and Leather Goods and Selective Retailing.

In certain countries, leases for stores entail the payment of both minimum amounts and variable amounts, especially for stores with lease payments indexed to revenue. The total lease expense for the Group's stores breaks down as follows:

(EUR millions)	2013	2012	2011
Fixed or minimum lease payments	1,056	873	675
Variable portion of indexed leases	365	408	348
Airport concession fees – fixed portion or minimum amount	575	214	223
Airport concession fees – variable portion	493	449	317
Commercial lease expenses	**2,489**	**1,944**	**1,563**

Personnel costs consist of the following elements:

(EUR millions)	2013	2012	2011
Salaries and social charges	4,884	4,666	3,954
Pensions, contribution to medical costs and expenses in respect of defined benefit plans	88	83	67
Stock option plan and related expenses	34	54	53
Personnel costs	**5,006**	**4,803**	**4,074**

25. OTHER OPERATING INCOME AND EXPENSES

(EUR millions)	2013	2012	2011
Net gains (losses) on disposals of fixed assets	7	(4)	(4)
Restructuring costs	(22)	(28)	(40)
Remeasurement of shares purchased prior to their initial consolidation	-	-	22
Transaction costs relating to the acquisition of consolidated companies	(21)	(3)	(17)
Impairment or amortization of brands, trade names, goodwill and other property	(88)	(139)	(73)
Other items, net	(3)	(8)	3
Other operating income and expenses	**(127)**	**(182)**	**(109)**

Impairment or amortization expenses recorded in 2013 relate to brands and goodwill for the most part. In 2012, they also included impairment of fixed assets for 74 million euros.

In 2011, the investments in Bulgari and Ile de Beauté held prior to the acquisition date of a controlling interest were revalued at market value at that date. Transaction costs essentially related to these two transactions.

26. NET FINANCIAL INCOME/(EXPENSE)

(EUR millions)	2013	2012	2011
Borrowing costs	(138)	(164)	(189)
Income from cash, cash equivalents and current available for sale financial assets	29	26	41
Fair value adjustment of borrowings and interest rate hedges	6	(2)	(3)
Cost of net financial debt	**(103)**	**(140)**	**(151)**
Dividends received from non-current available for sale financial assets	71	174	54
Ineffective portion of foreign currency hedges	(159)	(49)	(105)
Net gain/(loss) related to available for sale financial assets and other financial instruments	23	31	(11)
Other items, net	(31)	(30)	(29)
Other financial income/(expenses)	**(96)**	**126**	**(91)**
Net financial income/(expense)	**(199)**	**(14)**	**(242)**

Income from cash, cash equivalents and current available for sale financial assets comprises the following items:

(EUR millions)	2013	2012	2011
Income from cash and cash equivalents	20	17	33
Interest from current available for sale financial assets	9	9	8
Income from cash, cash equivalents and current available for sale financial assets	**29**	**26**	**41**

The revaluation effects of financial debt and interest rate derivatives are attributable to the following items:

(EUR millions)	2013	2012	2011
Hedged financial debt	64	(22)	(65)
Hedging instruments	(61)	16	63
Unallocated derivatives	3	4	(1)
Effects of revaluation of financial debt and interest rate instruments	**6**	**(2)**	**(3)**

The ineffective portion of exchange rate derivatives breaks down as follows:

(EUR millions)	2013	2012	2011
Financial cost of commercial foreign exchange hedges	(152)	(48)	(145)
Financial cost of foreign-currency denominated net investment hedges	(6)	7	34
Change in the market value of unallocated derivatives	(1)	(8)	6
Ineffective portion of foreign exchange derivatives	**(159)**	**(49)**	**(105)**

In 2013, 2012 and 2011, the net gain/(loss) related to available for sale financial assets and other financial instruments was due to changes in market performance and the recognition of impairment losses on current and non-current available for sale financial assets.

In 2012, dividends received in respect of non-current available for sale financial assets included an exceptional dividend received from Hermès International SCA in the amount of 120 million euros (5 euros per share).

27. INCOME TAXES

27.1. Analysis of the income tax expense

(EUR millions)	2013	2012	2011
Current income taxes for the fiscal year	(1,961)	(2,039)	(1,671)
Current income taxes relating to previous fiscal years	13	20	2
Current income taxes	**(1,948)**	**(2,019)**	**(1,669)**
Change in deferred income taxes	186	199	158
Impact of changes in tax rates on deferred taxes	7	-	58
Deferred income taxes	**193**	**199**	**216**
Total tax expense per income statement	**(1,755)**	**(1,820)**	**(1,453)**
Tax on items recognized in equity [a]	**(249)**	**(73)**	**(46)**

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

Total income tax expense for the fiscal year includes 41 million euros (30 million euros in 2012; 11 million euros in 2011) in respect of the exceptional contribution applicable in France from 2011 to 2014, 10.7% of the corporate income tax due for fiscal year 2013, 5% of the corporate income tax due for fiscal years 2011 and 2012.

27.2. Analysis of net deferred tax on the balance sheet

Net deferred taxes on the balance sheet include the following assets and liabilities:

(EUR millions)	2013	2012 [a]	2011 [a]
Deferred tax assets	909	954	760
Deferred tax liabilities	(3,934)	(3,960)	(3,925)
Net deferred tax asset (liability)	**(3,025)**	**(3,006)**	**(3,165)**

(a) The balance sheets as of December 31, 2012 and December 31, 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee benefits as amended. See Note 1.2.

27.3. Analysis of the difference between the theoretical and effective income tax rates

The effective tax rate is as follows:

(EUR millions)	2013	2012	2011
Profit before tax	5,695	5,725	4,912
Total income tax expense	(1,755)	(1,820)	(1,453)
Effective tax rate	**30.8%**	**31.8%**	**29.6%**

The theoretical income tax rate, defined as the rate applicable in law to the Group's French companies, including social contribution of 3.3%, may be reconciled as follows to the effective income tax rate disclosed in the consolidated financial statements:

(as % of income before tax)	2013	2012	2011
French statutory tax rate	**34.4**	**34.4**	**34.4**
Changes in tax rates	(0.1)	-	(1.2)
Differences in tax rates for foreign companies	(5.7)	(5.8)	(5.9)
Profit and losses carried forward, and other changes in deferred taxes	(1.2)	-	(0.5)
Differences between consolidated and taxable income, and income taxable at reduced rates	1.8	1.6	1.8
Tax on distribution [a]	1.6	1.6	1.0
Effective tax rate of the Group	**30.8**	**31.8**	**29.6**

(a) Tax on distribution is mainly related to intragroup dividends. As of 2012, it also includes the 3% tax on dividends paid by LVMH SA.

27.4. Sources of deferred taxes

In the income statement

(EUR millions)	2013	2012	2011
Valuation of brands	24	8	42
Other revaluation adjustments	2	6	(4)
Gains and losses on available for sale financial assets	4	(2)	(5)
Gains and losses on hedges of future foreign currency cash flows	6	(16)	16
Provisions for contingencies and losses [a]	74	-	10
Intercompany margin included in inventories	33	148	102
Other consolidation adjustments [a]	42	81	78
Losses carried forward	8	(26)	(23)
Total	**193**	**199**	**216**

(a) Mainly tax-driven provisions, accelerated tax depreciation and finance lease.

In equity

(EUR millions)	2013	2012 [a]	2011 [a]
Fair value adjustment of vineyard land	(127)	(28)	(11)
Gains and losses on available for sale financial assets	(65)	(5)	(91)
Gains and losses on hedges of future foreign currency cash flows	(17)	(50)	21
Gains and losses on employee benefit commitments	(22)	29	13
Total	**(231)**	**(54)**	**(68)**

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

In the balance sheet

(EUR millions)	2013	2012 [b] [c]	2011 [b] [c]
Valuation of brands	(3,134)	(3,187)	(3,203)
Fair value adjustment of vineyard land	(732)	(607)	(579)
Other revaluation adjustments	(379)	(374)	(373)
Gains and losses on available for sale financial assets	(207)	(150)	(145)
Gains and losses on hedges of future foreign currency cash flows	(33)	(24)	31
Provisions for contingencies and losses [a]	318	291	249
Intercompany margin included in inventories	654	579	416
Other consolidation adjustments [a]	432	418	388
Losses carried forward	56	48	51
Total	**(3,025)**	**(3,006)**	**(3,165)**

(a) Mainly tax-driven provisions, accelerated tax depreciation and finance leases.
(b) Asset/(Liability).
(c) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

27.5. Losses carried forward

As of December 31, 2013, unused tax loss carryforwards and tax credits, for which no deferred tax assets were recognized, had a potential positive impact on the future tax expense of 277 million euros (306 million euros in 2012, 301 million euros in 2011).

27.6. Tax consolidation

- Tax consolidation agreements in France allow virtually all French companies of the Group to combine their taxable profits to calculate the overall tax expense for which only the parent company is liable.

  This tax consolidation agreement generated a decrease in the current tax expense of 88 million euros in 2013 (92 million euros in 2012, 136 million euros in 2011).
- The application of other tax consolidation agreements, notably in the United States, generated current tax savings of 7 million euros in 2013 (28 million euros in 2012, 52 million euros in 2011).

28. EARNINGS PER SHARE

	2013	2012	2011
Net profit, Group share *(EUR millions)*	**3,436**	**3,424**	**3,065**
Average number of shares in circulation during the fiscal year	507,997,567	508,041,429	498,874,042
Average number of treasury shares owned during the fiscal year	(7,714,153)	(8,907,786)	(10,104,756)
Average number of shares on which the calculation before dilution is based	**500,283,414**	**499,133,643**	**488,769,286**
Basic Group share of profit per share *(EUR)*	**6.87**	**6.86**	**6.27**
Average number of shares on which the above calculation is based	500,283,414	499,133,643	488,769,286
Dilution effect of stock option plans	2,934,083	3,096,309	3,438,206
Other dilution effects	-	-	-
Average number of shares on which the calculation after dilution is based	**503,217,497**	**502,229,952**	**492,207,492**
Diluted Group share of profit per share *(EUR)*	**6.83**	**6.82**	**6.23**

As of December 31, 2013, all of the instruments in circulation that may dilute earnings per share have been taken into consideration when determining the impact of dilution, given that all of the outstanding subscription options are considered to be available to be exercised at that date, since the LVMH share price is higher than the exercise price of these options.

No events occurred between December 31, 2013 and the date on which the financial statements were approved for publication that would have significantly affected the number of shares outstanding or the potential number of shares.

29. PROVISIONS FOR PENSIONS, CONTRIBUTION TO MEDICAL COSTS AND OTHER EMPLOYEE BENEFIT COMMITMENTS

29.1. Expense for the fiscal year

The expense recognized in the fiscal years presented for retirement benefit obligations, contribution to medical costs, and other employee benefit commitments is as follows:

(EUR millions)	2013	2012 [a]	2011 [a]
Service cost	79	64	56
Net interest cost	15	11	9
Actuarial gains and losses	2	9	5
Past service cost	-	1	2
Changes in regimes	(8)	(2)	(5)
Total expense for the period for defined benefit plans	**88**	**83**	**67**

(a) The net profit for fiscal years 2011 and 2012 has not been restated to reflect the application of revised IAS 19 Employee Benefits, as the impact of the change in standard on each of these fiscal years was less than 5 million euros.

29.2. Net recognized commitment

(EUR millions)	2013	2012 [a]	2011 [a]
Benefits covered by plan assets	978	1,022	841
Benefits not covered by plan assets	145	141	127
Defined benefit obligation	**1,123**	**1,163**	**968**
Market value of plan assets	**(682)**	**(650)**	**(569)**
Net recognized commitment	**441**	**513**	**399**
Of which:			
Non-current provisions	455	519	413
Current provisions	3	13	11
Other assets	(17)	(19)	(25)
Total	**441**	**513**	**399**

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.

29.3. Breakdown of the change in net recognized commitment

(EUR millions)	Defined benefit obligation	Market value of plan assets	Net recognized commitment [a]
As of December 31, 2012	**1,163**	**(650)**	**513**
Service cost	79	-	79
Net interest cost	33	(18)	15
Payments to beneficiaries	(87)	63	(24)
Contributions to plan assets	-	(68)	(68)
Contributions of employees	8	(8)	-
Changes in scope and reclassifications	18	-	18
Changes in regimes	(8)	-	(8)
Actuarial gains and losses: experience adjustments [b]	1	(35)	(34)
Actuarial gains and losses: changes in demographic assumptions [b]	(6)	-	(6)
Actuarial gains and losses: changes in financial assumptions [b]	(37)	-	(37)
Translation adjustment	(41)	34	(7)
As of December 31, 2013	**1,123**	**(682)**	**441**

(a) The balance sheets as of December 31, 2012 and 2011 have been restated to reflect the retrospective application as of January 1, 2011 of IAS 19 Employee Benefits as amended. See Note 1.2.
(b) Gain/(Loss).

Actuarial gains and losses resulting from changes in assumptions related mainly to the increase in discount rates.

Actuarial gains and losses resulting from experience adjustments related to the fiscal years 2009 to 2012 amounted to:

(EUR millions)	2009	2010	2011	2012
Experience adjustments on the defined benefit obligation	(16)	(14)	(9)	13
Experience adjustments on the fair value of plan assets	(29)	(4)	(34)	(31)
Actuarial gains and losses resulting from experience adjustments [a]	**(45)**	**(18)**	**(43)**	**(18)**

(a) (Gains)/Losses.

The actuarial assumptions applied to estimate commitments as of December 31, 2013 in the main countries where such commitments have been undertaken, were as follows:

(as %)	2013					2012					2011				
	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland
Discount rate [a]	3.50	5.0	4.40	1.25	2.30	3.0	3.20	4.30	1.50	2.0	4.70	4.90	4.70	1.75	2.25
Future rate of increase of salaries	3.0	4.50	4.10	2.0	2.25	3.0	4.0	3.80	2.0	2.50	3.0	4.0	3.80	2.0	2.50

(a) Discount rates were determined with reference to market yields of AA-rated corporate bonds at the year-end in the countries concerned. Bonds with maturities comparable to those of the commitments were used.

The assumed rate of increase of medical expenses in the United States is 7.20% for 2014, after which it is assumed to decline progressively to reach a rate of 4.50% in 2029.

A rise of 0.5% in the discount rate would result in a reduction of 67 million euros in the amount of the defined benefit obligation as of December 31, 2013; a decrease of 0.5% in the discount rate would result in a rise of 74 million euros.

29.4. Analysis of benefits

The breakdown of the defined benefit obligation by type of benefit plan is as follows:

(EUR millions)	2013	2012	2011
Supplementary pensions	850	902	745
Retirement and other indemnities	206	188	149
Medical costs of retirees	44	51	45
Jubilee awards	20	18	12
Early retirement indemnities	-	-	2
Other	3	4	15
Defined benefit obligation	**1,123**	**1,163**	**968**

The geographic breakdown of the defined benefit obligation is as follows:

(EUR millions)	2013	2012	2011
France	369	376	309
Europe (excluding France)	444	436	367
United States	184	210	175
Japan	84	107	103
Asia (excluding Japan)	39	31	13
Other countries	3	3	1
Defined benefit obligation	**1,123**	**1,163**	**968**

The main components of the Group's net commitment for retirement and other defined benefit obligations as of December 31, 2013 are as follows:

- in France, these commitments include the commitment to members of the Group's Executive Committee and senior executives, who are covered by a supplementary pension plan after a certain number of years of service, the amount of which is determined on the basis of the average of their three highest amounts of annual remuneration received during the course of their career with the Group; they also include retirement indemnities and jubilee awards, the payment of which is determined by French law and collective bargaining agreements, respectively upon retirement or after a certain number of years of service;
- in Europe (excluding France), the main commitments concern pension plans, set up in the United Kingdom by certain Group companies, in Switzerland, participation by Group companies in the mandatory Swiss occupational pension plan, the LPP (*Loi pour la Prévoyance Professionnelle*), as well as the TFR (*Trattamento di Fine Rapporto*) in Italy, a legally required end-of-service allowance, paid regardless of the reason for the employee's departure from the company;
- in the United States, the commitment relates to defined benefit pension plans or systems for the reimbursement of medical expenses of retirees set up by certain Group companies.

29.5. Analysis of related plan assets

The breakdown of market value of plan assets by type of investment is as follows:

(as % of market value of related plan assets)	2013	2012	2011
Shares	35	35	39
Bonds			
- private issues	29	29	27
- public issues	15	18	15
Cash, investment funds, real estate and other assets	21	18	19
Total	**100**	**100**	**100**

These assets do not include any real estate assets belonging to the Group or any LVMH shares for significant amounts.

The Group plans to increase the related plan assets in 2014 by paying in approximately 73 million euros.

30. OFF-BALANCE SHEET COMMITMENTS

30.1. Purchase commitments

(EUR millions)	2013	2012	2011
Grapes, wines and *eaux-de-vie*	994	1,012	1,019
Other purchase commitments for raw materials	110	80	84
Industrial and commercial fixed assets	379	205	154
Investments in joint venture shares and available for sale financial assets	98	41	90

Some Wines and Spirits companies have contractual purchase arrangements with various local producers for the future supply of grapes, still wines and *eaux-de-vie*. These commitments are valued, depending on the nature of the purchases, on the basis of the contractual terms or known year-end prices and estimated production yields.

As of December 31, 2013, the maturity schedule of these commitments is as follows:

(EUR millions)	Less than one year	One to five years	More than five years	Total
Grapes, wines and *eaux-de-vie*	565	386	43	994
Other purchase commitments for raw materials	105	5	-	110
Industrial and commercial fixed assets	181	198	-	379
Investments in joint venture shares and available for sale financial assets	25	62	11	98

30.2. Lease and similar commitments

In connection with its business activities, the Group enters into agreements for the rental of premises or airport concession contracts. The Group also finances a portion of its equipment through long-term operating leases.

The fixed minimum portion of commitments in respect of the irrevocable period of operating lease or concession contracts were as follows as of December 31, 2013:

(EUR millions)	2013	2012	2011
Less than one year	1,407	1,235	1,094
One to five years	3,613	3,208	2,843
More than five years	1,874	1,551	1,279
Commitments given for operating leases and concessions	**6,894**	**5,994**	**5,216**
Less than one year	10	15	19
One to five years	14	25	30
More than five years	-	1	1
Commitments received for sub-leases	**24**	**41**	**50**

In addition, the Group may enter into operating leases or concession contracts including variable payment amounts. For example, in June 2012, DFS was granted three additional five-year concessions at Hong Kong International Airport. The concession agreement provides for the payment of variable concession fees, calculated in particular on the basis of the number of passengers passing through the airport. In 2013, these fees amounted to approximately 320 million euros.

30.3. Collateral and other guarantees

As of December 31, 2013, these commitments break down as follows:

(EUR millions)	2013	2012	2011
Securities and deposits	412	295	145
Other guarantees	90	101	142
Guarantees given	**502**	**396**	**287**
Guarantees received	**14**	**19**	**28**

Maturity dates of these commitments are as follows:

(EUR millions)	Less than one year	One to five years	More than five years	Total
Securities and deposits	114	285	13	412
Other guarantees	52	29	9	90
Guarantees given	**166**	**314**	**22**	**502**
Guarantees received	**8**	**2**	**4**	**14**

30.4. Contingent liabilities and outstanding litigation

As part of the management of its business operations, the Group is party to various legal proceedings concerning brand rights, the protection of intellectual property rights, the set-up of selective retailing networks, licensing agreements, employee relations, tax audits and other areas relating to its business. The Group believes that the provisions recorded in the balance sheet in respect of these risks, litigation or disputes, known or outstanding at year-end, are sufficient to avoid its consolidated financial net worth being materially impacted in the event of an unfavorable outcome.

30.5. Other commitments

The Group is not aware of any significant off-balance sheet commitments other than those described above.

31. RELATED PARTY TRANSACTIONS

31.1. Relations of LVMH with Christian Dior and Groupe Arnault

The LVMH group is consolidated within Christian Dior SA, a public company listed on the Eurolist by Euronext Paris, which is controlled by Groupe Arnault SAS via its subsidiary Financière Agache SA.

Relations of LVMH with Christian Dior

The LVMH group, via its subsidiaries Parfums Christian Dior and Montres Dior, coordinates its communications efforts with Christian Dior SA and its subsidiaries, in particular Christian Dior Couture SA. Christian Dior also provides creative assistance to LVMH for the design of Dior perfume bottles and watches, as well as in the course of its advertising and promotional campaigns. Montres Dior watches are manufactured by a company equally owned by Christian Dior and LVMH.

LVMH distributes Christian Dior products through its Selective Retailing businesses, and distributes Montres Dior watches through its Watches and Jewelry business group's distribution network. Christian Dior purchases the products manufactured by Parfums Christian Dior and Montres Dior from LVMH, which it sells in its network of retail stores.

Finally, LVMH provides administrative assistance to the subsidiaries of Christian Dior located outside France.

Transactions between LVMH and Christian Dior, which are completed at market prices, may be summarized as follows, in value:

(EUR millions)	2013	2012	2011
LVMH purchases from Christian Dior	(20)	(19)	(22)
Amount payable outstanding as of December 31	(20)	(20)	(21)
LVMH sales to Christian Dior	39	39	26
Amount receivable outstanding as of December 31	5	7	4

In December 2013, LVMH sold a property located in London to Christian Dior Couture for a price of 53.3 million pounds sterling.

Relations of LVMH with Groupe Arnault and Financière Agache

Groupe Arnault SAS provides assistance to LVMH in the areas of development, engineering, corporate and real estate law. In addition, Groupe Arnault leases office premises to LVMH.

LVMH leases office space to Groupe Arnault SAS and Financière Agache SA and LVMH also provides them with various forms of administrative assistance.

Transactions between LVMH and Groupe Arnault and Financière Agache may be summarized as follows:

(EUR millions)	2013	2012	2011
Amounts billed by Groupe Arnault SAS and Financière Agache to LVMH	(6)	(6)	(5)
Amount payable outstanding as of December 31	(2)	(2)	(2)
Amounts billed by LVMH to Groupe Arnault SAS and Financière Agache	3	2	2
Amount receivable outstanding as of December 31	-	-	-

31.2. Relations with Diageo

Moët Hennessy SNC and Moët Hennessy International SAS (hereafter referred to as "Moët Hennessy") are the holding companies for LVMH's Wines and Spirits businesses, with the exception of Château d'Yquem, Château Cheval Blanc and certain champagne vineyards. Diageo holds a 34% stake in Moët Hennessy. In 1994, at the time when Diageo acquired this 34% stake, an agreement was concluded between Diageo and LVMH for the apportionment of holding company expenses between Moët Hennessy and the other holding companies of the LVMH group.

Under this agreement, Moët Hennessy assumed 19% of shared expenses in 2013, 2012 and 2011, representing an amount of 15 million euros in 2013 (14 million euros in 2012 and 20 million in 2011).

31.3. Relations with Fondation Louis Vuitton

Fondation Louis Vuitton is currently building a modern and contemporary art museum in Paris. The LVMH group finances the Fondation as part of its cultural sponsorship initiatives. The corresponding net contributions appear under "Assets in progress" and will be depreciated as of the inauguration of the museum, planned for September 2014, over the residual term of the public domain occupation agreement granted by the City of Paris.

Moreover, Fondation Louis Vuitton has recourse to external financing guaranteed by LVMH. These guarantees are presented as off-balance sheet commitments (see Note 30.3).

31.4. Executive bodies

The total compensation paid to the members of the Executive Committee and the Board of Directors, in respect of their functions within the Group, breaks down as follows:

(EUR millions)	2013	2012	2011
Gross compensation, employers' charges and benefits in kind	73	68	60
Post-employment benefits	10	9	11
Other long-term benefits	14	12	14
End of contract indemnities	-	3	9
Stock option and similar plans	16	26	26
Total	**113**	**118**	**120**

The commitment recognized as of December 31, 2013 for post-employment benefits, net of related financial assets was 53 million euros (52 million euros as of December 31, 2012 and 29 million euros as of December 31, 2011), after taking into account the retrospective adjustment as of January 1, 2011 required by IAS 19 Employee Benefits (see Note 1.2).

32. SUBSEQUENT EVENTS

No significant subsequent events occurred between December 31, 2013 and January 30, 2014, the date on which the financial statements were approved for publication by the Board of Directors.

MAIN CONSOLIDATED COMPANIES

Companies	Registered office	Percentage	
		Control	Interest
WINES AND SPIRITS			
MHCS SCS	Épernay, France	100%	66%
Champagne Des Moutiers SA	Épernay, France	100%	66%
Société Viticole de Reims SA	Épernay, France	100%	66%
Cie Française du Champagne et du Luxe SA	Épernay, France	100%	66%
Chamfipar SA	Épernay, France	100%	66%
STM Vignes SAS	Épernay, France	95%	63%
GIE MHIS	Épernay, France	100%	66%
Moët Hennessy Entreprise Adaptée	Épernay, France	100%	66%
Champagne Bernard Breuzon SAS	Colombe le Sec, France	100%	66%
Champagne de Mansin SAS	Gye sur Seine, France	100%	66%
Société Civile des Crus de Champagne SA	Reims, France	100%	66%
Moët Hennessy Italia Spa	Milan, Italy	100%	66%
Moët Hennessy UK Ltd	London, United Kingdom	100%	66%
Moët Hennessy España SA	Barcelona, Spain	100%	66%
Moët Hennessy (Suisse) SA	Geneva, Switzerland	100%	66%
Moët Hennessy Deutschland GmbH	Munich, Germany	100%	66%
Moët Hennessy de Mexico, SA de C.V.	Mexico City, Mexico	100%	66%
Moët Hennessy Belux SA	Brussels, Belgium	100%	66%
Moët Hennessy Osterreich GmbH	Vienna, Austria	100%	66%
Moët Hennessy Suomi OY	Helsinki, Finland	100%	66%
Moët Hennessy Polska SP Z.O.O.	Warsaw, Poland	100%	66%
Moët Hennessy Czech Republic Sro	Prague, Czech Republic	100%	66%
Moët Hennessy Sverige AB	Stockholm, Sweden	100%	66%
Moët Hennessy România Srl	Bucharest, Romania	100%	66%
Moët Hennessy Norge AS	Hoevik, Norway	100%	66%
Moët Hennessy Danmark A/S	Copenhagen, Denmark	100%	66%
Moët Hennessy Nederland BV	Baarn, Netherlands	100%	66%
Moët Hennessy USA Inc.	New York, USA	100%	66%
Moët Hennessy Turkey Ltd	Istanbul, Turkey	100%	66%
Moët Hennessy Korea Ltd	Seoul, South Korea	100%	66%
MHD Moët Hennessy Diageo SAS	Courbevoie, France [c]	100%	66%
Clicquot Inc.	New York, USA [*]	100%	66%
Ruinart UK	London, United Kingdom	100%	66%
Cheval des Andes SA	Buenos Aires, Argentina [a]	50%	33%
Domaine Chandon Inc.	California, USA	100%	66%
Cape Mentelle Vineyards Ltd	Margaret River, Australia	100%	66%
Veuve Clicquot Properties, Pty Ltd	Margaret River, Australia	100%	66%
Moët Hennessy do Brasil – Vinhos E Destilados Ltda	São Paulo, Brazil	100%	66%
Cloudy Bay Vineyards Ltd	Blenheim, New Zealand	100%	66%
Bodegas Chandon Argentina SA	Buenos Aires, Argentina	100%	66%
Domaine Chandon Australia Pty Ltd	Coldstream Victoria, Australia	100%	66%
Newton Vineyards LLC	California, USA	90%	59%
Domaine Chandon (Ningxia) Moët Hennessy Co, Ltd	Yinchuan, China	100%	66%
Moët Hennessy Chandon (Ningxia) Vineyards Co, Ltd	Yinchuan, China	60%	40%
Château d'Yquem SA	Sauternes, France	95%	95%
Château d'Yquem SC	Sauternes, France	96%	96%
Société Civile Cheval Blanc (SCCB)	Saint Emilion, France [a]	50%	50%
MH Shangri-La (Deqin) Winery Company Ltd	Deqin, China	80%	53%
Jas Hennessy & Co SCS	Cognac, France	99%	65%
Distillerie de la Groie SARL	Cognac, France	100%	65%
SICA de Bagnolet	Cognac, France	100%	3%
Sodepa SARL	Cognac, France	100%	65%
Diageo Moët Hennessy BV	Amsterdam, Netherlands [c]	100%	66%
Hennessy Dublin Ltd	Dublin, Ireland	100%	66%
Edward Dillon & Co Ltd	Dublin, Ireland [b]	40%	26%
Hennessy Far East Ltd	Hong Kong, China	100%	65%
Moët Hennessy Diageo Hong Kong Ltd	Hong Kong, China [c]	100%	66%
Moët Hennessy Diageo Macau Ltd	Macao, China [c]	100%	66%
Riche Monde (China) Ltd	Hong Kong, China [c]	100%	66%
Moët Hennessy Diageo Singapore Pte Ltd	Singapore [c]	100%	66%
Moët Hennessy Ukraine	Kiev, Ukraine	100%	66%
MH Services UK Ltd	London, United Kingdom	100%	66%
MH Services Singapore Limited Pte	Singapore	100%	66%
Moët Hennessy Diageo Malaysia SDN BHD	Kuala Lumpur, Malaysia [c]	100%	66%
Diageo Moët Hennessy Thailand Ltd	Bangkok, Thailand [c]	100%	66%
Moët Hennessy Shanghai Ltd	Shanghai, China	100%	66%
Moët Hennessy India Pvt. Ltd	New Delhi, India	100%	66%
Moët Hennessy Taiwan Ltd	Taipei, Taiwan	100%	65%
MHD Chine Co Ltd	Shanghai, China [c]	100%	66%
MHWH Limited	Limassol, Cyprus	100%	66%
Moët Hennessy Whitehall Russia SA	Moscow, Russia	100%	66%
Moët Hennessy Vietnam Importation Co Ltd	Ho Chi Minh City, Vietnam	100%	65%
Moët Hennessy Vietnam Distribution Co Pte Ltd	Ho Chi Minh City, Vietnam	51%	33%
Moët Hennessy Rus LLC	Moscow, Russia	100%	66%
MHD Moët Hennessy Diageo Ltd	Tokyo, Japan [c]	100%	66%
Moët Hennessy Asia-Pacific Pte Ltd	Singapore	100%	65%
Moët Hennessy Australia Ltd	Rosebury, Australia	100%	65%
Polmos Zyrardow LLC	Zyrardow, Poland	100%	66%
The Glenmorangie Company Ltd	Edinburgh, United Kingdom	100%	66%
Macdonald & Muir Ltd	Edinburgh, United Kingdom	100%	66%
The Scotch Malt Whisky Society Ltd	Edinburgh, United Kingdom	100%	66%
Wenjun Spirits Company Ltd	Chengdu, China	55%	36%
Wenjun Spirits Sales Company Ltd	Chengdu, China	55%	36%
FASHION AND LEATHER GOODS			
Louis Vuitton Malletier SA	Paris, France	100%	100%
Manufacture de Souliers Louis Vuitton Srl	Fiesso d'Artico, Italy	100%	100%
Louis Vuitton South Europe Srl	Milan, Italy	100%	100%
Louis Vuitton Saint Barthélémy SNC	Saint-Barthélemy, French Antilles	100%	100%
Louis Vuitton Cantacilik Ticaret AS	Istanbul, Turkey	100%	100%
Louis Vuitton Editeur SAS	Paris, France	100%	100%
Louis Vuitton International SNC	Paris, France	100%	100%
Louis Vuitton India Holding & Services Private Limited	Bangalore, India	100%	100%
Société des Ateliers Louis Vuitton SNC	Paris, France	100%	100%
Les Tanneries de la Comète SA	Estaimpuis, Belgium	100%	100%
Manufacture des accessoires Louis Vuitton Srl	Milan, Italy	100%	100%
Louis Vuitton Bahrain WLL	Manama, Bahrain	[d]	[d]
Société Louis Vuitton Services SNC	Paris, France	100%	100%
Louis Vuitton Qatar LLC	Doha, Qatar	[d]	[d]
Société des Magasins Louis Vuitton France SNC	Paris, France	100%	100%
Belle Jardinière SA	Paris, France	100%	100%
Les Ateliers Horlogers Louis Vuitton La Fabrique du Temps SA	La Chaux-de-Fonds, Switzerland	100%	100%
Les Ateliers Joailliers Louis Vuitton SAS	Paris, France	100%	100%
Operadora Louis Vuitton Mexico SRLCV	Mexico City, Mexico	100%	100%
Louis Vuitton Monaco SA	Monaco	100%	100%
ELV SNC	Paris, France	100%	100%
Louis Vuitton Services Europe Sprl	Brussels, Belgium	100%	100%
Louis Vuitton UK Ltd	London, United Kingdom	100%	100%
Finnina Srl	Stra, Italy	100%	100%
Louis Vuitton Ireland Ltd	Dublin, Ireland	100%	100%
Louis Vuitton Deutschland GmbH	Düsseldorf, Germany	100%	100%
Louis Vuitton Ukraine LLC	Kiev, Ukraine	100%	100%
Sociedad de Catalana Talleres Artesanos Louis Vuitton SA	Barcelona, Spain	100%	100%
Sociedad de Talleres de Accesorios en Cuero LV SL	Barcelona, Spain	100%	100%
Atepeli – Ateliers de Ponte de Lima SA	Ponte de Lima, Portugal	100%	100%
La Fabrique de Maroquinerie Louis Vuitton	Paris, France	100%	100%
Louis Vuitton BV	Amsterdam, Netherlands	100%	100%
Louis Vuitton Belgium SA	Brussels, Belgium	100%	100%
Louis Vuitton Luxembourg SARL	Luxembourg	100%	100%
Louis Vuitton Hellas SA	Athens, Greece	100%	100%
Louis Vuitton Cyprus Limited	Nicosia, Cyprus	100%	100%
Louis Vuitton Portugal Maleiro, Ltda.	Lisbon, Portugal	100%	100%
Louis Vuitton Ltd	Tel Aviv, Israel	100%	100%
Louis Vuitton Danmark A/S	Copenhagen, Denmark	100%	100%
Louis Vuitton Aktiebolag SA	Stockholm, Sweden	100%	100%
Louis Vuitton Suisse SA	Geneva, Switzerland	100%	100%
Louis Vuitton Polska sp. zoo.	Warsaw, Poland	100%	100%
Louis Vuitton Ceska s.r.o.	Prague, Czech Republic	100%	100%
Louis Vuitton Osterreich GmbH	Vienna, Austria	100%	100%
Louis Vuitton Kazakhstan LLP	Almaty, Kazakhstan	100%	100%
LV US Manufacturing, Inc	New York, USA	100%	100%
Somarest SARL	Sibiu, Romania	100%	100%
Louis Vuitton Hawaii Inc	Hawaii, USA	100%	100%
Atlantic Luggage Company Ltd	Hamilton, Bermuda	40%	40%
Louis Vuitton Guam Inc	Guam	100%	100%
Louis Vuitton Saipan Inc	Saipan, Northern Mariana Islands	100%	100%
Louis Vuitton Norge AS	Oslo, Norway	100%	100%
San Dimas Luggage Company	New York, USA	100%	100%
Louis Vuitton North America Inc	New York, USA	100%	100%
Louis Vuitton USA Inc	New York, USA	100%	100%
Louis Vuitton Liban retail SAL	Beirut, Lebanon	100%	100%
Louis Vuitton Liban Holding SAL	Beirut, Lebanon	100%	100%
Louis Vuitton Vietnam Company Ltd	Hanoi, Vietnam	100%	100%
Louis Vuitton Suomy Oy	Helsinki, Finland	100%	100%
Louis Vuitton România Srl	Bucharest, Romania	100%	100%
LVMH FG Brasil Ltda	São Paulo, Brazil	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
Louis Vuitton Panama Inc	Panama City, Panama	100%	100%
Louis Vuitton Mexico S de RL de CV	Mexico City, Mexico	100%	100%
Louis Vuitton Uruguay SA	Montevideo, Uruguay	100%	100%
Louis Vuitton Chile Ltda	Santiago de Chile, Chile	100%	100%
Louis Vuitton (Aruba) N.V	Oranjestad, Aruba	100%	100%
Louis Vuitton Republica Dominica Srl	Santo Domingo, Dominican Republic	100%	100%
LVMH Fashion Group Pacific Ltd	Hong Kong, China	100%	100%
Louis Vuitton Trading Hong Kong Ltd	Hong Kong, China	100%	100%
Louis Vuitton Hong Kong Ltd	Hong Kong, China	100%	100%
Louis Vuitton (Philippines) Inc	Makati, Philippines	100%	100%
Louis Vuitton Singapore Pte Ltd	Singapore	100%	100%
LV IOS Private Ltd	Singapore	100%	100%
PT Louis Vuitton Indonesia LLC	Jakarta, Indonesia	98%	98%
Louis Vuitton (Malaysia) SDN BHD	Kuala Lumpur, Malaysia	100%	100%
Louis Vuitton (Thailand) SA	Bangkok, Thailand	100%	100%
Louis Vuitton Taïwan Ltd	Taipei, Taiwan	98%	98%
Louis Vuitton Australia PTY Ltd	Sydney, Australia	100%	100%
Louis Vuitton (China) Co Ltd	Shanghai, China	100%	100%
Louis Vuitton Mongolia LLC	Ulaanbaatar, Mongolia	100%	100%
Louis Vuitton New Zealand Limited	Auckland, New Zealand	100%	100%
Louis Vuitton India Retail Private Limited	New Delhi, India	51%	51%
Louis Vuitton EAU LLC	Dubai, United Arab Emirates	[d]	[d]
Louis Vuitton Middle East	Dubai, United Arab Emirates	65%	65%
Louis Vuitton – Jordan PCLS	Amman, Jordan	100%	100%
Louis Vuitton Orient LLC	Emirate of Ras Khaime, United Arab Emirates	65%	65%
Louis Vuitton Korea Ltd	Seoul, South Korea	100%	100%
LVMH Fashion Group Trading Korea Ltd	Seoul, South Korea	100%	100%
Louis Vuitton Hungaria SARL	Budapest, Hungary	100%	100%
Louis Vuitton Argentina SA	Buenos Aires, Argentina	100%	100%
Louis Vuitton Vostock LLC	Moscow, Russia	100%	100%
LV Colombia SA	Santafe de Bogota, Colombia	100%	100%
Louis Vuitton Maroc SARL	Casablanca, Morocco	100%	100%
Louis Vuitton South Africa Ltd	Johannesburg, South Africa	100%	100%
Louis Vuitton Macau Company Ltd	Macao, China	100%	100%
LVMH Fashion (Shanghai) Trading Co., Ltd	Shanghai, China	100%	100%
LVJ Group KK	Tokyo, Japan	99%	99%
Louis Vuitton Services KK	Tokyo, Japan	100%	99%
Louis Vuitton Canada Inc	Toronto, Canada	100%	100%
Louis Vuitton (Barbados) Ltd	Saint Michael, Barbados	100%	100%
FG Industries	Paris, France	100%	100%
Les tanneries Roux SA	Romans sur Isère, France	100%	100%
Heng Long International Holding Pte Ltd	Singapore	65%	65%
Heng Long International Ltd	Singapore	100%	65%
Heng Long Leather Co (Pte) Ltd	Singapore	100%	65%
Heng Long Leather (Guangzhou) Co Ltd	Guangzhou, China	100%	65%
HL Australia Proprietary Ltd	Sydney, Australia	100%	65%
Marc Jacobs International LLC	New York, USA[*]	100%	80%
Marc Jacobs International (UK) Ltd	London, United Kingdom	100%	80%
Marc Jacobs Trademark LLC	New York, USA[*]	100%	80%
Marc Jacobs Japan KK	Tokyo, Japan	50%	40%
Marc Jacobs International Italia Srl	Milan, Italy	100%	80%
Marc Jacobs International France SAS	Paris, France	100%	80%
Marc Jacobs Commercial & Trading (Shanghai)	Shanghai, China	100%	80%
Marc Jacobs Hong Kong Ltd	Hong Kong, China	100%	80%
Marc Jacobs Holdings LLC	New York, USA[*]	80%	80%
Loewe SA	Madrid, Spain	100%	100%
Loewe Hermanos SA	Madrid, Spain	100%	100%
Manufacturas Loewe SL	Madrid, Spain	100%	100%
LVMH Fashion Group France SNC	Paris, France	100%	100%
Loewe Hermanos UK Ltd	London, United Kingdom	100%	100%
Loewe Hong Kong Ltd	Hong Kong, China	100%	100%
Loewe Commercial & Trading (Shanghai) Co Ltd	Shanghai, China	100%	100%
Loewe Fashion Pte Ltd	Singapore	100%	100%
Loewe Fashion (M) SDN BHD	Johor, Malaysia	100%	100%
Loewe Taïwan Ltd	Taipei, Taiwan	100%	98%
Loewe Korea Ltd	Seoul, South Korea	100%	100%
Loewe Macao Ltd	Macao, China	100%	100%
Loewe Italy Spa	Milan, Italy	100%	100%
Loewe Alemania Gmbh	Frankfurt, Germany	100%	100%
Loewe Hawaii Inc	Honolulu, USA	100%	100%
Berluti SA	Paris, France	100%	100%
Manifattura Ferrarese Srl	Ferrare, Italy	100%	100%
Berluti LLC	New York, USA	100%	100%
Berluti UK Ltd	London, United Kingdom	100%	100%
Berluti Macau Company Ltd	Macao, China	100%	100%
Berluti (Shanghai) Company Ltd	Shanghai, China	100%	100%
Berluti Hong Kong Company Ltd	Hong Kong, China	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
Berluti Singapore Private Ltd	Singapore	100%	100%
Berluti Orient FZ LLC	Raz Al-Kamah, United Arab Emirates	65%	65%
Berluti UAE LLC	Dubai, United Arab Emirates	[d]	[d]
Berluti Taiwan Ltd	Taipei, Taiwan	100%	100%
Rossimoda Spa	Vigonza, Italy	100%	100%
Rossimoda USA Ltd	New York, USA	100%	100%
Rossimoda France SARL	Paris, France	100%	100%
Brenta Suole Srl	Vigonza, Italy	65%	65%
LVMH Fashion Group Services SAS	Paris, France	100%	100%
Montaigne KK	Tokyo, Japan	100%	99%
Interlux Company Ltd	Hong Kong, China	100%	100%
Celine SA	Paris, France	100%	100%
Avenue M International SCA	Paris, France	100%	100%
Enilec Gestion SARL	Paris, France	100%	100%
Celine Montaigne SA	Paris, France	100%	100%
Celine Monte-Carlo SA	Monaco	100%	100%
Celine Germany GmbH	Berlin, Germany	100%	100%
Celine Production Srl	Florence, Italy	100%	100%
Celine Suisse SA	Geneva, Switzerland	100%	100%
Celine UK Ltd	London, United Kingdom	100%	100%
Celine Inc	New York, USA[*]	100%	100%
Celine Hong Kong Ltd	Hong Kong, China	100%	100%
Celine Commercial & Trading (Shanghai) Co Ltd	Shanghai, China	100%	100%
Celine Taïwan Ltd	Taipei, Taiwan	100%	99%
CPC International Ltd	Hong Kong, China	100%	100%
CPC Macau Ltd	Macao, China	100%	100%
LVMH FG Services UK Ltd	London, United Kingdom	100%	100%
Kenzo SA	Paris, France	100%	100%
Kenzo Belgique SA	Brussels, Belgium	100%	100%
Kenzo UK Ltd	London, United Kingdom	100%	100%
Kenzo Japan KK	Tokyo, Japan	100%	100%
Kenzo Accessories Srl	Lentate Sul Seveso, Italy	100%	100%
Kenzo Seta Srl	Grandate, Italy	51%	51%
Givenchy SA	Paris, France	100%	100%
Givenchy Corporation	New York, USA	100%	100%
Givenchy China Co Ltd	Hong Kong, China	100%	100%
Givenchy Shanghai Commercial and Trading Co Ltd	Shanghai, China	100%	100%
GCCL Macau Co Ltd	Macao, China	100%	100%
Givenchy Italia Srl	Florence, Italy	100%	100%
Gabrielle Studio Inc	New York, USA	100%	100%
Donna Karan International Inc	New York, USA[*]	100%	100%
The Donna Karan Company LLC	New York, USA	100%	100%
Donna Karan Service Company BV	Oldenzaal, Netherlands	100%	100%
Donna Karan Company Store Ireland Ltd	Dublin, Ireland	100%	100%
Donna Karan Studio LLC	New York, USA	100%	100%
The Donna Karan Company Store LLC	New York, USA	100%	100%
Donna Karan International (Canada) Inc	Vancouver, Canada	100%	100%
Donna Karan Company Store UK Holdings Ltd	London, United Kingdom	100%	100%
Donna Karan Management Company UK Ltd	London, United Kingdom	100%	100%
Donna Karan Company Stores UK Retail Ltd	London, United Kingdom	100%	100%
Donna Karan Company Store (UK) Ltd	London, United Kingdom	100%	100%
Donna Karan H. K. Ltd	Hong Kong, China	100%	100%
Donna Karan (Italy) Srl	Milan, Italy	100%	100%
Donna Karan (Italy) Production Services Srl	Milan, Italy	100%	100%
Fendi International BV	Baarn, Netherlands	100%	100%
Fun Fashion Bari Srl	Bari, Italy	100%	100%
Fendi Prague S.r.o.	Prague, Czech Republic	100%	100%
Luxury Kuwait for Ready Wear Company WLL	Kuwait City, Kuwait	[d]	[d]
Fun Fashion Qatar LLC	Doha, Qatar	[d]	[d]
Fendi International SA	Paris, France	100%	100%
Fun Fashion Emirates LLC	Dubai, United Arab Emirates	[d]	[d]
Fendi SA	Luxembourg	100%	100%
Fun Fashion Bahrain WLL	Manama, Bahrain	[d]	[d]
Fendi Srl	Rome, Italy	100%	100%
Fendi Dis Ticaret LSi	Istanbul, Turkey	100%	100%
Fendi Adele Srl	Rome, Italy	100%	100%
Fendi Italia Srl	Rome, Italy	100%	100%
Fendi UK Ltd	London, United Kingdom	100%	100%
Fendi France SAS	Paris, France	100%	100%
Fendi North America Inc	New York, USA[*]	100%	100%
Fendi Guam Inc	Guam	100%	100%
Fendi (Thailand) Company Ltd	Bangkok, Thailand	100%	100%
Fendi Asia-Pacific Ltd	Hong Kong, China	100%	100%
Fendi Korea Ltd	Seoul, South Korea	100%	100%
Fendi Taiwan Ltd	Taipei, Taiwan	100%	100%
Fendi Hong Kong Ltd	Hong Kong, China	100%	100%
Fendi China Boutiques Ltd	Hong Kong, China	100%	100%
Fendi (Singapore) Pte Ltd	Singapore	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
Fendi Fashion (Malaysia) Snd. Bhd.	Kuala Lumpur, Malaysia	100%	100%
Fendi Switzerland SA	Geneva, Switzerland	100%	100%
Fun Fashion FZCO LLC	Dubai, United Arab Emirates	73%	73%
Fendi Marianas Inc	Guam	100%	100%
Fun Fashion Kuwait Co. WLL	Kuwait City, Kuwait	[d]	[d]
Fendi Macau Company Ltd	Macao, China	100%	100%
Fendi Germany GmbH	Stuttgart, Germany	100%	100%
Fendi (Shanghai) Co Ltd	Shanghai, China	100%	100%
Fun Fashion India Pte Ltd	Mumbai, India	[d]	[d]
Fun Fashion Hellas	Athens, Greece	51%	51%
Interservices & Trading SA	Lugano, Switzerland	100%	100%
Fendi Silk SA	Lugano, Switzerland	51%	51%
Outshine Mexico, S. de RL de C.V.	Mexico City, Mexico	100%	100%
Maxelle SA	Neuchâtel, Switzerland	100%	51%
Taramax USA Inc	New Jersey, USA	100%	51%
Primetime Inc	New Jersey, USA	100%	51%
Taramax SA	Neuchâtel, Switzerland	51%	51%
Taramax Japan KK	Tokyo, Japan	100%	51%
Support Retail Mexico, S. de RL de C.V.	Mexico City, Mexico	100%	100%
Fendi Brasil – Grupo de Moda Ltda	São Paulo, Brazil	100%	100%
Emilio Pucci Srl	Florence, Italy	100%	100%
Emilio Pucci International BV	Baarn, Netherlands	67%	67%
Emilio Pucci, Ltd	New York, USA	100%	100%
Emilio Pucci Hong Kong Co Ltd	Hong Kong, China	100%	100%
Emilio Pucci (Shanghai) Commercial Ltd	Shanghai, China	100%	100%
Emilio Pucci UK Ltd	London, United Kingdom	100%	100%
Emilio Pucci (Singapore) Pte. Ltd	Singapore	100%	100%
Thomas Pink Holdings Ltd	London, United Kingdom	100%	100%
Thomas Pink Ltd	London, United Kingdom	100%	100%
Thomas Pink BV	Rotterdam, Netherlands	100%	100%
Thomas Pink Inc	New York, USA[*]	100%	100%
Thomas Pink Ireland Ltd	Dublin, Ireland	100%	100%
Thomas Pink France SAS	Paris, France	100%	100%
Thomas Pink Canada Inc	Toronto, Canada	100%	100%
Edun Apparel Ltd	Dublin, Ireland[b]	49%	49%
Edun Americas Inc.	North Carolina, USA[b]	49%	49%
Nowness LLC	New York, USA[*]	100%	100%
Nowness SAS	Paris, France	100%	100%
Perida Financière SA	Romans sur Isère, France	100%	100%
Loro Piana S.p.A.	Quarona, Italy	80%	80%
Loro Piana Switzerland SA	Lugano, Switzerland	100%	80%
Loro Piana France SARL	Paris, France	100%	80%
Loro Piana GmbH	Munich, Germany	100%	80%
Loro Piana GB Ltd	London, United Kingdom	100%	80%
Warren Corporation	Stafford Springs, Connecticut, USA	100%	80%
Loro Piana & C. Inc.	New York, USA	100%	80%
Loro Piana USA LLC	New York, USA	100%	80%
Loro Piana Ltd	Hong Kong, China	100%	80%
Loro Piana Com. Ltd	Shanghai, China	100%	80%
Loro Piana Textile Trading Ltd	Shanghai, China	100%	80%
Loro Piana Mongolia Ltd	Ulaanbaatar, Mongolia	100%	80%
Loro Piana Korea Ltd	Seoul, South Korea	100%	80%
Loro Piana Ltda	Macao, China	100%	80%
Loro Piana Monaco SARL	Monaco	100%	80%
Loro Piana España S.L.U.	Madrid, Spain	100%	80%
Loro Piana Japan Ltd	Tokyo, Japan	100%	80%
Loro Piana Far East Pte Ltd	Singapore	100%	80%
Loro Piana Peru S.A.C.	Lucanas, Ayacucho, Peru	100%	80%
SDM Maglierie Srl	Sillavengo, Italy	100%	80%
Fibre Nobili Srl	Verrone, Italy	100%	80%
Filatura Vertex Srl	Quarona, Italy	100%	80%
Loro Piana Oesterreich GesmbH	Vienna, Austria	100%	80%
Loro Piana Nederland BV	Amsterdam, Netherlands	100%	80%
Loro Piana Czech Republic s.r.o.	Prague, Czech Republic	100%	80%
SANIN	Rawson, Argentina	60%	48%
International Vicuna Consortium	Quarona, Italy	50%	40%
Linen NEWCO	Borgosesia, Italy	100%	80%
Nicholas Kirkwood Limited	London, United Kingdom	52%	52%
Nicholas Kirkwood Corp.	New York, USA	100%	52%
NK Washington LLC	Delaware, USA	100%	52%
Nicholas Kirkwood LLC	New York, USA	100%	52%
NK WLV LLC	Nevada, USA	100%	52%
JW Anderson Limited	London, United Kingdom[b]	46%	46%

PERFUMES AND COSMETICS

Companies	Registered office	Percentage	
		Control	Interest
Parfums Christian Dior SA	Paris, France	100%	100%
LVMH P&C Thailand Co Ltd	Bangkok, Thailand	49%	49%
LVMH Parfums & Cosmétiques do Brasil Ltda	São Paulo, Brazil	100%	100%
France Argentine Cosmetics SA	Buenos Aires, Argentina	100%	100%
LVMH P&C Shanghai Co Ltd	Shanghai, China	100%	100%
Parfums Christian Dior Finland Oy	Helsinki, Finland	100%	100%
LVMH P&C Inc	New York, USA	100%	100%
SNC du 33 avenue Hoche	Paris, France	100%	100%
LVMH Fragrances & Cosmetics (Singapore) Pte Ltd	Singapore	100%	100%
Parfums Christian Dior Orient Co	Dubai, United Arab Emirates	60%	60%
Parfums Christian Dior Emirates	Dubai, United Arab Emirates	51%	31%
LVMH Cosmetics KK	Tokyo, Japan	100%	100%
Parfums Christian Dior Arabia	Jeddah, Saudi Arabia	75%	45%
EPCD SP.Z.O.O.	Warsaw, Poland	100%	100%
EPCD CZ & SK SRO	Prague, Czech Republic	100%	100%
EPCD RO Distribution Srl	Bucharest, Romania	100%	100%
Parfums Christian Dior (UK) Ltd	London, United Kingdom	100%	100%
Parfums Christian Dior BV	Rotterdam, Netherlands	100%	100%
Iparkos BV	Rotterdam, Netherlands	100%	100%
Parfums Christian Dior S.A.B.	Brussels, Belgium	100%	100%
Parfums Christian Dior (Ireland) Ltd	Dublin, Ireland	100%	100%
Parfums Christian Dior Hellas SA	Athens, Greece	100%	100%
Parfums Christian Dior AG	Zurich, Switzerland	100%	100%
Christian Dior Perfumes LLC	New York, USA	100%	100%
Parfums Christian Dior Canada Inc	Montreal, Canada	100%	100%
LVMH P&C de Mexico SA de CV	Mexico City, Mexico	100%	100%
Parfums Christian Dior Japon KK	Tokyo, Japan	100%	100%
Parfums Christian Dior (Singapore) Pte Ltd	Singapore	100%	100%
Inalux SA	Luxembourg	100%	100%
LVMH P&C Asia-Pacific Ltd	Hong Kong, China	100%	100%
Fa Hua Fragrance & Cosmetic Co Ltd	Hong Kong, China	100%	100%
Parfums Christian Dior China	Shanghai, China	100%	100%
LVMH P&C Korea Ltd	Seoul, South Korea	100%	100%
Parfums Christian Dior Hong Kong Ltd	Hong Kong, China	100%	100%
LVMH P&C Malaysia Sdn Berhad Inc	Kuala Lumpur, Malaysia	100%	100%
Pardior SA de CV	Mexico City, Mexico	100%	100%
Parfums Christian Dior A/S Ltd	Copenhagen, Denmark	100%	100%
LVMH Perfumes & Cosmetics Group Pty Ltd	Sydney, Australia	100%	100%
Parfums Christian Dior AS Ltd	Hoevik, Norway	100%	100%
Parfums Christian Dior AB	Stockholm, Sweden	100%	100%
Parfums Christian Dior (New Zealand) Ltd	Auckland, New Zealand	100%	100%
Parfums Christian Dior GmbH Austria	Vienna, Austria	100%	100%
L Beauty Luxury Asia Inc	Taguig City, Philippines	100%	51%
SCI Annabell	Paris, France	100%	100%
PT. L Beauty Brands	Jakarta, Indonesia	100%	51%
L Beauty Pte Ltd	Singapore	51%	51%
Cosmetic of France Inc	Florida, USA	100%	100%
LVMH Recherche GIE	Saint-Jean de Braye, France	100%	100%
Parfums et Cosmétiques Information Services – PCIS GIE	Levallois Perret, France	100%	100%
Perfumes Loewe SA	Madrid, Spain	100%	100%
Acqua Di Parma Srl	Milan, Italy	100%	100%
Acqua Di Parma LLC	New York, USA	100%	100%
Guerlain SA	Paris, France	100%	100%
LVMH Parfums & Kosmetik Deutschland GmbH	Düsseldorf, Germany	100%	100%
Guerlain GmbH	Vienna, Austria	100%	100%
Guerlain SA (Belgique)	Fleurus, Belgium	100%	100%
Guerlain Ltd	London, United Kingdom	100%	100%
LVMH Perfumes e Cosmetica Lda	Lisbon, Portugal	100%	100%
PC Parfums Cosmétiques SA	Zurich, Switzerland	100%	100%
Guerlain Inc	New York, USA	100%	100%
Guerlain Canada Ltd	Montreal, Canada	100%	100%
Guerlain De Mexico SA	Mexico City, Mexico	100%	100%
Guerlain Asia-Pacific Ltd	Hong Kong, China	100%	100%
Guerlain KK	Tokyo, Japan	100%	100%
Guerlain KSA	Paris, France	100%	100%
Guerlain Orient – JLT	Dubai, United Arab Emirates	100%	100%
Guerlain Oceania Australia Pty Ltd	Melbourne, Australia	100%	100%
Make Up For Ever SA	Paris, France	100%	100%
SCI Edison	Paris, France	100%	100%
Make Up For Ever LLC	New York, USA[*]	100%	100%
Make Up For Ever Canada Ltd	Montreal, Canada	100%	100%
LVMH Fragrance Brands SA	Levallois Perret, France	100%	100%
LVMH Fragrance Brands Ltd	London, United Kingdom	100%	100%
LVMH Fragrance Brands GmbH	Düsseldorf, Germany	100%	100%
LVMH Fragrance Brands LLC	New York, USA[*]	100%	100%
LVMH Fragrance Brands Ltd	Toronto, Canada	100%	100%
LVMH Fragrance Brands KK	Tokyo, Japan	100%	100%
LVMH Fragrance Brands WHD Inc	New York, USA[*]	100%	100%
LVMH Fragrance Brands Singapore Pte Ltd	Singapore	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
Benefit Cosmetics LLC	California, USA	100%	100%
Benefit Cosmetics Ireland Ltd	Dublin, Ireland	100%	100%
Benefit Cosmetics UK Ltd	Chelmsford, United Kingdom	100%	100%
Benefit Cosmetics Canada Inc	Toronto, Canada	100%	100%
Benefit Cosmetics Korea	Seoul, South Korea	100%	100%
Benefit Cosmetics SAS	Boulogne Billancourt, France	100%	100%
Benefit Cosmetics Hong Kong Limited	Hong Kong, China	100%	100%
L Beauty Sdn Bhn	Kuala Lumpur, Malaysia	100%	51%
L Beauty Thailand	Bangkok, Thailand	95%	48%
Nude Brands Ltd	London, United Kingdom	70%	70%
Nude Skincare Inc	California, USA	100%	70%
Fresh Inc	Massachusetts, USA	80%	80%
Fresh Cosmetics Ltd	London, United Kingdom	100%	80%
Fresh Hong Kong Ltd	Hong Kong, China	100%	80%
Fresh Korea Ltd	Seoul, South Korea	100%	80%

WATCHES AND JEWELRY

Companies	Registered office	Control	Interest
TAG Heuer International SA	Luxembourg	100%	100%
LVMH Swiss Manufactures SA	La Chaux-de-Fonds, Switzerland	100%	100%
LVMH Relojeria & Joyeria España SA	Madrid, Spain	100%	100%
LVMH Montres & Joaillerie France SA	Paris, France	100%	100%
LVMH Watch & Jewelry Central Europe GmbH	Bad Homburg, Germany	100%	100%
LVMH Watch & Jewelry UK Ltd	Manchester, United Kingdom	100%	100%
LVMH Watch & Jewelry USA Inc	New Jersey, USA	100%	100%
LVMH Watch & Jewelry Canada Ltd	Toronto, Canada	100%	100%
LVMH Watch & Jewelry Far East Ltd	Hong Kong, China	100%	100%
LVMH Watch & Jewelry Singapore Pte Ltd	Singapore	100%	100%
LVMH Watch & Jewelry Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	100%	100%
LVMH Watch & Jewelry Capital Pte Ltd	Singapore	100%	100%
LVMH Watch & Jewelry Japan KK	Tokyo, Japan	100%	100%
LVMH Watch & Jewelry Australia Pty Ltd	Melbourne, Australia	100%	100%
LVMH Watch & Jewelry Hong Kong Ltd	Hong Kong, China	100%	100%
LVMH Watch & Jewelry Taiwan Ltd	Hong Kong, China	100%	100%
LVMH Watch & Jewelry India Pvt Ltd	New Delhi, India	100%	100%
LVMH Watch & Jewelry (Shanghai) Commercial Co Ltd	Shanghai, China	100%	100%
LVMH Watch & Jewelry Russia SARL	Moscow, Russia	100%	100%
Cortech SA	Cornol, Switzerland	100%	100%
Timecrown Ltd	Worsley, United Kingdom	100%	100%
ArteCad SA	Tramelan, Switzerland	100%	100%
Alpha Time Corp. Ltd	Hong Kong, China	100%	100%
Dream Tech (Shanghai) Co. Ltd	Shanghai, China	100%	100%
Dream Tech Intl Trading Co. Ltd	Shanghai, China	100%	100%
Chaumet International SA	Paris, France	100%	100%
Chaumet London Ltd	London, United Kingdom	100%	100%
Chaumet Horlogerie SA	Bienne, Switzerland	100%	100%
Chaumet Korea Chusik Hoesa	Seoul, South Korea	100%	100%
Chaumet Middle East FZCO	Dubai, United Arab Emirates	60%	60%
Chaumet UAE	Dubai, United Arab Emirates	[d]	[d]
Farouk Trading	Riyadh, Saudi Arabia	[d]	[d]
LVMH Watch & Jewelry Italy Spa	Milan, Italy	100%	100%
Delano SA	La Chaux-de-Fonds, Switzerland	100%	100%
Fred Paris SA	Paris, France	100%	100%
Joaillerie de Monaco SA	Monaco	100%	100%
Fred Inc	California, USA [*]	100%	100%
Fred Londres Ltd	London, United Kingdom	100%	100%
Dior Montres SARL	Paris, France [a]	50%	50%
Les Ateliers Horlogers Dior SA	La Chaux-de-Fonds, Switzerland [a]	50%	50%
Hublot SA	Nyon, Switzerland	100%	100%
Bentim International SA	Luxembourg	100%	100%
Hublot SA Genève	Geneva, Switzerland	100%	100%
Hublot of America, Inc	Florida, USA	100%	100%
Hublot Japan KK Ltd	Tokyo, Japan	100%	100%
Profusion SARL	Gland, Switzerland	100%	100%
Nyon LLC	Florida, USA	51%	51%
Nyon Services LLC	Miami, USA [*]	100%	51%
Atlanta Boutique LLC	Atlanta, USA	100%	51%
Echidna Distribution Company LLC	Dallas, USA	100%	51%
Furioso LLC	Orlando, USA	100%	51%
Fusion World Dallas LLC	Dallas, USA	100%	51%
Fusion World Houston LLC	Houston, USA	100%	51%
New World of Fusion LLC	Miami, USA [*]	100%	51%
De Beers Diamond Jewellers Ltd	London, United Kingdom [a]	50%	50%
De Beers Diamond Jewellers Trademark Ltd	London, United Kingdom [a]	100%	50%
De Beers Diamond Jewellers UK Ltd	London, United Kingdom [a]	100%	50%
De Beers Diamond Jewellers Japan KK Co	Tokyo, Japan [a]	100%	50%
De Beers Diamond Jewellers (Hong Kong) Ltd	Hong Kong, China [a]	100%	50%
De Beers Diamond Jewellers Limited Taiwan	Taipei, Taiwan [a]	100%	50%
De Beers Diamond Jewellers US. Inc	Delaware, USA [a]	100%	50%
De Beers Jewellers Commercial (Shanghai) Co, Ltd	Shanghai, China [a]	100%	50%
Bulgari SpA	Rome, Italy	100%	100%
Bulgari Italia SpA	Rome, Italy	100%	100%
Bulgari Retail USA S.r.l.	Rome, Italy	100%	100%
Bulgari International Corporation (BIC) NV	Amsterdam, Netherlands	100%	100%
Bulgari Corporation of America Inc.	New York, USA	100%	100%
Bulgari SA	Geneva, Switzerland	100%	100%
Bulgari Horlogerie SA	Neuchâtel, Switzerland	100%	100%
Bulgari France SAS	Paris, France	100%	100%
Bulgari Montecarlo SAM	Monaco	100%	100%
Bulgari (Deutschland) GmbH	Munich, Germany	100%	100%
Bulgari Espana SA Unipersonal	Madrid, Spain	100%	100%
Bulgari South Asian Operations Pte Ltd	Singapore	100%	100%
Bulgari (UK) Ltd	London, United Kingdom	100%	100%
Bulgari Belgium SA	Brussels, Belgium	100%	100%
Bulgari Australia Pty Ltd	Sydney, Australia	100%	100%
Bulgari (Malaysia) Sdn Bhd.	Kuala Lumpur, Malaysia	100%	100%
Bulgari Global Operations SA	Neuchâtel, Switzerland	100%	100%
Bulgari Asia Pacific Ltd	Hong Kong, China	100%	100%
Bulgari (Taiwan) Ltd	Taipei, Taiwan	100%	100%
Bulgari Korea Ltd	Seoul, South Korea	100%	100%
Bulgari Saint Barth SAS	Saint-Barthélemy, French Antilles	100%	100%
Bulgari Gioielli SpA	Valenza, Italy	100%	100%
Bulgari Accessori Srl	Florence, Italy	100%	100%
Bulgari Holdings (Thailand) Ltd	Bangkok, Thailand	100%	100%
Bulgari (Thailand) Ltd	Bangkok, Thailand	100%	100%
Bulgari Commercial (Shanghai) Co. Ltd	Shanghai, China	100%	100%
Bulgari Japan Ltd	Tokyo, Japan	100%	100%
Bulgari Panama Inc	Panama City, Panama	100%	100%
Bulgari Ireland Ltd	Dublin, Ireland	100%	100%
Bulgari Qatar Lcc	Doha, Qatar	[d]	[d]
Bulgari Kuwait Wll	Kuwait City, Kuwait	[d]	[d]
Bulgari do Brazil Ltda	São Paulo, Brazil	100%	100%
Bulgari Hotels and Resorts Milano Srl	Rome, Italy [a]	50%	50%
Famaf Accessori S.r.l.	Florence, Italy	100%	100%
Bulgari Turkey Lüks Ürün Ticareti Limited Sirketi	Istanbul, Turkey	100%	100%

SELECTIVE RETAILING

Companies	Registered office	Control	Interest
LVMH Iberia SL	Madrid, Spain	100%	100%
LVMH Italia SpA	Milan, Italy	100%	100%
Sephora SA	Boulogne Billancourt, France	100%	100%
Sephora Luxembourg SARL	Luxembourg	100%	100%
Sephora Portugal Perfumaria Lda	Lisbon, Portugal	100%	100%
Sephora Pologne Spzoo	Warsaw, Poland	100%	100%
Sephora Marinopoulos SA	Alimos, Greece	100%	100%
Sephora Marinopoulos Romania SA	Bucharest, Romania	100%	100%
Sephora S.R.O.	Prague, Czech Republic	100%	100%
Sephora Monaco SAM	Monaco	99%	99%
Sephora Cosmeticos España	Madrid, Spain [a]	50%	50%
S+	Boulogne Billancourt, France	100%	100%
Sephora Marinopoulos Bulgaria EOOD	Sofia, Bulgaria	100%	100%
Sephora Marinopoulos Cyprus Ltd	Nicosia, Cyprus	100%	100%
Sephora Unitim Kozmetik AS	Istanbul, Turkey	100%	100%
Perfumes & Cosmeticos Gran Via SL	Madrid, Spain [a]	45%	45%
Sephora Marinopoulos D.O.O.	Zagreb, Croatia	100%	100%
Sephora Marinopoulos Cosmetics D.O.O.	Belgrade, Serbia	100%	100%
Sephora Nederland BV	Amsterdam, Netherlands	100%	100%
Sephora Danmark ApS	Copenhagen, Denmark	100%	100%
Sephora Sweden AB	Malmö, Sweden	100%	100%
Sephora Moyen Orient SA	Fribourg, Switzerland	60%	60%
Sephora Middle East FZE	Dubai, United Arab Emirates	100%	60%
Sephora Asia Pte Ltd	Shanghai, China	100%	100%
Sephora (Shanghai) Cosmetics Co. Ltd	Shanghai, China	81%	81%
Sephora (Beijing) Cosmetics Co. Ltd	Beijing, China	81%	81%
Sephora Xiangyang (Shanghai) Cosmetics Co., Ltd	Shanghai, China	100%	81%
Sephora Singapore Pte Ltd	Singapore	100%	100%
Sephora Thailand Company Ltd	Bangkok, Thailand	100%	100%
Sephora USA Inc	California, USA [*]	100%	100%
Sephora Cosmetics Private Ltd	New Delhi, India	100%	100%
Sephora Beauty Canada, Inc	California, USA	100%	100%
Sephora Puerto Rico LLC	California, USA	100%	100%
Sephora Mexico, SRLCV	Lomas de Chapultepec, Mexico	100%	100%
Servicios Ziphorah, SRLCV	Mexico City, Mexico	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
Sephora Emirates LLC	Dubai, United Arab Emirates	49%	29%
Sephora Bahrain WLL	Manama, Bahrain	49%	29%
Sephora Do Brasil Participacoes SA	Rio de Janeiro, Brazil	100%	100%
PT Sephora Indonesia	Jakarta, Indonesia	100%	100%
Dotcom group Comercio de Presentes SA	Rio de Janeiro, Brazil	70%	70%
Kendo Holdings Inc	California, USA	100%	100%
LGCS Inc	New York, USA	100%	100%
Ole Henriksen of Denmark Inc.	California, USA	100%	100%
Sephora Do Brazil – avenue Hoche	São Paulo, Brazil	100%	100%
Galonta Holdings Limited	Nicosia, Cyprus	65%	65%
United Europe – Securities OJSC	Moscow, Russia	100%	65%
Beauty in Motion Sdn. Bhd.	Kuala Lumpur, Malaysia	100%	100%
Le Bon Marché SA	Paris, France	100%	100%
SEGEP SNC	Paris, France	99%	99%
Franck & Fils SA	Paris, France	100%	100%
DFS Holdings Ltd	Hamilton, Bermuda	61%	61%
DFS Australia Pty Ltd	Sydney, Australia	100%	61%
DFS Group Ltd	Delaware, USA	100%	61%
DFS China Partners Ltd	Hong Kong, China	100%	61%
DFS Hong Kong Ltd	Hong Kong, China	100%	61%
TRS Hong Kong Ltd	Hong Kong, China [b]	45%	28%
DFS France SAS	Paris, France	100%	61%
DFS Okinawa KK	Okinawa, Japan	100%	61%
TRS Okinawa	Okinawa, Japan [b]	45%	28%
JAL/DFS Co., Ltd	Chiba, Japan [b]	40%	24%
DFS Korea Ltd	Seoul, South Korea	100%	61%
DFS Seoul Ltd	Seoul, South Korea	100%	61%
DFS Cotai Limitada	Macao, China	100%	61%
DFS Sdn. Bhd.	Kuala Lumpur, Malaysia	100%	61%
Gateshire Marketing Sdn Bhd	Kuala Lumpur, Malaysia	100%	61%
DFS Middle East LLC	Abu Dhabi, United Arab Emirates	100%	61%
DFS Venture Brasil Participações Ltda	São Paulo, Brazil	100%	61%
DFS Merchandising Ltd	Delaware, USA	100%	61%
DFS New Caledonia Sarl	Nouméa, New Caledonia	100%	61%
DFS New Zealand Ltd	Auckland, New Zealand	100%	61%
TRS New Zealand Ltd	Auckland, New Zealand [b]	45%	28%
Commonwealth Investment Company Inc	Saipan, Northern Mariana Islands	97%	59%
DFS Saipan Ltd	Saipan, Northern Mariana Islands	100%	61%
Kinkaï Saipan LP	Saipan, Northern Mariana Islands	100%	61%
Saipan International Boutique Partners	Saipan, Northern Mariana Islands [b]	50%	31%
DFS Business consulting (Shanghai) Co. Ltd	Shanghai, China	100%	61%
Hainan DFS Retail Company Limited	Hainan, China	100%	61%
DFS Taiwan Ltd	Taipei, Taiwan	100%	61%
Tou You Duty Free Shop Co. Ltd	Taipei, Taiwan	100%	61%
DFS Singapore (Pte) Ltd	Singapore	100%	61%
DFS Venture Singapore (Pte) Ltd	Singapore	100%	61%
TRS Singapore Pte Ltd	Singapore [b]	45%	28%
Singapore International Boutique Partners	Singapore [b]	50%	31%
DFS India Private Ltd	Mumbai, India	70%	43%
DFS Vietnam (S) Pte Ltd	Singapore	70%	43%
New Asia Wave International Pte Ltd	Singapore	70%	43%
IPP Group Pte Ltd	Singapore	70%	43%
L Development & Management Ltd	Hong Kong, China [b]	40%	25%
DFS Group LP	Delaware, USA	61%	61%
LAX Duty Free Joint Venture 2000	California, USA	75%	46%
Royal Hawaiian Insurance Company Ltd	Hawaii, USA	100%	61%
Hawaii International Boutique Partners	Hawaii, USA [b]	50%	31%
JFK Terminal 4 Joint Venture 2001	New York, USA	80%	49%
DFS Guam LP	Guam	61%	61%
Guam International Boutique Partners	Guam [b]	50%	31%
DFS Liquor Retailing Ltd	Delaware, USA	61%	61%
Twenty Seven – Twenty Eight Corp.	Delaware, USA	61%	61%
DFS Credit Systems LTD	Hamilton, Bermuda	100%	61%
DFS European Logistics Ltd	Hamilton, Bermuda	100%	61%
DFS Italy S.r.L.	Milan, Italy	100%	61%
Preferred Products Ltd	Hong Kong, China	100%	61%
TRS Hawaii LLC	Hawaii, USA [b]	45%	28%
TRS Saipan Ltd	Saipan, Northern Mariana Islands [b]	45%	28%
TRS Guam LLC	Guam [b]	45%	28%
Tumon Entertainment LLC	Guam	100%	100%
Comete Guam Inc	Guam	100%	100%
Tumon Aquarium LLC	Guam	97%	97%
Comete Saipan Inc	Saipan, Northern Mariana Islands	100%	100%
Tumon Games LLC	Guam	100%	100%
DFS Vietnam LLC	Ho Chi Minh City, Vietnam	100%	61%
PT Sona Topas Tourism industry Tbk	Jakarta, Indonesia [b]	45%	28%
Cruise Line Holdings Co	Delaware, USA	100%	100%
Starboard Cruise Services Inc	Delaware, USA	100%	100%
Starboard Holdings Ltd	Delaware, USA	100%	100%
International Cruise Shops Ltd	Cayman Islands	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
Vacation Media Ltd	Kingston, Jamaica	100%	100%
STB Srl	Florence, Italy	100%	100%
On Board Media Inc	Delaware, USA	100%	100%
Parazul LLC	Delaware, USA	100%	100%
Onboard.com LLC	Delaware, USA	100%	100%
Y.E.S. Your Extended Services LLC	Delaware, USA [a]	33%	33%
OTHER ACTIVITIES			
Groupe Les Echos SA	Paris, France	100%	100%
Les Echos Management SAS	Paris, France	100%	100%
Régiepress SAS	Paris, France	100%	100%
Les Echos Légal SAS	Paris, France	100%	100%
Radio Classique SAS	Paris, France	100%	100%
Les Echos Medias SAS	Paris, France	100%	100%
SFPA SARL	Paris, France	100%	100%
Les Echos SAS	Paris, France	100%	100%
Percier Publications SNC	Paris, France	100%	100%
Investir Publications SAS	Paris, France	100%	100%
Les Echos Business SAS	Paris, France	100%	100%
SID Presse SAS	Paris, France	100%	100%
Magasins de La Samaritaine SA	Paris, France	99%	99%
DMB Gestion SARL	Paris, France	100%	98%
Mongoual SA	Paris, France [b]	40%	40%
Le Jardin d'Acclimatation	Paris, France	99%	99%
RVL Holding BV	Kaag, Netherlands	91%	91%
Royal Van Lent Shipyard BV	Kaag, Netherlands	100%	91%
Tower Holding BV	Kaag, Netherlands	100%	91%
Green Bell BV	Kaag, Netherlands	100%	91%
Gebroeders Olie Beheer BV	Waddinxveen, Netherlands	100%	91%
Van der Loo Yachtinteriors BV	Waddinxveen, Netherlands	100%	91%
Red Bell BV	Kaag, Netherlands	100%	91%
De Voogt Naval Architects BV	Haarlem, Netherlands [b]	50%	46%
Feadship Holland BV	Amsterdam, Netherlands [b]	50%	46%
Feadship America Inc	Florida, USA [b]	50%	46%
OGMNL BV	Nieuw-Lekkerland, Netherlands [b]	50%	46%
Probinvest SAS	Paris, France	100%	100%
Ufipar SAS	Paris, France	100%	100%
L Capital Management SAS	Paris, France	100%	100%
Sofidiv SAS	Paris, France	100%	100%
GIE LVMH Services	Paris, France	100%	85%
Moët Hennessy SNC	Paris, France	66%	66%
LVMH Services Ltd	London, United Kingdom	100%	100%
UFIP (Ireland) PRU	Dublin, Ireland	100%	100%
Moët Hennessy Investissements SA	Paris, France	100%	66%
LV Group	Paris, France	100%	100%
Moët Hennessy International SAS	Paris, France	66%	66%
Creare SA	Luxembourg	100%	86%
Creare Pte Ltd	Singapore	100%	86%
Société Montaigne Jean Goujon SAS	Paris, France	100%	100%
Delphine SAS	Paris, France	100%	100%
LVMH Finance SA	Paris, France	100%	100%
Primae SAS	Paris, France	100%	100%
Eutrope SAS	Paris, France	100%	100%
Flavius Investissements SA	Paris, France	100%	100%
LBD HOLDING SA	Paris, France	100%	100%
Eley Finance SA	Paris, France	100%	100%
Ashbury Finance SA	Paris, France	100%	100%
Ivelford Business SA	Paris, France	100%	100%
Bratton Service SA	Paris, France	100%	100%
LVMH Hotel Management SAS	Paris, France	100%	100%
Ufinvest SAS	Paris, France	100%	100%
Delta	Paris, France	100%	100%
Hôtel Les Tovets	Courchevel, France	100%	100%
Société Immobilière Paris Savoie Les Tovets	Courchevel, France	100%	100%
Altair Holding LLC	New York, USA [*]	100%	100%
Moët Hennessy Inc	New York, USA [*]	100%	66%
One East 57th Street LLC	New York, USA [*]	100%	100%
LVMH Moët Hennessy Louis Vuitton Inc	New York, USA [*]	100%	100%
Sofidiv Art Trading LLC	New York, USA [*]	100%	100%
Sofidiv Inc	New York, USA [*]	100%	100%
598 Madison Leasing Corp	New York, USA [*]	100%	100%
1896 Corp	New York, USA [*]	100%	100%
319-323 N. Rodeo LLC	New York, USA [*]	100%	100%
LVMH MJ LLC	New York, USA [*]	100%	100%
LVMH MJ Holding Inc.	New York, USA [*]	100%	100%
Arbelos Insurance Inc.	New York, USA	100%	100%
Meadowland Florida LLC	New York, USA	100%	100%
LVMH Participations BV	Naarden, Netherlands	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
LVMH Moët Hennessy Louis Vuitton BV	Naarden, Netherlands	100%	100%
LVP Holding BV	Naarden, Netherlands	100%	100%
LVMH Services BV	Baarn, Netherlands	100%	100%
LVMH Finance Belgique SA	Brussels, Belgium	100%	100%
LVMH International SA	Brussels, Belgium	100%	100%
Marithé SA	Luxembourg	100%	100%
Ginza SA	Luxembourg	100%	100%
LVMH EU	Luxembourg	100%	100%
L Real Estate SA	Luxembourg [b]	49%	49%
Ufilug SA	Luxembourg	100%	100%
Delphilug SA	Luxembourg	100%	100%
Glacea SA	Luxembourg	100%	100%
Naxara SA	Luxembourg	100%	100%
Pronos SA	Luxembourg	100%	100%
Hanninvest SA	Brussels, Belgium	100%	100%
LVMH Publica SA	Brussels, Belgium	100%	100%
Sofidiv UK Ltd	London, United Kingdom	100%	100%
LVMH Moët Hennessy Louis Vuitton KK	Tokyo, Japan	100%	100%

Companies	Registered office	Percentage	
		Control	Interest
Osaka Fudosan Company Ltd	Tokyo, Japan	100%	100%
LVMH Asia-Pacific Ltd	Hong Kong, China	100%	100%
LVMH Shanghai Management and Consultancy Co, Ltd	Shanghai, China	100%	100%
L Capital Asia Advisors PLC	Port Louis, Mauritius	100%	100%
LVMH South & South East Asia Pte Ltd	Singapore	100%	100%
Vicuna Holding Spa	Milan, Italy	100%	100%
Pasticceria Confetteria Cova S.r.l	Milan, Italy	80%	80%
Cova Montenapoleone S.r.l	Milan, Italy	100%	80%
Investissement Hotelier Saint Barth Plage des Flamands SAS	Saint-Barthélemy, French Antilles	100%	100%
Isle de France SARL	Saint-Barthélemy, French Antilles	100%	100%
Isle de France Group Limited	London, United Kingdom	100%	100%
Drift Saint Barth Holding Limited	London, United Kingdom	100%	100%
CT Saint Barth Limited	London, United Kingdom	100%	100%
Drift Saint Barth Limited	London, United Kingdom	100%	100%
LVMH Moët Hennessy – Louis Vuitton SA	Paris, France	Parent company	

(*) The address given corresponds to the company's administrative headquarters; the corporate registered office is located in the state of Delaware.
(a) Consolidated on a proportional basis.
(b) Accounted for using the equity method.
(c) Joint venture companies with Diageo: only the Moët Hennessy activity is consolidated.
(d) The Group's percentages of control and interest are not disclosed, the result of these companies being consolidated on the basis of the Group's contractual share in their business.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying consolidated financial statements of the company LVMH Moët Hennessy - Louis Vuitton;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by your Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2013, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 1.2 of the consolidated financial statements relating to the effect of the application as at January 1, 2013 of the amendments to IAS 19 on employee benefit commitments.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- The valuation of brands and goodwill has been tested under the method described in Note 1.13 to the consolidated financial statements under section 1 "Accounting policies". Based on the aforementioned, we have assessed the appropriateness of the methodology applied based on certain estimates and have reviewed the data and assumptions used by the Group to perform these valuations.
- We have verified that Note 1.11 to the consolidated financial statements provides an appropriate disclosure on the accounting treatment of commitments to purchase minority interests, as such treatment is not specifically provided for by the IFRS framework as adopted by the European Union.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's Management Report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, February 18, 2014

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres	
Thierry Benoit	Jeanne Boillet	Gilles Cohen

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Group's Management Report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

FINANCIAL STATEMENTS

Parent company financial statements: LVMH Moët Hennessy - Louis Vuitton

INCOME STATEMENT

Income/(Expenses) *(EUR millions)*	Notes	**2013**	**2012**
Income from subsidiaries and investments		2,173.4	1,950.7
Investment portfolio: impairment and provisions		(96.0)	8.2
gains and losses on disposal		-	-
Income from managing subsidiaries and investments	4.1	**2,077.4**	**1,958.9**
Cost of net financial debt	4.2	(90.8)	(133.6)
Foreign exchange gains and losses	4.3	124.7	4.4
Other financial income and expense	4.4	(8.0)	(5.9)
FINANCIAL INCOME/(EXPENSE)	4	**2,103.3**	**1,823.8**
Services provided and other income	5	203.4	222.9
Personnel costs	6	(82.5)	(77.0)
Other net management charges	7	(237.9)	(238.8)
OPERATING PROFIT/(LOSS)		**(117.0)**	**(92.9)**
RECURRING PROFIT BEFORE TAX		**1,986.3**	**1,730.9**
EXCEPTIONAL INCOME/(EXPENSE)	8	**(8.0)**	**-**
Income tax (income)/expense	9	(123.5)	(64.2)
NET PROFIT		**1,854.8**	**1,666.7**

BALANCE SHEET

ASSETS *(EUR millions)*	Notes	Gross	Depreciation, amortization and impairment	2013 Net	2012 Net
Intangible assets		7.0	(1.1)	5.9	-
Vineyards		45.1	-	45.1	44.7
Other property, plant and equipment		9.1	(1.3)	7.8	7.9
Intangible assets, property, plant and equipment	10	**61.2**	**(2.4)**	**58.8**	**52.6**
Investments	11	19,900.1	(1,308.5)	18,591.6	17,201.7
LVMH treasury shares	12	335.5	-	335.5	306.4
Other non-current financial assets		0.7	-	0.7	0.3
Non-current financial assets		**20,236.3**	**(1,308.5)**	**18,927.8**	**17,508.4**
NON-CURRENT ASSETS		**20,297.5**	**(1,310.9)**	**18,986.6**	**17,561.0**
Receivables	13	571.3	(4.5)	566.8	562.6
LVMH treasury shares	12	115.3	-	115.3	107.8
Cash and cash equivalents		28.9	-	28.9	34.7
CURRENT ASSETS		**715.5**	**(4.5)**	**711.0**	**705.1**
Prepayments and accrued income	14	48.7	-	48.7	143.4
TOTAL ASSETS		**21,061.7**	**(1,315.4)**	**19,746.3**	**18,409.5**

LIABILITIES AND EQUITY *(EUR millions)*	Notes	2013 Before appropriation	2012 Before appropriation
Share capital (fully paid up)	15.1	152.3	152.4
Share premium account	15.2	3,848.9	3,848.4
Reserves and revaluation adjustments	16	583.1	583.0
Retained earnings		5,154.1	4,937.3
Interim dividends		(600.5)	(550.0)
Profit for the year		1,854.8	1,666.7
Regulated provisions		0.1	0.1
EQUITY	15.2	**10,992.8**	**10,637.9**
PROVISIONS FOR LOSSES AND CONTINGENCIES	17	**788.4**	**792.8**
Bonds	18	4,918.0	3,922.9
Other financial debt	18	2,752.9	2,776.1
Other debt	19	264.8	238.5
OTHER LIABILITIES		**7,935.7**	**6,937.5**
Accruals and deferred income	20	29.4	41.3
TOTAL LIABILITIES AND EQUITY		**19,746.3**	**18,409.5**

CASH FLOW STATEMENT

(EUR millions)	2013	2012
OPERATING ACTIVITIES		
Net profit	1,854.8	1,666.7
Depreciation, amortization and impairment of fixed assets	11.6	(63.5)
Change in other provisions	(4.5)	(117.6)
Gains on sale of fixed assets and LVMH treasury shares	10.3	19.7
CASH FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	**1,872.2**	**1,505.3**
Change in inter-company current accounts	(23.1)	(60.8)
Change in other receivables and payables	90.6	16.8
NET CASH FROM OPERATING ACTIVITIES	**1,939.7**	**1,461.3**
INVESTING ACTIVITIES		
Purchase of tangible and intangible fixed assets	(7.4)	(6.6)
Purchase of equity investments	(0.1)	-
Proceeds from sale of equity investments and similar transactions	-	0.3
Subscription to capital increases carried out by subsidiaries	(1,400.1)	(0.5)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**(1,407.6)**	**(6.8)**
FINANCING ACTIVITIES		
Capital increase	66.2	94.1
Change in LVMH treasury shares	(112.7)	4.8
Dividends and interim dividends paid during the year	(1,500.3)	(1,446.8)
Proceeds from issuance of financial debt	1,648.9	680.4
Repayments in respect of financial debt	(640.0)	(776.4)
(Acquisition)/disposal of listed securities	-	-
NET CASH USED IN FINANCING ACTIVITIES	**(537.9)**	**(1,443.9)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(5.8)**	**10.6**
CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR	**34.7**	**24.1**
CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	**28.9**	**34.7**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. BUSINESS ACTIVITY AND KEY EVENTS DURING THE FISCAL YEAR

1.1. Business activity

In addition to managing its portfolio of investments in its capacity as the Group's holding company, LVMH Moët Hennessy-Louis Vuitton SA ("LVMH", "the Company") manages and coordinates the operational activities of all of its subsidiaries, and offers them various management support services, for which they are invoiced, particularly in legal, financial, tax and insurance matters.

1.2. Key events during the fiscal year

On December 5, 2013, Vicuna Holding SpA, a wholly owned subsidiary of LVMH Moët Hennessy-Louis Vuitton SA, acquired 77.1% (80% after treasury shares) of the share capital of Italian company Loro Piana SpA. This acquisition was financed by a 1.4 billion euro contribution from LVMH to a reserve account at Vicuna Holding SpA entitled "*riserva in conto futuro aumento di capitale*".

2. ACCOUNTING POLICIES AND METHODS

2.1. General framework; changes in accounting policies

The balance sheet and income statement of LVMH have been prepared in accordance with French legal requirements, particularly Regulation 99-03 of the CRC (*Comité de la Réglementation Comptable,* Frances' accounting regulator); it should be noted that presentation of the income statement was modified in 2011.

The presentation used for the income statement is designed to clearly distinguish the Company's two categories of activities: its activities in asset management, related to its equity investments, and its activities in the management and coordination of the operational activities of all entities within the LVMH group, as described in Note 1.1.

The presentation of the income statement includes three main components of profit or loss: net financial income/expense, net operating income/expense and net exceptional income/expense. The total of net financial income/expense and net operating profit/loss corresponds to recurring profit before tax.

Net financial income includes net income from the management of subsidiaries and other investments, the cost of net financial debt relating, in essence, to the holding of these investments, as well as other items resulting from the management of subsidiaries or of financial debt, particularly gains or losses on foreign exchange or hedging instruments. Net income from the management of subsidiaries and other investments includes all portfolio management items: dividends, changes in impairment, changes in provisions for contingencies and losses related to the portfolio, and gains or losses arising on the disposal of investments.

Operating profit/loss includes costs related to the management of the Company and to the Group's operational management and coordination costs, personnel costs or other administrative costs, less the amount recharged to the subsidiaries, either via the invoicing of management support services or via the recharging of expenses paid by the Group on behalf of these entities.

Net financial income/expense and net operating profit/loss include items relating to the financial management of the Company or administrative operations, irrespective of their amounts or their occurrence. Net exceptional income/expense thus comprises only those transactions that, due to their nature, may not be included in net financial income/expense or operating profit/loss.

2.2. Intangible assets, property, plant and equipment

Intangible assets, property, plant and equipment are stated at acquisition cost (purchase price and incidental costs, excluding acquisition expenses) or at contribution value, with the exception of property, plant and equipment acquired prior to December 31, 1976 which was revalued in 1978 (revaluation pursuant to the French law of 1976).

Intangible assets are composed of leasehold rights amortized over the duration of the underlying leases.

Property, plant and equipment are depreciated, where applicable, on a straight-line basis over their estimated useful lives; the following useful lives are applied:

- vehicles	4 years
- fixtures, furniture and leasehold improvements	5 to 10 years

Vineyard land is not subject to depreciation.

2.3. Non-current financial assets

Non-current financial assets, excluding receivables, loans and deposits, are stated at acquisition cost (excluding incidental costs) or at contribution value.

When net realizable value as of the year-end is lower than the carrying amount, a provision is recorded in the amount of the difference. The net realizable value is measured with reference to the value in use or the net selling price. Value in use is based on the entities' forecast future cash flows; the net selling price is calculated with reference to ratios or share prices of similar entities, on the basis of valuations performed by independent experts or by comparison with recent similar transactions.

Changes in the amount of provisions for impairment of the equity investment portfolio are classified under income from managing subsidiaries and investments.

Portfolio investments held as of December 31, 1976 were revalued in 1978 (revaluation pursuant to the French law of 1976).

2.4. Accounts receivable

Accounts receivable are recorded at their face value. Impairment for doubtful accounts is recorded if their net realizable value, based on the probability of their collection, is lower than their carrying amount.

2.5. Short-term investments

Short-term investments, including money market investments on which interest is rolled up, are stated at acquisition cost (excluding transaction costs); when their market value is lower than their acquisition cost, an impairment expense is recorded in Financial income/expense for the amount of the difference.

The market value of listed investments is calculated based on average listed share prices during the last month of the year and translated, where applicable, at year-end exchange rates. The market value of non-listed securities is calculated based on their estimated realizable value.

This calculation is performed on a line-by-line basis, without offsetting any unrecognized capital gains and losses.

In the event of partial investment sales, any gains or losses are calculated based on the FIFO method.

2.6. LVMH treasury shares and LVMH-share settled derivatives; stock option and bonus share plans

2.6.1. LVMH treasury shares

Treasury shares acquired under share repurchase programs or under the terms of the liquidity contract are recorded as short-term investments. Shares held on a long-term basis, or intended to be cancelled or exchanged at a later date are recorded as Non-current financial assets.

Treasury shares held for share purchase option plans and bonus shares are allocated to these plans.

Treasury shares are recorded, on their date of delivery, at their acquisition cost excluding transaction costs.

The cost of disposals is determined by allocation category using the FIFO method, with the exception of shares held in share purchase option plans for which the calculation is performed for each plan individually using the weighted average cost method.

2.6.2. Impairment of LVMH treasury shares

If the market value of LVMH shares recorded in short-term investments, calculated in accordance with the method described in Note 2.5 above, falls below their acquisition cost, impairment in the amount of the difference is recognized and charged to Net financial income/expense, under Other financial income/expense.

With respect to LVMH shares allocated to share purchase option plans:

- if the plan is non-exercisable (market value of the LVMH share lower than the exercise price of the option), the calculation of the impairment, charged to Operating profit under the heading Personnel costs, is made in relation to the average price of all non-exercisable plans involved;
- if the plan is exercisable (market value of the LVMH share greater than the exercise price of the option), a provision for losses is recognized and calculated as described in Note 2.6.3 below.

No impairment is recognized for LVMH shares allocated to bonus share plans or shares recorded in long-term investments.

2.6.3. Expense relating to stock option and bonus share plans based on LVMH treasury shares

The expense relating to stock option and bonus share plans based on LVMH shares is allocated on a straight-line basis over the vesting periods of the plans. It is recognized in the income statement under the heading Personnel costs, offset by a provision for losses recorded in the balance sheet.

The expense relating to stock option and bonus share plans based on LVMH shares is calculated as follows:

- for share purchase option plans, as the difference between the portfolio value of shares allocated to these plans and the corresponding exercise price, if lower;
- for bonus share plans, as the portfolio value of shares allocated to these plans.

Share subscription option plans do not give rise to the recognition of an expense.

2.6.4. LVMH-share settled derivatives

Under the terms of share purchase option plans, as an alternative to holding shares allocated to these plans, LVMH may acquire derivatives settled in shares. These derivatives consist of LVMH share purchase options ("calls"), acquired when the plan was set up or after that date until the end of the vesting period. The premiums paid in respect of these options are recognized as assets in Other receivables. These premiums give rise where applicable to the recognition of impairment charged to the heading Other financial income/expense; this impairment is determined according to the same rules as those defined above for LVMH shares allocated to the share option plans, with the value of LVMH shares held in the portfolio being replaced for these purposes by the amount of the premium paid supplemented by the exercise price of the calls.

2.7. Income from equity investments

Amounts distributed by subsidiaries and other investments, in addition to the share in income from partnerships subject to statutory clauses providing for the allocation of income to partners, are recognized as of the date that they accrue to the shareholders or partners.

2.8. Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the dates of transactions.

Foreign currency receivables and payables are revalued at year-end exchange rates and any resulting unrealized gains and losses are recorded in the cumulative translation adjustment. Provisions are recorded for unrealized foreign exchange losses at year-end, except for losses offset by potential gains in the same currency.

Year-end foreign exchange gains and losses on foreign currency cash and cash equivalents are recorded in the income statement.

2.9. Hedging instruments

Gains and losses arising from derivatives are recognized as Net financial income/expense, under Foreign exchange gains and losses in the case of foreign exchange derivatives, and under Other financial income/expenses for interest rate derivatives.

Foreign exchange derivatives are remeasured at year-end exchange rates:

- in the case of derivatives designated as hedging instruments, any unrealized gains or losses resulting from this remeasurement are:
  - recorded in the income statement as an offset against unrealized gains and losses on the assets and liabilities hedged by these instruments;
  - deferred, if these instruments have been allocated to future transactions.
- in the case of derivatives not designated as hedging instruments:
  - any unrealized gains resulting from their remeasurement at year-end exchange rates are deferred, while only gains realized definitively on the maturity of the instrument are taken to the income statement;
  - any unrealized losses give rise to a provision for losses.

Interest rate derivatives designated as hedging instruments are recognized on a pro rata basis over the term of the contracts, without any impact on the face value of the debt whose rate is hedged.

Interest rate derivatives not designated as hedging instruments are remeasured at market value as of the balance sheet date. Any unrealized gains resulting from this remeasurement are deferred; any unrealized losses give rise to a provision for losses.

2.10. Bond issue premiums

Bond issue premiums are amortized over the life of bonds. Issue costs are expensed upon issuance.

2.11. Provisions

A provision is recognized whenever an obligation exists towards a third party resulting in a probable disbursement for the company, the amount of which may be reliably estimated.

2.12. Income tax: tax consolidation agreement

LVMH is the parent company of a tax group comprising most of its French subsidiaries (Article 223-A *et seq.* of the French General Tax Code). In the majority of cases, the tax consolidation agreement does not alter the tax expense or the right to the benefit from the tax losses carried forward of the subsidiaries concerned: their tax position with respect to LVMH, insofar as they remain part of the tax group, remains identical to that which would have been reported had the subsidiaries been taxed individually. Any additional tax savings or tax expense, in other words, the sum of any difference between the tax recognized by each consolidated company and the tax resulting from the calculation of taxable income for the tax group, is recognized by LVMH.

3. SIGNIFICANT SUBSEQUENT EVENTS

There were no significant subsequent events as of January 30, 2014, the date on which the financial statements were approved for publication.

4. FINANCIAL INCOME/(EXPENSE)

4.1. Income from managing subsidiaries and investments

The income from managing subsidiaries and investments breaks down as follows:

(EUR millions)	2013	2012
Dividends received from French companies	1,695.7	1,670.2
Dividends received from foreign companies	100.0	-
Share of income from French partnerships	377.7	280.5
Financial income from subsidiaries and other investments	**2,173.4**	**1,950.7**
Changes in impairment	(10.3)	63.6
Changes in provisions for losses and contingencies	(85.7)	(55.4)
Impairment and provisions related to subsidiaries and other investments	**(96.0)**	**8.2**
Income from managing subsidiaries and investments	**2,077.4**	**1,958.9**

The change in financial income from subsidiaries and investments is primarily attributable to the payment by Bulgari SpA of a 100 million euro dividend, and to an increase in the share of profit from Moët Hennessy SNC (97 million euros).

See also Note 17 concerning the change in impairment and provisions.

4.2. Cost of net financial debt

The cost of the net financial debt, including the impact of interest rate hedging instruments, breaks down as follows:

(EUR millions)	2013	2012
Interest and premiums on bonds	(77.2)	(99.1)
Interest on other debt	(1.2)	(1.6)
Financial income and revenue	5.3	4.8
Cost of non-Group net financial debt	**(73.1)**	**(95.9)**
Intra-Group interest expense	(17.8)	(37.7)
Intra-Group interest income	0.1	-
Cost of intra-Group net financial debt	**(17.7)**	**(37.7)**
Cost of net financial debt	**(90.8)**	**(133.6)**

4.3. Foreign exchange gains and losses

Foreign exchange gains and losses comprise the following items:

(EUR millions)	2013	2012
Foreign exchange gains	220.3	179.0
Foreign exchange losses	(197.0)	(299.7)
Changes in provisions for unrealized foreign exchange losses	101.4	125.1
Foreign exchange gains and losses	**124.7**	**4.4**

Regarding the change in provisions, please also refer to Note 17.

Foreign exchange gains and losses correspond to those arising on the outstanding borrowings denominated in foreign currency and foreign exchange derivatives entered into for the purposes described in Notes 18.4 and 21 (Foreign currency net investment hedges of subsidiaries).

4.4. Other financial income and expense

The amount of Other financial income and expenses breaks down as follows:

(EUR millions)	2013	2012
Income and expenses from LVMH shares and LVMH share-based calls	(0.1)	2.1
Other financial income	2.7	2.8
Other financial expense	(10.7)	(11.2)
Changes in provisions	0.1	0.4
Other financial income and expense	**(8.0)**	**(5.9)**

See also Note 17 on changes in provisions.

5. SERVICES PROVIDED AND OTHER INCOME

Services provided and other income break down as follows:

(EUR millions)	2013	2012
Services provided	128.4	124.9
Recharged expenses	68.0	91.0
Real estate revenue	7.0	7.0
Total	**203.4**	**222.9**

Services provided and other income relates exclusively to related companies:

- services provided consist of support services (See Note 1.1 Business activity);
- recharged expenses refer to expenses incurred by LVMH on account of related companies;
- real estate revenue is attributable to the lease of Champagne vineyards owned by LVMH.

6. PERSONNEL COSTS

Personnel costs include gross remuneration and employers' social charges, the exceptional solidarity tax on high earners, post-employment benefits, other long-term benefits and the cost of stock option and similar plans (see Note 12.3.2).

6.1. Gross compensation

Due to the nature of the Company's business, as described under Note 1.1 Business activity, a significant portion of this compensation is reinvoiced to Group companies in connection with management support services.

The total gross compensation paid to company officers and members of the Company's Executive Committee for 2013 amounted to 30 million euros, including 0.9 million euros in directors' fees.

6.2. Commitments given in respect of post-employment benefits: supplementary pensions and retirement benefits

These commitments mainly relate to members of the Executive Committee who, after a certain length of service in their function, benefit from a supplementary pension plan, the amount of which is determined on the basis of the average of the three highest amounts of yearly remuneration.

As of December 31, 2013, the commitment that has not been recognized, net of financial assets covering this commitment, determined according to the same principles as those used for the Group's consolidated financial statements, amounts to 56.5 million euros.

The discount rate used to estimate this commitment was 3.50%.

The payments made to cover this commitment, 2.3 million euros in 2013 (2.3 in 2012), are recognized under the heading Personnel costs.

6.3. Average headcount

In 2013, the Company had an average headcount of 19 (2012: 22; 2011: 23).

7. OTHER NET MANAGEMENT CHARGES

Management charges comprise in particular fees, insurance premiums, rents and communication expenses.

Due to the nature of the Company's business, as described under Note 1.1 Business activity, a significant portion of Other management charges are re-invoiced to Group companies, either in connection with management support services or with the rebilling of expenses incurred on their behalf.

Also, in 1994, at the time when Diageo acquired a stake in the Moët Hennessy group, an agreement was concluded between Diageo and LVMH for the apportionment of common holding company expenses between Moët Hennessy SNC and the other holding companies of the LVMH group, including the parent company, LVMH. Pursuant to this agreement, the proportion of common holding company expenses reinvoiced by Moët Hennessy to LVMH amounted to 103 million euros in 2013.

Taxes, duties and similar levies recognized in Other management charges amounted to 4.2 million euros for fiscal year 2013 (5 million euros in 2012).

8. EXCEPTIONAL INCOME/(EXPENSE)

The exceptional expense was an 8 million euro fine levied by the *Autorité des Marchés Financiers* on June 25, 2013 following its investigation into LVMH's 2010 announcement of a stake it had acquired in the share capital of Hermès International.

9. INCOME TAXES

9.1. Breakdown of corporate income tax

Corporate income tax breaks down as follows:

(EUR millions)	Profit before tax	Tax (expense)/ income	Net profit
Recurring profit	1,986.3	(201.3)	1,785.0
Exceptional income/(expense)	(8.0)	-	(8.0)
	1,978.3	(201.3)	1,777.0
Tax in respect of prior years	-	0.3	0.3
Impact of tax consolidation	-	77.5	77.5
	1,978.3	**(123.5)**	**1,854.8**

The tax expense for the fiscal year includes, for the tax group as a whole, a charge of 76 million euros relating to the exceptional contribution of 10.7% in 2013, together with the amount of 45 million euros, corresponding to the 3% tax on dividends paid in 2013.

9.2. Tax consolidation agreement

As of December 31, 2013, under the tax consolidation agreement, the amount of tax losses that may be reclaimed from LVMH by subsidiaries totaled 3,600 million euros.

9.3. Deferred tax

Deferred taxes arising from temporary differences amount to a net debit balance of 18 million euros as of December 31, 2013, including 5 million euros relating to temporary differences that are expected to reverse in 2014.

10. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(EUR millions)	**2013**
Net amount of fixed assets as of December 31, 2012	**52.6**
Additions	7.4
Disposals and retirements	-
Net change in depreciation/amortization	(1.2)
Net amount of fixed assets as of December 31, 2013	**58.8**

11. EQUITY INVESTMENTS

(EUR millions)	**2013**	**2012**
Gross amount of equity investments	19,900.1	18,499.9
Provision for impairment	(1,308.5)	(1,298.2)
Net amount of equity investments	**18,591.6**	**17,201.7**

Changes in the gross value of the equity investment portfolio are presented in Note 1.2 Key events during the fiscal year.

The investment portfolio is presented in the "Subsidiaries and investments" and "Investment portfolio" tables.

Methods used for calculating impairment of equity investments are described in Note 2.3. In most cases, impairment is calculated in reference to the value in use of the investment in question, which is determined on the basis of forecast cash flows generated by the entity in question.

The change in impairment of investment portfolio is analyzed in Note 17.

12. TREASURY SHARES AND RELATED DERIVATIVES

12.1. LVMH treasury shares

The value of the treasury shares held is allocated as follows as of December 31, 2013:

(EUR millions)			2013	2012
	Gross	Impairment	Net	Net
Share subscription option plans	202.9	-	202.9	270.1
Future plans	37.7	-	37.7	36.3
Pending retirement	94.9	-	94.9	-
Long-term investments	**335.5**	**-**	**335.5**	**306.4**
Share purchase option plans	-	-	-	7.2
Bonus share plans	101.0	-	101.0	74.8
Future plans	1.2	-	1.2	12.4
Liquidity contract	13.1	-	13.1	13.4
Short-term investments	**115.3**	**-**	**115.3**	**107.8**

Portfolio movements over the period were as follows:

Long-term investments *(EUR millions)*	Share subscription option plans		Future plans		Pending retirement		Total	
	Number	Gross value	Number	Gross value	Number	Gross value	Number	Gross value
As of January 1	**5,722,880**	**270.1**	**776,883**	**36.3**	**-**	**-**	**6,499,763**	**306.4**
Purchases	-	-	-	-	689,566	94.9	689,566	94.9
Transfers	(26,489)	(1.4)	26,489	1.4	-	-	-	-
Shares retired	(1,395,106)	(65.8)	-	-	-	-	(1,395,106)	(65.8)
As of December 31	**4,301,285**	**202.9**	**803,372**	**37.7**	**689,566**	**94.9**	**5,794,223**	**335.5**

Short-term investments *(EUR millions)*	Share purchase option plans		Other plans		Liquidity contract		Total	
	Number	Gross value	Number	Gross value	Number	Gross value	Number	Gross value
As of January 1	**105,320**	**7.2**	**1,465,436**	**87.2**	**97,000**	**13.4**	**1,667,756**	**107.8**
Purchases	-	-	140,000	19.5	2,018,745	271.3	2,158,745	290.8
Sales	-	-	-	-	(2,015,745)	(271.6)	(2,015,745)	(271.6)
Transfers	(85,700)	(5.7)	85,700	5.7	-	-	-	-
Options exercised	(19,620)	(1.5)	-	-	-	-	(19,620)	(1.5)
Bonus share allocations	-	-	(193,440)	(10.2)	-	-	(193,440)	(10.2)
As of December 31	**-**	**-**	**1,497,696**	**102.2**	**100,000**	**13.1**	**1,597,696**	**115.3**

The net gain recognized on disposals under the liquidity contract amounted to 0.7 million euros. As of December 31, 2013, based on stock market quotes at that date, the value of shares held under this contract is 13 million euros.

12.2. Derivatives settled in shares

During the fiscal year, no derivatives were used.

12.3. Stock option and similar plans

12.3.1. Plan characteristics

Share subscription and purchase option plans

The Shareholders' Meeting of April 5, 2012 renewed the authorization granted to the Board of Directors, for a period of thirty-eight months expiring in June 2015, to allocate share subscription or purchase options to employees or directors of Group companies, on one or more occasions, in an amount not to exceed 3% of the Company's share capital.

Each plan is valid for ten years. The options may be exercised after a three-year period for plans issued before 2004 or after a four-year period for plans issued in 2004 or later years.

For all plans, one option entitles the holder to purchase one LVMH share.

Bonus share plans

The Shareholders' Meeting of April 18, 2013 renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2015, to grant bonus shares to Group company employees or directors, on one or more occasions, in an amount not to exceed 1% of the Company's share capital on the date of this authorization.

The allocation of bonus shares to the beneficiaries who are French residents for tax purposes becomes definitive after a two-year vesting period (generally three years for plans created from 2011 onwards), which is followed by a two-year holding period during which the beneficiaries may not sell their shares.

Bonus shares allocated to beneficiaries who are not French residents for tax purposes shall be definitive after a vesting period of four years and shall be freely transferable at that time.

Cash-settled compensation plans indexed to the change in the LVMH share price

As a replacement for its stock option and bonus share plans, the Group has established plans equivalent to share purchase option plans or to bonus share plans in terms of the gains received by the beneficiary, but which are settled in cash rather than in shares. The vesting period for these plans is four years.

Performance conditions

Since 2009, certain share subscription option plans and bonus share plans have been subject to performance conditions in proportions determined based on the hierarchical level and status of the beneficiary, that determine whether the beneficiaries are entitled to receive the definitive allocation of these plans. Shares subject to performance conditions are definitively allocated only if LVMH's consolidated financial statements both for the fiscal year in which the plan is set up (fiscal year "Y") and for fiscal year Y+1 show a positive change compared to fiscal year Y-1 in relation to one or more of the following indicators: profit from recurring operations, net cash from operating activities and operating investments, current operating margin rate.

12.3.2. Movements relating to stock option and similar plans

Movements during the fiscal year relating to rights allocated under the various plans based on LVMH shares were as follows:

(number)	Share subscription option plans	Share purchase option plans	Bonus share plans	Cash-settled plans
Rights not exercised as of January 1, 2013	**5,229,396**	**105,320**	**1,273,136**	**8,050**
Provisional allocations for the period	-	-	436,434	-
Options and allocations expired in 2013	(26,489)	(85,700)	(32,012)	-
Options exercised/allocations vested in 2013	(1,025,418)	(19,620)	(193,440)	(1,250)
Rights not exercised as of December 31, 2013	**4,177,489**	**-**	**1,484,118**	**6,800**

Previously owned shares were remitted in settlement of the bonus shares definitively allocated.

The total loss recognized under Personnel costs in 2013 for stock option and similar plans was 12.6 million euros (2012: gain of 5.3 million euros; 2011: loss of 25.1 million euros).

The values used as the basis for the calculation of the 30% social security contribution are 130.38 euros, 117.51 euros and 126.56 euros per share, respectively, allocated under the plans set up in January, July and October 2013.

13. RECEIVABLES

Receivables break down as follows:

(EUR millions)			2013	2012
	Gross	Impairment	Net	Net
Receivables from related companies	437.6	-	437.6	462.4
o/w: tax consolidation current accounts	*12.7*	-	*12.7*	*116.1*
share of profit from flow-through subsidiaries to be received	*377.4*	-	*377.4*	*280.9*
Receivables from the State	76.0	-	76.0	21.7
Other receivables	57.7	(4.5)	53.2	78.5
o/w: swap residual balance receivable	*24.0*	-	*24.0*	*28.8*
Total	**571.3**	**(4.5)**	**566.8**	**562.6**

All these receivables mature within one year, with the exception of a portion of the swap residual balance.

14. PREPAYMENTS AND ACCRUED INCOME

Prepayments and accrued income break down as follows:

(EUR millions)			2013	2012
	Gross	Impairment	Net	Net
Cumulative translation adjustments	39.4	-	39.4	138.3
Bond redemption premiums	8.7	-	8.7	4.3
Prepaid expenses	0.6	-	0.6	0.8
Total	**48.7**	**-**	**48.7**	**143.4**

Cumulative translation adjustments recorded as assets relate to the revaluation as of December 31, 2013 of receivables, payables and bonds denominated in foreign currencies.

15. SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

15.1. Share capital

The Company's share capital comprises 507,793,661 fully paid-up shares, each with a par value of 0.30 euros.

All the shares comprising the Company's share capital have the same voting and dividend rights, except for registered shares held for at least three years which have double voting rights. Treasury shares do not have voting or dividend rights.

During the fiscal year, 1,025,418 shares were issued in connection with the exercise of share subscription options and 1,395,106 shares were retired.

As of December 31, 2013, the Company's share capital breaks down as follows:

	Number	%
Shares with double voting rights	224,907,923	44.29
Shares with single voting rights	275,493,819	54.25
	500,401,742	98.54
LVMH treasury shares	7,391,919	1.46
Total number of shares	**507,793,661**	**100.00**

15.2. Change in equity

The change in equity during the period may be analyzed as follows:

(EUR millions)	Number of shares	Share capital	Share premium account	Other reserves and regulated provisions	Retained earnings	Interim dividend	Net profit	Total equity
As of December 31, 2012 before appropriation of net profit	**508,163,349**	**152.4**	**3,848.4**	**583.1**	**4,937.3**	**(550.0)**	**1,666.7**	**10,637.9**
Appropriation of net profit for 2012	-	-	-	0.1	1,666.6	-	(1,666.7)	-
2012 dividends	-	-	-	-	(1,472.8)	550.0	-	(922.8)
Impact of treasury shares	-	-	-	-	23.0	-	-	23.0
As of December 31, 2012 after appropriation of net profit	**508,163,349**	**152.4**	**3,848.4**	**583.2**	**5,154.1**	**-**	**-**	**9,738.1**
Exercise of subscription options	1,025,418	0.3	65.9	-	-	-	-	66.2
Retirement of shares	(1,395,106)	(0.4)	(65.4)	-	-	-	-	(65.8)
2013 interim dividend	-	-	-	-	-	(609.4)	-	(609.4)
Impact of treasury shares	-	-	-	-	-	8.9	-	8.9
Net profit for 2013	-	-	-	-	-	-	1,854.8	1,854.8
As of December 31, 2013 before appropriation of net profit	**507,793,661**	**152.3**	**3,848.9**	**583.2**	**5,154.1**	**(600.5)**	**1,854.8**	**10,992.8**

The appropriation of net profit for 2012 resulted from the resolutions of the Combined Shareholders' Meeting of April 18, 2013.

16. RESERVES AND REVALUATION ADJUSTMENTS

Reserves break down as follows:

(EUR millions)	2013	2012
Legal reserve	15.3	15.2
Regulated reserves	331.3	331.3
Other reserves	195.0	195.0
Revaluation adjustments	41.5	41.5
Total	**583.1**	**583.0**

16.1. Regulated reserves

Regulated reserves comprise the special reserve for long-term capital gains and restricted reserves, in the amount of 2.2 million euros, which were created as a result of the reduction of capital performed at the same time as the conversion of the Company's share capital into euros. The special reserve for long-term capital gains may only be distributed after tax has been levied.

16.2. Other reserves

Following changes in the law relating to long-term capital gains introduced by the amended French Finance Act for 2004 (Article 39) and by decision of the Shareholders' Meeting of May 12, 2005, an amount of 200 million euros was transferred, in 2005, from the special reserve for long-term capital gains to an ordinary reserve account, less a 2.5% tax deduction of 5 million euros. The amount of these reserves, of 195 million euros, may be distributed without tax being deducted.

16.3. Revaluation adjustments

Revaluation adjustments are the result of revaluations carried out in 1978 pursuant to the French law of 1976. The adjustments concern the following non-amortizable fixed assets:

(EUR millions)	2013	2012
Vineyards	17.9	17.9
Equity investments (Parfums Christian Dior)	23.6	23.6
Total	**41.5**	**41.5**

17. CHANGES IN IMPAIRMENT AND PROVISIONS

Changes in asset impairment and provisions break down as follows:

(EUR millions)	December 31, 2012	Increase	Amounts used	Amounts released	December 31, 2013
Equity investments	1,298.2	16.7	-	(6.4)	1,308.5
LVMH shares: premium paid for LVMH calls	-	-	-	-	-
Other assets	4.5	-	-	-	4.5
Asset impairment	**1,302.7**	**16.7**	**-**	**(6.4)**	**1,313.0**
Share purchase option and related plans	18.4	10.7	(4.8)	(6.0)	18.3
General contingencies	604.3	119.9	(6.1)	(26.4)	691.7
Unrealized forex losses	142.0	-	(82.6)	(18.9)	40.5
Other losses	28.1	16.0	(4.8)	(1.4)	37.9
Provisions for contingencies and losses	**792.8**	**146.6**	**(98.3)**	**(52.7)**	**788.4**
Total	**2,095.5**	**163.3**	**(98.3)**	**(59.1)**	**2,101.4**
o/w: financial income/(expense)		129.2	(82.8)	(51.8)	
operating profit/(loss)		34.1	(15.5)	(7.3)	
of which personnel costs		*26.6*	*(8.4)*	*(7.3)*	
exceptional income/(expense)		-	-	-	
		163.3	**(98.3)**	**(59.1)**	

Provisions for general contingencies correspond to an estimate of the impact on assets and liabilities of risks, disputes, or actual or probable litigation arising from the Company's activities or those of its subsidiaries; such activities are carried out worldwide, within what is often an imprecise regulatory framework that is different for each country, changes over time, and applies to areas ranging from product composition to the tax computation.

In particular, the Company may be subject to tax inspections and, in certain cases, to rectification claims from the French tax administration. These rectification claims, together with any uncertain tax positions that have been identified but not yet officially reassessed, are subject to appropriate provisions, the amount of which is regularly reviewed in accordance with the criteria of CRC (France's accounting regulator) opinion 2000-06 on liabilities.

See also Notes 4, 11 and 12.

18. GROSS BORROWINGS

Gross borrowings break down as follows:

(EUR millions)	2013	2012
Bonds	4,918.0	3,922.9
Bank loans and borrowings	152.3	152.6
Intra-Group financial debt	2,600.6	2,623.5
Other financial debt	2,752.9	2,776.1
Gross borrowings	**7,670.9**	**6,699.0**

18.1. Bonds

Bonds consist of the following:

	Nominal interest rate	Floating-rate swap	Issuance price[a] *(in % of the par value)*	Maturity	Nominal value as of December 31, 2013 *(EUR millions)*	Accrued interest after swap *(EUR millions)*	Total *(EUR millions)*
CHF 200,000,000; 2008	4.000%	-	99.559%	2015	162.9	3.8	166.7
EUR 1,000,000,000; 2009	4.375%	total	99.348%	2014	1,000.0	2.3	1,002.3
EUR 250,000,000; 2009	4.500%	total	99.532%	2015	250.0	0.1	250.1
EUR 150,000,000; 2009	4.775%	total	99.800%	2017	150.0	-	150.0
EUR 500,000,000; 2011	3.375%	total	99.617%	2015	500.0	0.9	500.9
EUR 500,000,000; 2011	4.000%	-	99.484%	2018	500.0	14.8	514.8
USD 850,000,000; 2012	1.625%	total	99.456%	2017	680.4	0.1	680.5
EUR 500,000,000; 2013	1.250%	50%	99.198%	2019	500.0	2.2	502.2
USD 65,000,000; 2013	floating	-	99.930%	2016	49.0	-	49.0
EUR 500,000,000; 2013	floating	-	99.930%	2016	500.0	0.1	500.1
EUR 600,000,000; 2013	1.750%	-	99.119%	2020	600.0	1.4	601.4
Total					**4,892.3**	**25.7**	**4,918.0**

(a) After fees.

Since May 2000, bond issues have mainly been made under a 10 billion euro Euro Medium Term Note (EMTN) program. Their total outstanding amount as of December 31, 2013 is 4.2 billion euros.

Unless otherwise indicated, bonds are redeemable at par upon maturity.

The interest rate swaps presented in the table above were generally entered into on the issue date of the bonds. Subsequent optimization transactions may also have been performed.

LVMH issued two bonds in 2013 under its EMTN program, each with a nominal value of 500 million euros, in addition to a bond with a nominal value of 600 million euros. These bonds are redeemable on maturity at par in November 2019, September 2016 and November 2020 respectively. The bond redeemable in 2019 bears interest at 1.25%; it was swapped on issuance, thus converting 50% of the issue's nominal value into a floating rate financing arrangement. The bond redeemable in 2016 is a floating rate note. The third one, maturing in 2020, bears interest at 1.75%, and has not been subject to any swaps for hedging purposes.

Furthermore, the 300 million Swiss franc bond issued in 2007 was reimbursed, as well as a portion of debt relating to foreign currency denominated private placements (20 billion Japanese yen and 350 million US dollars).

18.2. Analysis of borrowings by payment date

The breakdown of gross borrowings by type and payment date, and the related accrued expenses, are shown in the table below:

Borrowings (EUR millions)	Total	Amount			*Of which accrued expenses*	*Of which related companies*
		Less than 1 year	From 1 to 5 years	More than 5 years		
Bonds	4,918.0	1,025.7	2,792.3	1,100.0	*25.7*	-
Bank loans and borrowings	152.3	152.3	-	-	*0.3*	-
Intra-Group financial debt	2,600.6	2,600.1	-	0.5	*4.0*	*2,600.6*
Other financial debt	2,752.9	2,752.4	-	0.5	*4.3*	*2,600.6*
Gross borrowings	**7,670.9**	**3,778.2**	**2,792.3**	**1,100.5**	***30.0***	***2,600.6***

18.3. Intra-Group financial debt

The intra-Group financial debt corresponds mainly to an outstanding debt due to the company that centralizes the Group's cash; as of December 31, 2013 this comprised a loan of 1,340.4 million euros due within one year, and a current account balance of 1,259.8 million euros.

Accrued interest as of December 31, 2013 included in this balance amounted to 4 million euros.

18.4. Analysis of borrowings by currency

As of December 31, 2013, the breakdown by currency of the Company's gross borrowings, taking into account any hedging arrangements contracted at the time of recognition of debts or subsequently, is as follows:

Currency	Equivalent stated *(EUR millions)*		
	On issue	After taking into account hedging instruments	
		2013	2012
Euro	4,174.1	4,108.2	3,051.6
Swiss franc	166.7	962.1	980.0
US Dollars	729.5	-	0.2
Other currency	-	-	43.7
Non Group financial debt	5,070.3	5,070.3	4,075.5
Intra-Group financial debt		2,600.6	2,623.5
Total gross borrowings		**7,670.9**	**6,699.0**

The purpose of foreign currency borrowings is, in general, to hedge net foreign currency-denominated assets of acquired companies located outside the euro zone.

18.5. Covenants

In connection with certain credit lines, LVMH is in a position to comply with a net financial debt to equity ratio calculated based on consolidated data. As of December 31, 2013, no drawn or undrawn credit lines are concerned by this provision.

18.6. Guarantees and collateral

As of December 31, 2013, financial debt was not subject to any guarantees or collateral.

19. OTHER DEBT

The breakdown of other liabilities by type and payment date and the related accrued expenses is shown in the table below:

(EUR millions)	Total	Amount			*Of which accrued expenses*	*Of which related companies*
		Less than 1 year	From 1 to 5 years	More than 5 years		
Trade payables	107.4	107.4	-	-	*103.2*	*89.5*
Tax and social liabilities	41.9	41.9	-	-	*36.9*	*-*
Other debt	115.5	115.5	-	-	*0.7*	*112.2*
o/w tax consolidation current accounts	*112.2*	*112.2*	*-*	*-*	*-*	*112.2*
Other debt	**264.8**	**264.8**	**-**	**-**	***140.8***	***201.7***

20. ACCRUALS AND DEFERRED INCOME

The balance of accruals and deferred income consists of deferred income corresponding to unrealized capital gains on derivatives.

21. MARKET RISK EXPOSURE

LVMH regularly uses financial instruments. This practice meets the foreign currency and interest rate hedging needs for financial assets and liabilities, including dividends receivable from foreign investments; each instrument used is allocated to the financial balances or hedged transactions.

Given the role of LVMH within the Group, financial instruments designed to hedge net assets denominated in foreign currency may be used in the consolidated financial statements but not matched in the parent company financial statements, or are allocated to underlying amounts maintained at historical exchange rates, such as equity investments.

Counterparties for hedging contracts are selected on the basis of their credit rating as well as for reasons of diversification.

21.1. Interest rate instruments

Interest rate instruments are generally allocated to borrowings falling due either at the same time as, or after, the instruments.

The types of instruments outstanding as of December 31, 2013, the underlying amounts broken down by expiration period and their fair value are as follows:

(EUR millions)	Nominal amount	Expiration period			Market value [a]
		Less than 1 year	From 1 to 5 years	More than 5 years	
Fixed-rate payer swap	-	-	-	-	-
Floating-rate payer swap	3,892.0	1,152.0	2,495.0	250.0	37.4
Other derivatives	500.0	-	500.0	-	0.1

(a) Gain/(loss).

21.2. Foreign exchange derivatives

The nominal values of hedges outstanding as of December 31, 2013 for all currencies, revalued at the year-end exchange rates, are as follows:

Type *(EUR millions)*	Currency	Nominal amounts [a]	Market value [b]
Forward exchange contracts	USD	(4.8)	(0.2)
Foreign exchange swaps	USD	1,093.3	10.6
	HKD	773.3	17.0
	CHF	552.0	(0.5)
	JPY	39.4	0.9

(a) Sale/(purchase).
(b) Gain/(loss).

All of the contracts presented in the table above mature within one year.

22. OTHER INFORMATION

22.1. Share purchase commitments

Share purchase commitments amount to 6,035 million euros and represent the contractual commitments entered into by the Group to purchase minority interests' shares in consolidated companies, shareholdings or additional shareholdings in unconsolidated companies, or for additional payments in connection with transactions already entered into. This amount includes the impact of the memorandum of understanding entered into on January 20, 1994 between LVMH and Diageo, according to which LVMH agreed to repurchase Diageo's 34% interest in Moët Hennessy SNC and Moët Hennessy International SAS, with six months' notice, for an amount equal to 80% of its market value at the exercise date of the commitment. It also includes, as of December 31, 2013, the commitment to the shareholders of Loro Piana SpA to purchase their 20% stake in the company, which may be exercised no later than three years from December 5, 2013.

22.2. Other commitments given in favor of third parties

(EUR millions)	December 31, 2013
Guarantees and comfort letters granted to subsidiaries or other Group companies	6,661.7

22.3. Other commitments given in favor of LVMH

(EUR millions)	December 31, 2013
Undrawn confirmed long-term lines of credit	2,570.0
Undrawn confirmed short-term lines of credit	1,315.0
	3,885.0

22.4. Related party transactions

No new related party agreements, within the meaning of Article R. 123-198 of the French Commercial Code, were entered into during the fiscal year in significant amounts and under conditions other than normal market conditions.

Fondation Louis Vuitton is currently building a modern and contemporary art museum in Paris. The LVMH group finances the Fondation as part of its cultural sponsorship initiatives. For these purposes, Fondation Louis Vuitton has recourse to external financing guaranteed by LVMH. These guarantees are presented as off-balance sheet commitments (see Note 22.2).

See also Note 7 Other net management charges, for information on the agreement between Diageo and LVMH.

22.5. Identity of the consolidating parent company

The financial statements of LVMH Moët Hennessy-Louis Vuitton SA are fully consolidated by Christian Dior SA – 30, avenue Montaigne – 75008 Paris, France.

INVESTMENT PORTFOLIO

Equity investments *(EUR millions)*	**% of direct ownership**	**Carrying amount**
508,493,000 shares in Sofidiv SAS with a par value of EUR 16.57 each	100.00	10,116.4
245,000 shares in Bulgari SpA (Italy) with a par value of EUR 100 each	100.00	4,268.7
120,000 shares in Vicuna Holding SpA (Italy) with a par value of EUR 1 each	100.00	1,400.1
35,931,661 shares in Moët Hennessy SNC with a par value of EUR 7 each	58.67	1,018.9
23,743,092 shares in LV Group SA with a par value of EUR 1.50 each	99.95	822.2
35,666,395 shares in LVMH Finance SA with a par value of EUR 15 each	99.99	330.1
1,961,048 shares in Le Bon Marché SA with a par value of EUR 15 each	99.99	259.2
164,999,994 shares in ELEY Finance SA with a par value of EUR 1 each	99.99	165.0
68,960 shares in Parfums Christian Dior SA with a par value of EUR 38 each	99.99	76.5
31,482,978 shares in Moët Hennessy International SAS with a par value of EUR 2.82 each	58.67	74.4
34,414,870 shares in LVMH Services Ltd (UK) with a par value of GBP 1 each	100.00	35.8
7,000 shares in the GIE LVMH Services with a par value of EUR 1,265 each	20.00	8.9
23,000 shares in LVMH KK (Japan) with a par value of JPY 50,000 each	100.00	7.6
9,660 shares in Loewe SA (Spain) with a par value of EUR 30 each	5.44	6.7
37,000 shares in Creare SA (Luxembourg) with a par value of EUR 15.24 each	32.17	1.1
Total		**18,591.6**

See also Note 11 Equity investments.

SUBSIDIARIES AND INVESTMENTS

Company *(all amounts in millions of currency)*	Head office	Currency	Share capital[a]	Equity other than share capital[a][b]	Percentage share capital held	Carrying amount of shares held[c]		Loans and advances provided[c]	Deposits and sureties granted[c]	Revenue excluding taxes[a]	Net profit (loss) from the previous year[a]	Dividends received in 2013[c]
						Gross	Net					
1. Subsidiaries (>50%)												
Bulgari SpA	Rome	EUR	24.5	360.4	100.00	4,268.7	4,268.7	-	-	111.8	43.3	100,0
Vicuna Holding SpA	Milan	EUR	0.1	1,399.9	100.00	1,400.1	1,400.1			-	0.8	-
Moët Hennessy SNC	Paris	EUR	428.7	2,488.8	58.67	1,018.9	1,018.9	-	-	852.3[d]	643.3	-
Moët Hennessy Inter. SAS	"	EUR	151.6	273.1	58.67	74.4	74.4	-	-	161.5[d]	158.3	-
Sofidiv SAS	"	EUR	8,427.4	4,586.4	100.00	10,116.4	10,116.4	-	-	667.0[d]	731.4	406,8
LVMH Finance SA	"	EUR	535.0	(288.1)	99.99	1,630.5	330.1	-	-	6.1[d]	(22.1)	-
Eley Finance SA	"	EUR	165.0	1.3	99.99	165.0	165.0	-	-	-	-	-
LV Group SA	"	EUR	35.6	4,211.4	99.95	822.2	822.2	-	-	1,665.2[d]	1,596.1	1 115,9
Parfums Christian Dior SA	"	EUR	2.6	478.2	99.99	76.5	76.5	-	5.4	1,141.8	191.1	160,0
Le Bon Marché SA	"	EUR	29.4	119.5	99.99	259.2	259.2	-	-	292.7	20.8	13,0
LVMH KK	Tokyo	JPY	1,150.0	601.7	100.00	7.6	7.6	-	308.9	794.0	(102.0)	-
LVMH Services Ltd	London	GBP	34.4	(4.6)	100.00	43.8	35.8	-	6.0	4.5	5.8	-
2. Other shareholdings (>10% and <50%)												
GIE LVMH Services	Paris	EUR	44.3	1.4	20.00	8.9	8.9	-	-	2.3	1.4	-
3. Other investments (<10%)												
Loewe SA	Madrid	EUR	5.3	59.7	5.44	6.7	6.7	-	-	113.9	13.4	-
4. Other						**1.2**	**1.1**					
Total						**19,900.1**	**18,591.6**	**-**	**320.3**			**1,795.7**

(a) In local currency for foreign subsidiaries.
(b) Prior to the appropriation of earnings for the fiscal year.
(c) EUR millions.
(d) Including financial income from subsidiaries and investments.

COMPANY RESULTS OVER THE LAST FIVE FISCAL YEARS

(EUR millions, except earnings per share, expressed in euros)	2009	2010	2011	2012	2013
1. Share capital at fiscal year-end					
Share capital	147.1	147.2	152.3	152.4	152.3
Number of ordinary shares outstanding	490,405,654	490,642,232	507,815,624	508,163,349	507,793,661
Maximum number of future shares to be created:					
- through conversion of bonds	-	-	-	-	-
- through exercise of equity warrants	-	-	-	-	-
- through exercise of share subscription options	10,214,500	8,084,215	6,603,917	5,229,396	4,177,489
2. Operations and profit for the fiscal year					
Income from investments and other revenues	1,261.8	2,171.8	2,783.1	2,173.6	2,376.8
Profit before taxes, depreciation, amortization and movements in provisions	915.3	1,532.6	2,221.2	1,549.5	1,985.4
Income tax (income)/expense [a]	-	-	-	-	-
Profit after taxes, depreciation, amortization and movements in provisions [b]	436.1	2,317.9	2,325.5	1,666.7	1,854.8
Profit distributed as dividends [c]	809.2	1,030.3	1,320.3	1,473.7	1,574.2
3. Earnings per share					
Profit after taxes but before depreciation, amortization and movements in provisions	1.90	3.34	4.50	2.92	3.67
Profit after taxes, depreciation, amortization and movements in provisions [b]	0.89	4.72	4.58	3.28	3.65
Gross dividend distributed per share [d]	1.65	2.10	2.60	2.90	3.10
4. Employees					
Average number of employees	23	22	23	22	19
Total payroll	64.5	61.4	104.8	54.2	58.3
Amounts paid in respect of social security	15.9	13.8	17.7	22.8	24.2

(a) Excluding the impact of the tax consolidation agreement.
(b) Including the impact of the tax consolidation agreement.
(c) Amount of the distribution resulting from the resolution of the Shareholders' Meeting, before the impact of LVMH treasury shares held as of the distribution date. For fiscal year 2013, amount proposed to the Shareholders' Meeting of April 10, 2014.
(d) Excluding the impact of tax regulations applicable to the beneficiary.

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Shareholders' Meeting, we hereby report to you for the fiscal year ended December 31, 2013 on:

- the audit of the accompanying parent company financial statements of LVMH Moët Hennessy - Louis Vuitton;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the parent company financial statements

We conducted our audit in accordance with professional practice standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statements presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of December 31, 2013 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

II. Justification of our assessments

In accordance with Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring the following matters to your attention:

Note 2.3. to the financial statements describes the accounting principles and methods applicable to long-term investments. As part of our assessment of the accounting policies implemented by your Company, we have verified the appropriateness of the above-mentioned accounting methods and that of the disclosures in the Notes to the financial statements, and have ascertained that they were properly applied.

These assessments were performed as part of our audit approach for the financial statements taken as a whole and therefore contributed to the expression of our opinion in the first part of this report.

III. Specific procedures and disclosures

We have also performed the other specific procedures required by law, in accordance with professional practice standards applicable in France.

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the Management report of the Board of Directors and the documents addressed to the shareholders in respect of the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits received by the corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company, from companies controlling your Company or controlled by it.

Based on this work, we attest that such information is accurate and fair. It being specified that, as indicated in the Management Report, this information relates to the remuneration and benefits in-kind paid or borne by your Company and the companies which it controls as well as the remuneration and benefits paid or borne by the companies Financière Jean Goujon and Christian Dior.

Pursuant to the law, we have verified that the Management Report contains the appropriate disclosures as to the identity of and percentage interests and votes held by shareholders.

Neuilly-sur-Seine and Paris-La Défense, February 18, 2014

The Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres	
Thierry Benoit	Jeanne Boillet	Gilles Cohen

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the Company financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report should be read in conjunction and construed in accordance with, French law and professional auditing standards applicable in France.

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED RELATED PARTY AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on regulated related party agreements and commitments.

Our responsibility is to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments that have been indicated to us or that we may have identified performing our role. We are not required to comment as to whether they are beneficial or appropriate, or to ascertain the existence of any other agreements or commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, if applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code of the implementation during the fiscal year of related party agreements and commitments already approved by the Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

AUTHORIZED AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the fiscal year

In accordance with Article L. 225-40 of the French Commercial Code, we have been advised of the following related party agreements and commitments previously authorized by your Board of Directors.

1. Agreement entered into with Groupe Arnault SAS

Directors involved: Messrs. Bernard Arnault, Nicolas Bazire and Albert Frère.
Nature, purpose, terms and conditions: amendment to the service agreement entered into with Groupe Arnault SAS on July 31, 1998.

On January 31, 2013, the Board of Directors authorized the signature of an amendment to the service agreement entered into between your Company and Groupe Arnault SAS. The amendment of this agreement relates to the remuneration, which has been set at 5,300,000 euros (exclusive of VAT) per year as from January 1, 2013. This amendment was signed on April 26, 2013.

Pursuant to this agreement, your Company paid 5,300,000 euros to Groupe Arnault SAS for fiscal year 2013.

2. Agreement entered into with Christian Dior Couture SA

Director involved: Mr. Bernard Arnault.
Nature, purpose, terms and conditions: "Les Ateliers Horlogers Dior SA" joint-venture agreement.

On January 31, 2013, the Board of Directors authorized the extension by tacit agreement of the contracts signed in 2008 and extended in February 2012, for the production and distribution of Dior watches, for an extendable one year period.

3. Agreement entered into with A.A. Conseil SAS

Director involved: M. Antoine Arnault, Chairman of A.A. Conseil SAS.
Nature, purpose, terms and conditions: Service agreements entered into with A.A. Conseil SAS.

On April 18, 2013, the Board of Directors authorized the signature of service agreements, for a renewable one-year period, between A.A. Conseil SAS, whose principal partner is Mr. Antoine Arnault, and Louis Vuitton Malletier SA on one side and LVMH (acting on behalf of itself and other group subsidiaries) on the other side. Pursuant to these agreements, the annual fees of A.A. Conseil SAS amount to 410,000 euros (exclusive of VAT) regarding the agreement with your Company and its subsidiaries and 150,000 euros (exclusive of VAT) regarding the agreement with Louis Vuitton Malletier SA. These fees do not include expenses incurred as part of the missions performed, which will be reimbursed upon presentation of receipts.

Pursuant to this agreement, your Company and its subsidiary Louis Vuitton Malletier SA respectively paid 273,333 euros and 100,000 euros to A.A. Conseil SAS for fiscal year 2013.

4. Agreement entered into with Christian Dior Couture SA

Director involved: Mr. Bernard Arnault.
Nature, purpose, terms and conditions: Sale of a building located at 160 New Bond Street in London.

On October 24, 2013, the Board of Directors authorized the sale to Christian Dior Couture SA or one of its subsidiaries, of a building located at 160 New Bond Street, wholly-owned by LVMH group subsidiaries.

The transaction occurred on December 23, 2013 at a net seller price of 53,500,000 pounds sterling, the buyer being responsible for the possible termination of current lease agreements ("protected lease") entered into with Louis Vuitton UK Limited and Céline UK Limited being transferred to the buyer.

This price was based on two appraisals made during the negotiations, as requested by the sellers and the buyer, respectively.

AUTHORIZED AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

In accordance with Article R. 225-30 of the French Commercial Code, we have been advised that the following agreements and commitments which were approved in prior fiscal years remained in effect during the fiscal year under review.

1. Agreement entered into with Moët Hennessy SNC, a subsidiary of your Company

Nature, purpose, terms and conditions: LVMH group holding company cost-sharing agreement.

The LVMH group holding company cost-sharing agreement with Diageo plc (formerly Guinness plc) dated January 20, 1994, based on the annual revenue generated by the Wines and Spirits business group on one side and other activities on the other side, remained in effect in 2013.

The amount of the share costs borne by Moët Hennessy SNC under this agreement amounted to 14.6 million euros during the 2013 fiscal year.

2. Agreement entered with Christian Dior SA

Directors involved: Messrs. Bernard Arnault, Pierre Godé and Ms. Delphine Arnault.
Nature, purpose, terms and conditions: Legal services agreement.

This service agreement entered into with Christian Dior SA for the provision of legal services provided by your Company, particularly for corporate law issues and the management of Christian Dior SA's securities department, remained in effect in 2013.

Pursuant to this agreement, your Company received a fixed fee of 45,750 euros (exclusive of VAT) during the 2013 fiscal year.

3. Agreement entered into with Messrs. Bernard Arnault, Antonio Belloni and Nicolas Bazire, Directors

Nature, purpose, terms and conditions: Funding of the supplementary pension scheme.

The funding of a supplementary pension scheme, via an insurance company, which was set up in 1999 and modified in 2004 and 2012 for the benefit of the Executive Committee members, employees or senior executives of French companies, some of whom are also Directors, remained in effect in fiscal year 2013.

The resulting expense for your Company in fiscal year 2013 is included in the amount under Note 31.4 of the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, February 18, 2014

The Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres	
Thierry Benoit	Jeanne Boillet	Gilles Cohen

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OTHER INFORMATION

Governance

1. PRINCIPAL POSITIONS AND OFFICES OF MEMBERS OF THE BOARD OF DIRECTORS

1.1. Currently serving Directors

Mr. Bernard ARNAULT, Chairman and Chief Executive Officer

Date of birth: March 5, 1949. French.
Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France).
Date of first appointment: September 26, 1988.
Expiration of term: Annual Shareholders' Meeting convened in 2016.
Number of LVMH shares held in a personal capacity: 47,225 shares.

Mr. Bernard Arnault began his career as an engineer with Ferret-Savinel, where he became Senior Vice-President for construction in 1974, Chief Executive Officer in 1977 and finally Chairman and Chief Executive Officer in 1978.

He remained with this company until 1984, when he became Chairman and Chief Executive Officer of Financière Agache and of Christian Dior. Shortly thereafter he spearheaded a reorganization of Financière Agache following a development strategy focusing on luxury brands. Christian Dior was to become the cornerstone of this new structure.

In 1989, he became the leading shareholder of LVMH Moët Hennessy - Louis Vuitton, and thus created the world's leading luxury products group. He assumed the position of Chairman and Chief Executive Officer in January 1989.

Current positions and offices

LVMH group/Arnault group:		
France	LVMH Moët Hennessy - Louis Vuitton SA[a]	Chairman and Chief Executive Officer
	Christian Dior SA[a]	Chairman and Chief Executive Officer
	Christian Dior Couture SA	Director
	Financière Jean Goujon SAS	Member of the Supervisory Committee
	Groupe Arnault SAS	Chairman
	Château Cheval Blanc	Director
	Louis Vuitton, Fondation d'Entreprise	Chairman of the Board of Directors
International	LVMH International SA (Belgium)	Director
	LVMH Moët Hennessy - Louis Vuitton Inc. (United States)	Director
	LVMH Moët Hennessy - Louis Vuitton Japan KK (Japan)	Director
	LVMH Services Limited (United Kingdom)	Director
Other		
France	Carrefour SA[a]	Director

Positions and offices that have terminated since January 1, 2009

France	Lagardère SCA[a]	Member of the Supervisory Board
	Métropole Télévision "M6" SA[a]	Member of the Supervisory Board
	Raspail Investissements SA	Director

Mr. Antoine ARNAULT

Date of birth: June 4, 1977. French.
Business address: Berluti – 120, rue du Faubourg Saint-Honoré – 75008 Paris (France).
Date of first appointment: May 11, 2006.
Expiration of term: Annual Shareholders' Meeting convened in 2015.
Number of LVMH shares held in a personal capacity: 12,875 shares.

Mr. Antoine Arnault graduated from HEC Montreal and INSEAD. In 2000 he created an Internet company, specialized in the registration of domain names.

In 2002, he sold his stake in the company and joined the family group, where he successively held the positions of Marketing Manager and Director of Regional Operations at Louis Vuitton.

(a) Listed company.

In 2007, he became Director of Communications at Louis Vuitton, with responsibility for advertising, publishing, digital content development, and media buying.

He has been Managing Director of Berluti since 2011, the year in which he also initiated the *Journées Particulières* open-day event. At the end of 2013, he was appointed Chairman of the Board of Directors of Loro Piana SpA, in addition to his current positions.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Director
	Berluti SA	Chairman of the Executive Board
	Les Echos SAS	Member of the Supervisory Board
International	Berluti LLC (United States)	Managing Director
	Berluti Hong Kong Company Limited (Hong Kong)	Director
	Berluti (Shangai) Company Limited (China)	Director
	Berluti Orient FZ-LLC (United Arab Emirates)	Director
	Loro Piana SpA (Italy)	Chairman of the Board of Directors
	Manifattura Berluti SRL (Italy)	Director

Other

France	A.A. Conseil SAS	Chairman
	Comité Colbert	Director
	Madrigall SA	Director

Positions and offices that have terminated since January 1, 2009

France	F.G SAS	Chairman
	Lagardère SCA [a]	Member of the Supervisory Board
	S.D.R.E Société de Distribution Robert Estienne SNC	Legal representative of Berluti, Managing Partner
	Société Nouvelle de Chemiserie Arnys	Chairman of the Board of Directors
International	Spot Runner, Inc. (United States)	Member of the Supervisory Board

Ms. Bernadette CHIRAC

Date of birth: May 18, 1933. French.
Mailing address: BP 70316 – 75007 Paris Cedex 07 (France).
Date of first appointment: April 15, 2010.
Expiration of term: Annual Shareholders' Meeting convened in 2016.
Number of LVMH shares held in a personal capacity: 500 shares.

Married to Mr. Jacques Chirac, President of France from 1995 to 2007, Ms. Bernadette Chirac was elected to the local council of the town of Sarran in 1971 and was named as deputy mayor in 1977. She was elected as Departmental councilor of Corrèze in 1979 and was reelected continuously until 2011. In 1990, she founded the association Le Pont Neuf, and serves as its President to this day. In 1994, she was named Chairman of *Fondation Hôpitaux de Paris – Hôpitaux de France* and took an active role in its "*Pièces Jaunes*" and "*Plus de vie*" operations which, thanks to her support and involvement, have become widely recognized charity events in France. Since 2007, she has also served as Chairman of Fondation Claude Pompidou.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Director

Other

France	Departmental Council of Corrèze	Departmental councilor
	Fondation-Hôpitaux de Paris-Hôpitaux de France	Chairman
	Fondation Claude Pompidou	Chairman

(a) Listed company.

Mr. Nicholas CLIVE WORMS

Date of birth: November 14, 1942. French.
Business address: Worms 1848 SAS – 35, avenue de l'Opéra – 75002 Paris (France).
Date of first appointment: September 22, 1988.
Expiration of term: Annual Shareholders' Meeting convened in 2016.
Number of LVMH shares held in a personal capacity: 3,330 shares.

Mr. Nicholas Clive Worms was General Partner and later Managing Partner of Maison Worms & Cie between 1970 and 1996, Managing Partner and subsequently Chairman of the Supervisory Board of Worms & Cie between 1991 and 2004. He also served as Chairman and Chief Executive Officer and then Managing Partner of Pechelbronn between 1976 and 1991. He is currently Chairman of Worms 1848 SAS.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Director

Other

France	Financière de Services Maritimes SA	Director
	Worms 1848 SAS	Chairman
International	Worms (Luxembourg)	Chairman

Positions and offices that have terminated since January 1, 2009

International	Permal UK Ltd (United Kingdom)	Chairman of the Board of Directors

Mr. Charles de CROISSET

Date of birth: September 28, 1943. French.
Business address: Goldman Sachs International – Peterborough Court, 133 Fleet Street – EC4A 2BB London (United Kingdom).
Date of first appointment: May 15, 2008.
Expiration of term: Annual Shareholders' Meeting convened in 2016.
Number of LVMH shares held in a personal capacity: 1,000 shares.

Mr. Charles de Croisset entered the *Inspection des Finances* in 1968. After a career in the administration, he joined Crédit Commercial de France (CCF) in 1980 as Corporate Secretary before being appointed Deputy Chief Executive and then Chief Executive. In 1993, he was named Chairman and Chief Executive Officer of CCF, then Executive Director of HSBC Holdings Plc in 2000. In March 2004, he joined Goldman Sachs Europe as its Vice-Chairman and was named as International Advisor to Goldman Sachs International in 2006.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Director

Other

France	Renault SA [a]	Director
	Renault SAS	Director
	Fondation du Patrimoine	Chairman
International	Goldman Sachs International (United Kingdom)	International Advisor

Positions and offices that have terminated since January 1, 2009

France	Bouygues SA [a]	Director
	Euler Hermès SA [a]	Member of the Supervisory Board
	Galeries Lafayette SA [a]	Member of the Advisory Board
	Thales SA [a]	Director
International	Thales Holdings Plc (United Kingdom)	Advisor

(a) Listed company.

Mr. Albert FRÈRE

Date of birth: February 4, 1926. Belgian.
Business address: Frère-Bourgeois – 12, rue de la Blanche Borne – 6280 Loverval (Belgium).
Date of first appointment: May 29, 1997.
Expiration of term: Annual Meeting convened in 2015.
Number of LVMH shares held in a personal capacity: 500 shares.

Having begun his career within the family metal products business, Mr. Albert Frère turned his focus to industrial acquisitions and gained control, with his partners, of virtually all the steel industry around Charleroi. In 1981, he founded Pargesa Holding SA jointly with several partners. The following year, this company acquired interests in Groupe Bruxelles Lambert. In 1987 he was appointed Chairman of its Board of Directors, until December 31, 2011. He has also served as Chairman of the Board of Directors of Frère-Bourgeois SA since 1970.

Current positions and offices

Frère-Bourgeois group

International	Erbé SA (Belgium)	Chairman of the Board of Directors
	Financière de la Sambre SA (Belgium)	Chairman of the Board of Directors
	Frère-Bourgeois SA (Belgium)	Chairman of the Board of Directors
	Stichting Administratie Kantoor Frère-Bourgeois (Netherlands)	Chairman of the Board of Directors

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Director
	Groupe Arnault SAS	Permanent Representative of Belholding Belgium SA, Member of the Management Committee
	Château Cheval Blanc	Chairman of the Board of Directors

Other

France	GDF-Suez SA [a]	Vice-Chairman of the Board of Directors and Director
	Métropole Télévision "M6" SA [a]	Chairman of the Supervisory Board
International	GBL Energy (Luxembourg)	Permanent Representative of Frère-Bourgeois SA, Director
	GBL Verwaltung SARL (Luxembourg)	Permanent Representative of Frère-Bourgeois SA, Director
	Groupe Bruxelles Lambert (Belgium) [a]	Chairman and Chief Executive Officer, Director delegate
	Pargesa Holding SA (Switzerland) [a]	Vice-Chairman, Director delegate and Member of the Management Committee
	Banque Nationale de Belgique (Belgium) [a]	Honorary Chairman

Positions and offices that have terminated since January 1, 2009

France	Raspail Investissements SA	Director
	Suez SA [a]	Vice-Chairman of the Board of Directors and Director
International	Assicurazioni Generali SpA (Italy) [a]	Member of the International Committee
	Fingen SA (Belgium)	Chairman of the Board of Directors
	GBL Finance (Luxembourg)	Director
	Gruppo Banca Leonardo (Italy)	Director

(a) Listed company.

Mr. Gilles HENNESSY

Date of birth: May 14, 1949. French.
Business address: Moët Hennessy – 65, avenue de la Grande Armée – 75016 Paris (France).
Date of first appointment: June 6, 1990.
Expiration of term: Annual Meeting convened in 2015.
Number of LVMH shares held in a personal capacity: 104,926 shares.

Mr. Gilles Hennessy joined Jas Hennessy & Co in 1971 as head of marketing and sales and participated in Hennessy's expansion into the Japanese market in 1977, followed by the cognac producer's introduction into China, South Korea and Vietnam. He has served as Vice-Chairman of Moët Hennessy since September 1, 2002.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Director
	MHD Moët Hennessy Diageo SAS	Director
	Moët Hennessy SNC	Vice-Chairman
	Moët Hennessy Investissements SA	Permanent Representative of Moët Hennessy SNC, Director
International	Innovacion en Marcas de Prestigio SA de CV (Mexico)	Director
	Moët Hennessy Asia Pacific pte Ltd (Singapore)	Director
	Moët Hennessy Belux SA (Belgium)	Director
	Moët Hennessy Deutschland GmbH (Germany)	Member of the Supervisory Board
	Moët Hennessy Distribution RUS (Russia)	Chairman of the Board of Directors
	Moët Hennessy de Mexico SA (Mexico)	Director
	Moët Hennessy Inc. (United States)	Director
	Moët Hennessy UK Ltd (United Kingdom)	Director
	Moët Hennessy Services Singapore Pte Ltd (Singapore)	Director
	Moët Hennessy UK Ltd (United Kingdom)	Director
	Moët Hennessy USA Inc. (United States)	Director
	Polmos Zyrardow (Poland)	Member of the Management Committee
	The Glenmorangie Company Ltd (United Kingdom)	Director

Other

France	Effisol SNC	Partner
	H Com	Member of the Executive Board

Positions and offices that have terminated since January 1, 2009

France	Champagne Moët & Chandon SCS	Permanent Representative of Jas Hennessy & Co, Member of the Board of Partners
	France Champagne SA	Director
	Groupe Alain Crenn	Director
	Jas Hennessy & Co. SCS	Member of the Board of Partners
	K. Hennessy SARL	Managing Director
	Krug, Vins Fins de Champagne SA	Chairman and Chief Executive Officer
	Veuve Clicquot Ponsardin SCS	Member of the Board of Partners
International	Jas Hennessy & Co. Ltd (Ireland)	Chairman of the Board of Directors
	Millennium Brands Limited (Ireland)	Director
	Moët Hennessy Danmark A/S (Denmark)	Chairman of the Board of Directors
	Moët Hennessy Do Brasil (Brazil)	Director

Lord POWELL of BAYSWATER

Date of birth: July 6, 1941. British.
Business address: LVMH House – 15 St George Street – W1S 1FH London (United Kingdom).
Date of first appointment: May 29, 1997.
Expiration of term: Annual Meeting convened in 2015.
Number of LVMH shares held in a personal capacity: 550 shares.

Lord Powell was Private Secretary and Advisor on Foreign Affairs and Defense to Prime Ministers Margaret Thatcher and John Major from 1983 to 1991. He sits as a cross-bench member of the House of Lords, the British Parliament's upper chamber.

(a) Listed company.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Director
	Financière Agache SA	Director
International	LVMH Services Limited (United Kingdom)	Chairman of the Board of Directors

Other

International	Hong-Kong Land Holdings (Bermuda) [a]	Director
	Mandarin Oriental International Holdings (Bermuda)	Director
	Matheson & Co Ltd (United Kingdom)	Director
	Schindler Holding (Switzerland) [a]	Director
	Textron Corporation (United States) [a]	Director

Positions and offices that have terminated since January 1, 2009

International	Magna Holdings (Bermuda)	Chairman of the Board of Directors
	Capital Generation Partners (United Kingdom)	Chairman of the Board of Directors
	Caterpillar Inc. (United States) [a]	Director
	Northern Trust Global Services (United Kingdom)	Director
	Singapore Millennium Foundation Limited (Singapore)	Director

Mr. Yves-Thibault de SILGUY

Date of birth: July 22, 1948. French.
Business address: YTSeuropaconsultants – 13 bis avenue de la Motte Picquet – 75007 Paris (France).
Date of first appointment: May 14, 2009.
Expiration of term: Annual Meeting convened in 2015.
Number of LVMH shares held in a personal capacity: 500 shares.

Mr. Yves-Thibault de Silguy has held various positions within the French administration as well as within the European Community, as European Commissioner for Economic and Monetary Affairs (1995-1999). In 1988, he joined Usinor-Sacilor, where he was the Director of International Affairs until 1993. From 2000 to 2006, he successively became member of the Management Board. In June 2006, he was appointed as Chairman of the Board of Directors of Vinci and in May 2010 he became Vice-Chairman and Senior Director. Since May 2010, he has been Chairman of YTSeuropaconsultants.

Current positions and offices

Vinci group

France	Société des Autoroutes du Sud de la France	Director
	Vinci [a]	Vice-Chairman of the Board of Directors and Senior Director

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Director

Other

France	Sofisport SA	Chairman of the Supervisory Board
	VTB Bank (France) SA	Member of the Supervisory Board
	Ysilop Consulting SARL	Managing Director
	YTSeuropaconsultants SARL	Managing Director
International	Solvay (Belgium) [a]	Director
	VTB Bank (Russia)	Member of the Supervisory Board

Positions and offices that have terminated since January 1, 2009

International	Suez-Tractebel (Belgium)	Director
	International Financial Reporting Standards Foundation (IFRS/IASB)	Trustee

(a) Listed company.

Mr. Francesco TRAPANI

Date of birth: March 10, 1957. Italian.
Business address: Bulgari – Lungotevere Marzio, 11 – 00187 Rome (Italy).
Date of first appointment on the Board of Directors: March 31, 2011.
Expiration of term: Annual Shareholders' Meeting convened in 2016.
Number of LVMH shares held in a personal capacity: 500 shares.

Over the past 28 years during which he has served as Chief Executive of Bulgari, Mr. Francesco Trapani has significantly expanded the company, giving it an international dimension with a rich and diverse portfolio that now includes jewelry, watches, fragrances, accessories and, more recently, hotels. When Bulgari joined forces with LVMH in June 2011, Mr. Francesco Trapani was appointed President of the Watches and Jewelry business group.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Director
	Fred Paris SA	Permanent Representative of Ufipar, Director
International	Bentim International SA (Luxembourg)	Director
	Bulgari SpA (Italy)	Director delegate
	Bulgari Hotels and Resorts Milano Srl (Italy)	Director delegate
	De Beers Diamond Jewellers Limited (United Kingdom)	Chairman of the Board of Directors
	Hublot SA (Switzerland)	Director
	Les Ateliers Horlogers Dior SA (Switzerland)	Director
	LVMH Swiss Manufactures SA (Switzerland)	Director
	TAG Heuer International SA (Switzerland)	Director

Other

International	Argenta Holding Srl (Italy)	Chairman of the Board of Directors, Director delegate
	Elystone Capital (Switzerland)	Chairman of the Board of Directors

Positions and offices that have terminated since January 1, 2009

France	Bulgari France SAS	Director
International	BootB (Italy)	Director
	Bulgari Asia Pacific Ltd (Hong Kong)	Director
	Bulgari Australia pty Ltd (Australia)	Director
	Bulgari Belgium SA (Belgium)	Director
	Bulgari Corporation of America (United States)	Director
	Bulgari España SA (Spain)	Director
	Bulgari Hotels and Resorts BV (Netherlands)	Director
	Bulgari Malaysia Sdn Bhd (Malaysia)	Director
	Bulgari Montecarlo (Principality of Monaco)	Director
	Bulgari South Asian Operations SA (Switzerland)	Director
	Esprit Holding (Hong Kong) [a]	Independent Director
	UIR – Confindustria Committee (Italy)	Member

Mr. Hubert VÉDRINE

Date of birth: July 31, 1947. French.
Business address: Hubert Védrine (HV) Conseil – 21, rue Jean Goujon – 75008 Paris (France).
Date of first appointment: May 13, 2004.
Expiration of term: Annual Shareholders' Meeting convened in 2016.
Number of LVMH shares held in a personal capacity: 660 shares.

Mr. Hubert Védrine has held a number of French government and administrative posts, notably as Diplomatic Advisor to the Presidency from 1981 to 1986, Spokesperson for the Presidency from 1988 to 1991, General Secretary for the Presidency from 1991 to 1995 and Minister for Foreign Affairs from 1997 to 2002. In early 2003, he founded a geopolitical management consulting firm: Hubert Védrine (HV) Conseil.

(a) Listed company.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Director

Other

France	Hubert Védrine (HV) Conseil SARL	Managing Partner
	Ipsos SA [a]	Director

Positions and offices that have terminated since January 1, 2009

France	Audiovisuel Extérieur de la France SA	Director

1.2. Directors' appointments to be renewed

Ms. Delphine ARNAULT

Date of birth: April 4, 1975. French.
Business address: Louis Vuitton Malletier – 2, rue du Pont-Neuf – 75001 Paris (France).
Date of first appointment: September 10, 2003.
Number of LVMH shares held in a personal capacity: 165,555 shares.

Ms. Delphine Arnault began her career with the international management consulting firm McKinsey & Co, where she worked as a consultant for two years.

In 2000, she moved to designer John Galliano's company, where she helped in development, acquiring concrete experience in the fashion industry. In 2001, she joined the Executive Committee of Christian Dior Couture, where she served as Deputy Managing Director until August 2013. Since September 2013, she has been Executive Vice President of Louis Vuitton, in charge of supervising all of Louis Vuitton's product-related activities. She also is a member of Loewe's Board of Directors, where she is Senior Vice-President for product strategy.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Director
	Céline SA	Director
	Christian Dior SA [a]	Director
	Les Echos SAS	Member of the Supervisory Board
	Château Cheval Blanc	Director
International	Emilio Pucci Srl (Italy)	Director
	Emilio Pucci International BV (Netherlands)	Director
	Loewe SA (Spain)	Director

Other

France	Havas [a]	Director
	Métropole Télévision "M6" SA [a]	Member of the Supervisory Board
International	21st Century Fox (United States) [a]	Director

Positions and offices that have terminated since January 1, 2009

France	Établissement Public de Sèvres – Cité de la Céramique	Director
International	Calto Srl (Italy)	Chairman of the Board of Directors
	Manifatturauno Srl (Italy)	Chairman of the Board of Directors

(a) Listed company.

Mr. Nicolas BAZIRE, Senior Vice-President for Development and acquisitions

Date of birth: July 13, 1957. French.
Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France).
Date of first appointment: May 12, 1999.
Number of LVMH shares held in a personal capacity: 20,618 shares.

Mr. Nicolas Bazire became Chief of Staff of Prime Minister Edouard Balladur in 1993. He was Managing Partner at Rothschild & Cie Banque between 1995 and 1999 and has served as Managing Director of Groupe Arnault SAS since 1999.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Director
	Agache Developpement SA	Director
	Europatweb SA	Director
	Financière Agache SA	Managing Director and Permanent Representative of Groupe Arnault SAS, Director
	GA Placements	Permanent Representative of Montaigne Finance, Director
	Groupe Arnault SAS	Managing Director
	Groupe Les Echos SA	Director
	Les Echos SAS	Vice-Chairman of the Supervisory Board
	Louis Vuitton Malletier SA	Permanent Representative of Ufipar, Director
	LV Group SA	Director
	Montaigne Finance SAS	Member of the Supervisory Committee
	Semyrhamis SAS	Member of the Supervisory Committee
	Louis Vuitton, Fondation d'Entreprise	Director

Other

France	Atos SE [a]	Director
	Carrefour SA [a]	Director
	Les Chevaux de Malmain SARL	Joint Managing Director
	Rothschild & Cie Banque SCS	Member of the Supervisory Board
	Suez Environnement Company SA [a]	Director

Positions and offices that have terminated since January 1, 2009

France	Financière Agache Private Equity SA	Director
	Ipsos SA [a]	Director
	Lyparis SAS	Member of the Supervisory Committee
	Société Financière Saint-Nivard SAS	Chairman
	Tajan SA	Director
International	Go Invest SA (Belgium)	Director

Mr. Antonio BELLONI, Group Managing Director

Date of birth: June 22, 1954. Italian.
Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France).
Date of first appointment: May 15, 2002.
Number of LVMH shares held in a personal capacity: 27,118 shares.

Mr. Antonio Belloni joined the LVMH group in June 2001, following 22 years with Procter & Gamble. He was appointed head of Procter & Gamble's European division in 1999, having previously served as Chairman and Chief Executive Officer for the group's Italian operations. He began his career at Procter & Gamble in Italy in 1978 and subsequently held a number of positions in Switzerland, Greece, Belgium and the United States. He has been Group Managing Director of LVMH since September 2001.

(a) Listed company.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Group Managing Director and Director
	Fendi International SAS	Chairman
	Givenchy SA	Permanent Representative of LVMH Finance, Director
	Le Bon Marché, Maison Aristide Boucicaut SA	Permanent Representative of LVMH, Director
	LVMH Fragrance Brands SA	Permanent Representative of LV Group, Director
	Sephora SA	Permanent Representative of Ufipar, Director
	Louis Vuitton, Fondation d'Entreprise	Director
International	Benefit Cosmetics LLC (United States)	Managing Director
	Bulgari SpA (Italy)	Member of the Board of Directors
	Cruise Line Holdings Co (United States)	Director
	De Beers Diamond Jewellers Limited (United Kingdom)	Director
	De Beers Diamond Jewellers Trademark Ltd (United Kingdom)	Director
	DFS Group Limited (Bermuda)	Director
	DFS Group Limited (Hong Kong)	Director
	DFS Holdings Limited (Bermuda)	Director
	Donna Karan International Inc. (United States)	Director
	Edun Americas Inc. (United States)	Director
	Edun Apparel Limited (United Kingdom)	Director
	Emilio Pucci Srl (Italy)	Director
	Emilio Pucci International BV (Netherlands)	Director
	Fendi SA (Luxembourg)	Director
	Fendi Srl (Italy)	Director
	Fendi Adele Srl (Italy)	Director
	Fendi Asia Pacific Limited (Hong Kong)	Director
	Fendi Italia Srl (Italy)	Director
	Fendi North America Inc.	Director
	Fresh Inc. (United States)	Director
	Loro Piana SpA (Italy)	Director
	LVMH Moët Hennessy - Louis Vuitton Inc. (United States)	Vice-Chairman and Director
	LVMH (Shanghai) Management & Consultancy Co. Ltd (China)	Chairman of the Board of Directors
	Nude Brands Limited (United Kingdom)	Director
	RVL Holding BV (Netherlands)	Member of the Supervisory Board
	Thomas Pink Holdings Limited (United Kingdom)	Director
	Ufip (Ireland)	Director
	Vicuna Holding SpA (Italy)	Director

Other

International	Barilla G. e R. Fratelli SpA (Italy)	Director

Positions and offices that have terminated since January 1, 2009

France	Givenchy	Director
	Le Bon Marché, Maison Aristide Boucicaut	Director
	LVMH Fragrance Brands GIE	Member of the College of Directors
	Parfums Luxe International – PLI SA	Chairman and Chief Executive Officer
	Sephora	Group Managing Director and Director
International	Moët Hennessy Distribution Rus LLC (Russia)	Chairman of the Board of Directors
	Sephora Greece (Greece)	Director

(a) Listed company.

Mr. Diego DELLA VALLE

Date of birth: December 30, 1953. Italian.
Business address: Tod's SpA – Corso Venisia 30 – 20121 Milan (Italy).
Date of first appointment: May 15, 2002.
Number of LVMH shares held in a personal capacity: 500 shares.

Mr. Diego Della Valle joined the family business in 1975. He played a fundamental role in the definition of the Company's development strategy and the creation of the brands that have shaped its image. He developed an innovative marketing plan, which has since served as a model to other companies around the world in the luxury goods industry. Since October 2000, he has been Chairman and Director delegate of Tod's SpA, which today is a world leader in the luxury accessories sector.

Current positions and offices

Tod's SpA group

International	DDV partecipazioni Srl (Italy)	Sole Director
	DI.VI. Finanziaria Srl (Italy)	Sole Director
	Diego Della Valle & C. Srl (Italy)	Sole Director
	Tod's SpA (Italy)[a]	Chairman of the Board of Directors and Director delegate
	Fondazione Della Valle Onlus (Italy)	Chairman of the Board of Directors

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA[a]	Director

Other

International	ACF Fiorentina SpA (Italy)	Honorary Chairman
	Compagnia Immobiliare Azionaria (Italy)[a]	Director
	Nuovo Trasporto Viaggiatori	Director

Positions and offices that have terminated since January 1, 2009

France	Le Monde Europe SA	Director
International	International Assicurazioni Generali SpA (Italy)	Director
	Ferrari SpA (Italy)	Director
	Marcolin SpA (Italy)	Director
	RCS Mediagroup SpA (Italy)	Director

Mr. Pierre GODÉ, Vice-Chairman

Date of birth: December 4, 1944. French.
Business addresses: LVMH – 22, avenue Montaigne – 75008 Paris (France)
LVMH Italia SpA – Via Tommaso Grossi, 2 – 20121 Milan (Italy).
Date of first appointment: January 13, 1989.
Number of LVMH shares held in a personal capacity: 20,618 shares.

Mr. Pierre Godé began his career as a lawyer admitted to the Lille bar and has taught at the Lille and Nice university law faculties.

He has served as Advisor to the Chairman of LVMH and Chief Executive Officer of Groupe Arnault. Currently, he is Vice-Chairman of LVMH's Board of Directors and Vice-Chairman of LVMH Italia.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA[a]	Vice-Chairman and Director
	Christian Dior SA[a]	Director
	Château Cheval Blanc	Director

(a) Listed company.

International	Fendi Srl (Italy)	Director
	Fendi Adele Srl (Italy)	Director
	LVMH International SA (Belgium)	Director
	LVMH Italia SpA (Italy)	Vice-Chairman
	LVMH Moët Hennessy - Louis Vuitton Inc. (United States)	Director
	LVMH Publica SA (Belgium)	Director
	Sofidiv UK Limited (United Kingdom)	Director
	Vicuna Holding SpA (Italy)	Chairman of the Board of Directors

Other

France	Redeg SARL	Managing Director

Positions and offices that have terminated since January 1, 2009

France	Christian Dior SA [a]	Group Managing Director
	Christian Dior Couture SA	Director
	Financière Agache SA	Chairman and Chief Executive Officer
	Financière Jean Goujon SAS	Chairman
	Groupe Arnault SAS	Chief Executive Officer
	Havas SA [a]	Director
	Les Echos SAS	Member of the Supervisory Board
	Louis Vuitton Malletier SA	Director
	Raspail Investissements SAS	Chairman
	SA du Château d'Yquem	Director
	Semyrhamis SAS	Member of the Supervisory Committee
	Sofidiv SAS	Member of the Management Committee
	Sevrilux SNC	Legal representative of Financière Agache, Managing Director
	Fondation Maeght	Director

Ms. Marie-Josée KRAVIS

Date of birth: September 11, 1949. American.
Business address: The Museum of Modern Art – 11 West 53rd Street – New York NY 10019 (United States).
Date of first appointment: March 31, 2011.
Number of LVMH shares held in a personal capacity: 500 shares.

Ms. Marie-Josée Kravis is an economist specializing in the fields of public policy and strategic planning. She started her career as a financial analyst with the Power Corporation of Canada and went on to work with the General Solicitor of Canada and the Canadian minister for Supply and Services. She is Vice-Chairman of the Board of Trustees and a senior fellow of the Hudson Institute, and since 2005 has been President of the Museum of Modern Art (MoMA) of New York.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Director

Other

France	Publicis Groupe SA [a]	Member of the Supervisory Board
International	Federal Reserve Bank of New York (United States)	Member of the international Advisory Board
	Hudson Institute (United States)	Vice-Chairman of the Board of Trustees and senior fellow
	Memorial Sloan-Kettering Cancer Center (United States)	Director and member of the Executive Committee
	Qatar Museum Authority (Qatar)	Director
	The Museum of Modern Art of New York (United States)	President

Positions and offices that have terminated since January 1, 2009

International	Ford Motor Co. (United States) [a]	Director
	Interactive Data Corporation (United States)	Director

(a) Listed company.

1.3. Appointments of Directors

Ms. Marie-Laure SAUTY de CHALON

Date of birth: September 17, 1962. French.
Business address: Aufeminin.com – 8 rue Saint Fiacre – 75002 Paris (France).
Number of LVMH shares held in a personal capacity: 500 shares.

After building her career at a number of press and television advertising companies, Ms. Marie-Laure Sauty de Chalon became Chief Executive Officer of Carat Interactive in 1997. In 2001, she became Chairman and Chief Executive Officer of Consodata North America. She then took over as head of the Aegis Media group in France and Southern Europe in 2004. Since 2010, she has been Chairman and Chief Executive Officer of Auféminin.com and a professor at the Institut d'Études Politiques de Paris.

Current positions and offices

Auféminin.com group

France	Auféminin.com [a]	Chairman and Chief Executive Officer
	Auféminin.com Productions SARL	Managing Director
	Etoilecasting.com SAS	Chairman
	Les rencontres auféminin.com SAS	Chairman
	Marmiton SAS	Chairman
	My Little Paris SAS	Member of the Supervisory Committee
	SmartAdServer SAS	Chairman
International	GoFeminin.de GmbH (Germany)	Joint Managing Director
	SoFeminine.co.uk Ltd (United Kingdom)	Director

Other

France	Fondation École 42	Director
	Fondation Nestlé France, Fondation d'Entreprise	Director
	Fondation PlaNet Finance	Director

Positions and offices that have terminated since January 1, 2009

France	Aegis Media France	Chairman
	Carat France	Chairman
	Mediamétrie	Director
International	Aegis Media Southern Europe	Chairman

1.4. Advisory Board members' appointments to be renewed

Mr. Paolo BULGARI

Date of birth: October 8, 1937. Italian.
Business address: Bulgari – Lungotevere Marzio, 11 – 00187 Rome (Italy).
Date of first appointment: March 31, 2011.
Number of LVMH shares held in a personal capacity: 500 shares.

The nephew of Mr. Sotirio Bulgari, founder of the House of Bulgari, Mr. Paolo Bulgari began his career as a specialist in precious stones within the family business in 1960. He has been Chairman of Bulgari since 1984. Recognized as one of the leading experts in precious stones, he embodies the spirit of the company and the inspiration of its creative team.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Advisory Board member
International	Bulgari SpA (Italy)	Chairman of the Board of Directors

Other

International	El Greco Srl (Italy)	Chairman of the Board of Directors and Director delegate

(a) Listed company.

Mr. Patrick HOUËL

Date of birth: July 25, 1942. French.
Business address: PGH Consultant – 10, avenue Frédéric Le Play – 75007 Paris (France).
Date of first appointment: May 13, 2004.
Number of LVMH shares held in a personal capacity: 5,500 shares.

Mr. Patrick Houël worked at Credit Lyonnais for seven years before being named as Chief Financial Officer of Jas Hennessy & Co in 1978. In 1983, he became Deputy Chief Financial Officer of Moët Hennessy Group and took over the post of Chief Financial Officer of Moët Hennessy in 1985. In 1987, when Moët Hennessy merged with Louis Vuitton, he served as Chief Financial Officer of the LVMH group until 2004. He was subsequently Advisor to the Chairman.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Advisory Board member
	Guerlain SA	Permanent Representative of LVMH, Director
	L Capital 2 FCPR	Member of the Consultation Committee
	L Capital 3 FCPR	Member of the Consultation Committee
	Le Bon Marché, Maison Aristide Boucicaut SA	Permanent Representative of LVMH Finance, Director
	LV Group SA	Permanent Representative of Ufipar, Director
	Parfums Christian Dior SA	Permanent Representative of LVMH, Director
	SA du Château d'Yquem	Permanent Representative of Ufipar, Director
	Wine & Co. SA	Permanent Representative of LV Group, Director
International	L Development & Management Limited Hong-Kong (Hong Kong)	Director
	L Real Estate SA (Luxembourg)	Director
	Sociedad Textil Lonia (Spain)	Director

Other

France	LCL Obligations euro SICAV	Director
	Mongoual SA	Permanent Representative of Société Montaigne Jean Goujon, Director
	Objectif Small Caps euro SICAV	Director
	PGH Consultant SARL	Managing Director
	Tikehau Investment Management SAS	Member of the Supervisory Board

Mr. Felix G. ROHATYN

Date of birth: May 29, 1928. American.
Business address: Lazard Frères & Co. LLC – 30 Rockefeller Plaza – 62nd Floor – NY 10020, New York (United States).
Date of first appointment on the Board of Directors: May 14, 2001.
Number of LVMH shares held in a personal capacity: 1,000 shares.

Mr. Felix G. Rohatyn was the United States Ambassador to France from 1997 to 2000. He previously worked as Managing Partner of Lazard Frères & Co LLC. He also served on the Board of the New York Stock Exchange from 1968 to 1972. He has been a Special Advisor to the Chairman of Lazard Ltd since January 2010.

Current positions and offices

LVMH group/Arnault group

France	LVMH Moët Hennessy - Louis Vuitton SA [a]	Advisory Board member

Other

France	Publicis Groupe SA [a]	Member of the Supervisory Board
International	Carnegie Hall (United States)	Vice-Chairman emeritus of the Board of Directors
	Center for Strategic and International Studies (CSIS) (United States)	Director
	Council on Foreign Relations (United States)	Advisor
	Lazard Ltd (United States) [a]	Special Advisor to the Chairman

(a) Listed company.

2. STATUTORY AUDITORS

2.1. Principal Statutory Auditors

	Start date of first term	Current term: Date appointed	Current term: End of term
ERNST & YOUNG et Autres 1 place des Saisons – 92400 Courbevoie – Paris La Défense 1 (France) Represented by Gilles Cohen and Jeanne Boillet	June 6, 1998	April 15, 2010	Annual Meeting convened to approve the financial statements for the 2015 fiscal year
DELOITTE & ASSOCIÉS 185 avenue Charles de Gaulle – 92524 Neuilly-sur-Seine Cedex (France) Represented by Thierry Benoit	May 13, 2004	April 15, 2010	Annual Meeting convened to approve the financial statements for the 2015 fiscal year

2.2. Alternate Statutory Auditors

	Start date of first term	Current term: Date appointed	Current term: End of term
AUDITEX 1 place des Saisons – 92400 Courbevoie – Paris La Défense 1 (France)	April 15, 2010	April 15, 2010	Annual Meeting convened to approve the financial statements for the 2015 fiscal year
Mr. Denis GRISON 61 rue Henri Regnault – 92075 Paris La Défense (France)	June 6, 1986	April 15, 2010	Annual Meeting convened to approve the financial statements for the 2015 fiscal year

2.3. Fees received in 2012 and 2013

(in thousands of euros, excluding VAT)	ERNST & YOUNG et Autres				DELOITTE & ASSOCIÉS			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Statutory audit, certification, audit of the individual company and consolidated financial statements:								
- LVMH Moët Hennessy - Louis Vuitton	1,107	6	1,102	8	745	12	676	11
- Consolidated subsidiaries [a]	8,720	51	7,841	54	3,975	62	3,863	64
Other services relating directly to the Statutory Audit assignment								
- LVMH Moët Hennessy - Louis Vuitton [a] [b]	2,048	12	636	4	410	6	410	7
- Consolidated subsidiaries [b]	1,678	10	1,327	9	992	16	602	10
	13,553	**79**	**10,906**	**75**	**6,122**	**96**	**5,551**	**92**
Other services provided by the firms to consolidated subsidiaries								
Legal, tax, employee-related [b]	3,340	19	3,002	21	264	4	445	7
Other	268	2	611	4	24	-	30	1
	3,608	**21**	**3,613**	**25**	**288**	**4**	**475**	**8**
Total	**17,161**	**100**	**14,519**	**100**	**6,410**	**100**	**6,026**	**100**

(a) Increase in 2013 relating mainly to work carried out in relation with the acquisition and integration of Loro Piana.
(b) This includes, in 2013 and 2012, fees related to the change in fiscal year-end date of the parent company, Christian Dior SA.
(c) This mainly relates to tax advisory services performed outside France, to ensure that the Group's subsidiaries and expatriates meet their local tax declaration obligations.

3. CHARTER OF THE BOARD OF DIRECTORS

The Board of Directors is the strategic body of LVMH Moët Hennessy - Louis Vuitton SA. The competence, integrity and responsibility of its members, clear and fair decisions reached collectively, and effective and secure controls are the ethical principles that govern the Board.

The key priorities pursued by LVMH's Board of Directors are enterprise value creation and the defense of the Company's interests.

LVMH's Board of Directors acts as guarantor of the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

The Company adheres to the Code of Corporate Governance for Listed Companies published by AFEP and MEDEF.

Each of these elements contributes to preserving the level of enterprise performance and transparency required to retain the confidence of shareholders and partners in the Group.

1. Structure of the Board of Directors

The Board of Directors shall have a maximum of 18 members, a third of whom at least are appointed from among prominent independent persons with no interests in the Company.

In determining whether a Director may be considered as independent, the Board of Directors refers among others to the criteria set forth in the AFEP/MEDEF Code of Corporate Governance for Listed Companies.

The number of Directors or permanent representatives of legal entities from outside companies, in which the Chairman of the LVMH Board of Directors or any LVMH Director serving as LVMH Chief Executive Officer or Managing Director holds an office, shall be limited to four.

2. Missions of the Board of Directors

Apart from the selection of the Company's management structure and the appointment of the Chairman of the Board of Directors, Chief Executive Officer and Group Managing Director(s), the principal missions of the Board of Directors are to:

- ensure that the Company's interests and assets are protected;
- define the broad strategic orientations of the Company and the Group and ensure that their implementation is monitored;
- approve the Company's annual and half-yearly financial statements;
- review the essential characteristics of the internal control and risk management systems adopted and implemented by the Company;
- ensure that major risks to which the Company is exposed are in keeping with its strategies and its objectives, and that they are taken into account in the management of the Company;
- verify the quality, reliability and fairness of the information provided to shareholders concerning the Company and the Group, in particular to ensure that the management structure and the internal control and risk management systems are able to guarantee the quality and reliability of financial information published by the Company and to give a true and fair view of the results and the financial position of the Company and the Group;
- set out the organization principles and procedures for the Performance Audit Committee;
- disseminate the collective values that guide the Company and its employees and that govern relationships with consumers and with partners and suppliers of the Company and the Group;
- promote a policy of economic development consistent with a social and citizenship policy based on concepts that include respect for human beings and the preservation of the environment in which it operates.

3. Operating procedures of the Board of Directors

The Board of Directors shall hold at least four meetings a year.

Any individual who accepts the position of Director or permanent representative of a legal entity appointed as Director of the Company shall agree to attend Board of Directors' and Shareholders' Meetings regularly.

The Board may use videoconferencing or other means of telecommunication to organize meetings with Directors participating remotely. No such means shall be used, however, when the Board is meeting to prepare and approve the parent company financial statements and Management Report, or when it is meeting to prepare the consolidated financial statements and the report on Group management.

In order to ensure the identification and effective participation of the Directors concerned in a Board meeting, these means of telecommunication shall, at a minimum, transmit participants' voices as well as satisfy technical criteria for a continuous, real-time connection with the meeting. All remote participants in the meeting shall provide their identity. The attendance of any non-Board members shall be reported to, and subject to approval by, all Directors participating in the meeting.

Directors participating remotely by videoconferencing or conference call shall be deemed present for the purposes of calculating the quorum and majority.

The minutes of the meeting shall include the identities of the Directors who participated in the meeting remotely, the means of communication used and any connection problems that may occur during the meeting or disrupt it.

On the recommendation of the Board's Nominations and Compensation Committee, repeated unjustified absenteeism by a Director may cause the Board of Directors to reconsider his appointment.

So that members of the Board of Directors can fully serve the function entrusted to them, the Chief Executive Officer provides members with any and all information necessary for the performance of their duties.

Decisions by the Board of Directors shall be made by simple majority vote and are adopted as a board.

If they deem appropriate, independent Directors may meet without requiring the presence of the other members of the Board of Directors.

For special or important issues, the Board of Directors may establish one or more *ad hoc* committees.

Each member of the Board of Directors shall act in the interests and on behalf of all shareholders.

Once each year, the Board of Directors evaluates its procedures and informs shareholders as to its conclusions in a report presented to the Shareholders' Meeting. In addition, at least once every three years, a fully documented review of the work of the Board, its organization and its procedures is conducted.

4. Responsibilities

The members of the Board of Directors shall be required to familiarize themselves with the general and specific obligations of their office, and with all applicable laws and regulations.

The members of the Board of Directors shall be required to respect the confidentiality of any information of which they may become aware in the course of their duties concerning the Company or the Group, until such information is made public by the Company.

The members of the Board of Directors agree not to trade in the Company's shares, either directly or indirectly, for their own account or on behalf of any third parties, based on information disclosed to them in the course of their duties that is not known to the public. Moreover, members of the Board of Directors shall refrain from engaging in any transactions involving the Company's shares or related financial instruments, and from any exercise of options for the duration of periods:

- beginning, as applicable, on either the 30th calendar day preceding the date of publication of the Company's annual or half-yearly consolidated financial statements, or the 15th calendar day preceding the date of publication of the Company's quarterly consolidated revenue announcement; and
- ending (i) the day after said publication at 2:00 pm, if the publication concerned occurs in the afternoon, or (ii) the day after said publication at 9:00 am, if it occurs in the morning.

The Directors agree to:

- warn the Chairman of the Board of Directors of any instance, even potential, of a conflict of interest between their duties and responsibilities to the Company and their private interests and/or other duties and responsibilities;
- abstain from voting on any issue that concerns them directly or indirectly;
- inform the Chairman of the Board of Directors of any operation or agreement entered into with any LVMH group company to which they are a party;
- provide details to the Chairman of the Board of Directors of any formal investigation, conviction in relation to fraudulent offenses, any official public incrimination and/or sanctions, any disqualifications from acting as a member of an administrative, management or supervisory body imposed by a court as well as of any bankruptcy, receivership or liquidation proceedings to which they have been a party.

The Chairman of the Board of Directors shall apprize the Performance Audit Committee upon receiving any information of this type.

5. Compensation

The Shareholders' Meeting shall set the total amount of Directors' fees to be paid to the members of the Board of Directors.

This amount shall be distributed among all members of the Board of Directors and the Advisors, if any, on the recommendation of the members of the Directors' Nominations and Compensation Committee, taking into account their specific responsibilities on the Board (e.g. Chairman, Vice-Chairman, participation on committees created within the Board).

The settlement of a portion of these fees shall be contingent upon attendance by Directors at the meetings of the Board of Directors and, where applicable, the Committee(s) of which they are members, calculated according to a formula to be determined by the Board of Directors, acting upon a proposal submitted by the Nominations and Compensation Committee.

Exceptional compensation may be paid to some Directors for any special assignment they assume. The amount shall be determined by the Board of Directors and reported to the Company's Statutory Auditors.

6. Scope of application

This Charter shall apply to all members of the Board of Directors as well as all the members of the Advisory Board. It must be given to each candidate for the position of Director and to each permanent representative of a legal entity prior to the start of the letter's term of office.

4. INTERNAL RULES OF THE PERFORMANCE AUDIT COMMITTEE

A specialized committee responsible for auditing performance operates within the Board of Directors, acting under the responsibility of the Board of Directors.

1. Structure of the Committee

The Performance Audit Committee shall be made up of at least three Directors appointed by the Board of Directors. At least two-thirds of the members shall be independent Directors. The majority of the Committee's members must have held a position as a Managing Director or a position involving equivalent responsibilities or possess specific expertise in financial and accounting matters.

The Board of Directors shall appoint a Chairman of the Committee from among its members. The maximum term of the Chairman of the Committee is five years.

Neither the Chairman of the Board of Directors nor any Director performing the duties of Chief Executive Officer or Group Managing Director of LVMH may be a member of the Committee.

A Director may not be appointed as a member of the Committee if he or she comes from a company for which an LVMH Director serves as a member of a committee comparable in function.

2. Role of the Committee

The principal missions of the Committee are to:

- monitor the process for preparing financial information, particularly the individual company and consolidated financial statements, and verify the quality of this information;
- monitor the statutory audit of the individual company and consolidated financial statements by the Statutory Auditors, whose conclusions and recommendations it examines;
- ensure the existence, pertinence, application and effectiveness of internal control and risk management systems, monitor the ongoing effectiveness of these systems, and make recommendations to the Chief Executive Officer concerning the priorities and general guidelines for the work of the Internal Audit team;
- examine risks to the Statutory Auditors' independence and, if necessary, identify safeguards to be put in place in order to minimize the potential of risks to compromise their independence, issue an opinion on the fees paid to the Statutory Auditors, as well as those paid to the network to which they belong, by the Company and the companies it controls or is controlled by, whether in relation to their statutory audit responsibilities or other related assignments, oversee the procedure for the selection of the Company's Statutory Auditors, and make a recommendation on the appointments to be submitted to the Shareholders' Meeting in consideration of the results of this procedure;
- analyze the exposure of the Company and the Group to risks, and in particular to those identified by the internal control and risk management systems, as well as material off-balance sheet commitments of the Company and the Group;
- review major agreements entered into by Group companies and agreements entered into by any Group company with a third-party company in which a Director of the LVMH parent company is also a senior executive or principal shareholder. Significant operations within the scope of the provisions of Article L. 225-38 of the French Commercial Code require an opinion issued by an independent expert appointed upon the proposal of the Performance Audit Committee;
- assess any instances of conflict of interest that may affect a Director and recommend suitable measures to prevent or correct them.

3. Operating procedures of the Committee

A Director's agreement to serve on the Committee shall imply that he will devote the necessary time and attention to his duties on the Committee.

The Committee shall meet at least twice a year, without the Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director(s), before the Board of Directors' meetings in which the agenda includes a review of the annual and half-yearly parent company and consolidated financial statements.

If necessary, the Committee may be required to hold special meetings, when an event occurs that may have a significant effect on the parent company or consolidated financial statements.

Before each meeting, all pertinent documents and analyses relating to the different items on the agenda for the meeting are sent to each member of the Committee.

Any document submitted to the Committee in connection with its responsibilities shall be considered confidential as long as it has not been made public by the Company.

The proceedings of the Committee are confidential and shall not be discussed outside the Board of Directors.

Decisions of the Committee shall be made by simple majority vote and shall be deemed to have been reached as a board.

The proceedings of each Committee meeting shall be recorded in minutes of the meeting.

4. Prerogatives of the Committee

The Committee shall report on its work to the Board of Directors. It shall submit to the Board its findings, recommendations and suggestions.

The Committee may request any and all accounting, legal or financial documents it deems necessary to carry out its responsibilities.

The Committee may call upon the Company's staff members responsible for preparing the financial statements, carrying out internal control procedures, conducting internal audits, applying risk management or cash management procedures, investigating tax or legal matters, as well as the Statutory Auditors, to appear before it on any number of occasions to address issues in detail, without requiring the presence of the Chairman of the Board, the Chief Executive Officer, or Group Managing Director(s) of LVMH. These meetings may also take place in the absence of those responsible for the accounting and financial functions.

After having duly notified the Chairman of the Board of Directors, the Committee may seek assistance from external experts if circumstances require.

5. Compensation of Committee members

The Committee members and its Chairman may receive a special Director's fee, the amount of which shall be determined by the Board of Directors and charged to the total financial package allocated by the Shareholders' Meeting.

5. INTERNAL RULES OF THE NOMINATIONS AND COMPENSATION COMMITTEE

A specialized committee responsible for the nomination and compensation of Directors operates within the Board of Directors, acting under the authority of the Board of Directors.

1. Structure of the Committee

The Board's Nominations and Compensation Committee shall be made up of at least three Directors and/or Advisors. The majority of its members shall be independent. Its members shall be appointed by the Board of Directors.

The Board of Directors shall appoint a Chairman of the Committee from among its members.

Neither the Chairman of the Board of Directors, nor any Director serving as Chief Executive Officer or Group Managing Director of LVMH, or who are compensated by any LVMH subsidiary, may be a member of the Committee.

A Director may not be appointed as a member of the Committee if he or she comes from a company for which an LVMH Director serves as a member of a committee comparable in function.

2. Role of the Committee

After undertaking its own review, the Committee is responsible for issuing opinions on applications and renewals for the positions of Director and Advisor, making certain that the Company's Board of Directors includes prominent independent persons outside the Company. In particular, it discusses the independence of Board members with respect to applicable criteria.

The Committee's opinion may also be sought by the Chairman of the Board of Directors or by any Directors serving as Chief Executive Officer or Managing Director, on potential members of the Group's Executive Committee or candidates for senior management positions at the Group's major subsidiaries. It is the consultative body responsible for defining the measures to be taken in the event that such an office falls prematurely vacant.

After review, the Committee shall make recommendations on the distribution of directors' fees paid by the Company and prepares a summary table of directors' fees effectively paid to each Director.

It makes proposals to the Board on the fixed and variable portions of compensation and the benefits in kind to be received (i) by the Chairman of the Company's Board of Directors, its Chief Executive Officer and its Group Managing Director(s) and (ii) by Directors and Advisors who are employees of the Company or any of its subsidiaries by virtue of an employment contract; it also issues an opinion on any consultancy agreements entered into, either directly or indirectly, with these same individuals. The Committee issues recommendations regarding the qualitative and quantitative criteria on the basis of which the variable portion of compensation for senior executive officers is to be determined as well as the performance conditions applicable to the exercise of options and the definitive allocation of bonus shares.

The Committee expresses its opinion on the general policy for the allocation of options and bonus shares within the Group, also making proposals on the granting of options and bonus shares to senior executive officers and to Directors and Advisors who are employees of the Company or any of its subsidiaries by virtue of an employment contract.

It adopts positions on any supplemental pension schemes established by the Company in favor of its senior executives and issues recommendations on any retirement benefits that might be paid to them upon leaving the Company.

The Committee issues an opinion relating to the fixed and variable portions of compensation, whether immediate or deferred, and benefits in kind to be received by members of the Group's Executive Committee and by other senior executive officers of the Group's main subsidiaries, and on the allocation of options and bonus shares to these same individuals. To this end, the Committee may request copies of any agreements concluded with these individuals and of any accounting information relating to payments made.

The Committee is also entitled to receive information on procedures relating to the payment of external contractors' fees and the reimbursement of their expenses, issuing any recommendations deemed necessary on this subject.

The Committee shall prepare a draft report every year for the Shareholders' Meeting, which it shall submit to the Board of Directors, on the compensation of Company officers, any bonus shares granted to them during the year as well as any stock options granted or exercised by said officers in the same period. The report shall also list the ten employees of the Company that received and exercised the most options.

3. Operating procedures of the Committee

A Director's agreement to serve on the Committee implies that he will devote the necessary time and energy to his duties on the Committee.

The Committee shall meet whenever necessary, either at the initiative of the Chairman of the Board of Directors, or the Director serving as Chief Executive Officer, or of two Committee members.

The proceedings of the Committee are confidential and shall not be discussed outside the Board of Directors.

Decisions of the Committee shall be made by simple majority vote and shall be deemed to have been reached as a board.

4. Prerogatives of the Committee

The Committee shall report on its work to the Board of Directors. It shall submit to the Board its findings, recommendations and suggestions.

Members of the Committee may request any and all available information that they deem necessary for the purposes of carrying out their responsibilities.

Any unfavorable opinion issued by the Committee on any proposal must be substantiated.

5. Compensation of Committee members

The members and Chairman of the Committee may receive a special Director's fee, the amount of which shall be determined by the Board of Directors and charged to the total financial package allocated by the Shareholders' Meeting.

6. BYLAWS CURRENTLY IN EFFECT

Article 1 – Legal form

The Company, which was formed on April 19, 1962 by way of transformation of a "*Société à responsabilité limitée*" into a "*Société anonyme*", is governed by the provisions of the French Commercial Code as well as by the present Bylaws.

Article 2 – Corporate purpose

1. Any taking of interests, through a direct or indirect equity investment, a contribution, merger, spin-off, or joint-venture with any company or group existing or to be formed, operating any commercial, industrial, agricultural, personal property, real estate or financial operations, and among others:

- trade in champagne and other wines, cognac and other spirits and, more generally, any food or beverage product;
- trade in all pharmaceutical products, perfumes and cosmetics and, more generally, products related to hygiene, beauty and skincare;
- the manufacture, sale and promotion of travel articles, luggage, bags, leather goods, clothing articles, accessories, as well as any high quality and branded articles or products;
- the operation of vineyards, horticultural and arboricultural estates, as well as the development of any related biotechnological process;
- the operation of any real estate;
- the development of any trademark, signature, model, design and, more generally, any industrial, literary or artistic property right.

2. More generally, to undertake directly any commercial, industrial, agricultural, viticultural operations, or any operation relating to personal or real property, movable or immovable property or financial, management or service operation in any of the fields of activities described in paragraph 1 above.

Article 3 – Corporate name

The name of the Company is:
LVMH Moët Hennessy - Louis Vuitton

All deeds and documents originating from the Company and addressed to third parties, in particular letters, invoices, advertisements and publications of all kinds, must indicate this name immediately preceded or followed by the words "*Société anonyme*" or the initials "SA" which should appear legibly and the disclosure of the amount of the share capital, together with the name of the Register of Commerce and Companies with which the Company is registered and the number under which it is registered.

Article 4 – Registered office

The registered office of the Company is at: 22 avenue Montaigne, 75008 Paris, France.

It may be transferred to any other place within the same district ("*département*") or any adjacent district pursuant to a decision of the Board of Directors subject to the approval of said decision by the next Ordinary Shareholders' Meeting, and to any other place pursuant to a resolution of the Extraordinary Shareholders' Meeting.

Article 5 – Duration

The Company, which came into existence on January 1, 1923, shall end on December 31, 2021, except in the event of early dissolution or extension as provided by these Bylaws.

Article 6 – Capital

1. The share capital is set to the sum of EUR 152,300,959.50 (one hundred and fifty-two million, three hundred thousand, nine hundred and fifty-nine euros and fifty cents) divided into 507,669,865 (five hundred and seven million, six hundred and sixty-nine thousand, eight hundred and sixty-five) fully-paid shares with a nominal amount of EUR 0.30 per share.

287,232 shares of FRF 50 were issued further to the contribution in kind, valued at FRF 34,676,410, completed upon the merger with Champagne Mercier.

772,877 shares of FRF 50 were issued further to the contribution by the shareholders of Jas Hennessy & Co. of 772,877 shares of said company, valued at FRF 407,306,179.

2,989,110 shares of FRF 50 were issued further to the contribution in kind, valued at FRF 1,670,164,511, completed upon the merger with Louis Vuitton.

1,343,150 shares were issued further to the contribution made by BM Holding, of 1,961,048 shares of Le Bon Marché, Maison Aristide Boucicaut, valued at FRF 1,700,000,000.

18,037,011 shares with a nominal value of EUR 0.30 were issued further to the contribution made by Messrs. Paolo Bulgari, Nicola Bulgari and Francesco Trapani of 166,382,348 Bulgari shares, valued at EUR 2,038,183,763.

2. The share capital may be increased by a resolution of the Extraordinary Shareholders' Meeting. However, when the increase of the capital is completed by way of capitalization of reserves, profits or issue premium, the Shareholders' Meeting shall vote subject to the quorum and majority conditions of the Ordinary Shareholders' Meetings.

3. The share capital may, by resolution of the Extraordinary Shareholders' Meeting, be amortized by means of equal repayment for each share by use of profits or reserves other than the legal reserve, without such amortization causing the reduction of the capital.

4. The share capital may also be reduced by resolution of the Extraordinary Shareholders' Meeting either by reducing the nominal value or the number of the shares.

Article 7 – Payment for the shares

The amounts to be paid for the shares to be subscribed in cash pursuant to an increase of the capital are payable as provided by the Extraordinary Shareholders' Meeting.

Upon subscription the initial payment is of at least one fourth of the nominal value of the shares. The issue premium, if any, must be paid in full on subscription.

The balance of the nominal value of the shares shall be paid, as provided by the Board of Directors, in one or several stages, not later than five years from the date at which the increase in capital was completed.

Calls for funds shall be notified to the shareholders eight days before the time fixed for each payment, either by registered letter with acknowledgement of receipt or by a notice inserted in a legal gazette published where the registered office is located.

The sums payable for the unpaid part of the shares are subject to a daily interest charge at a rate of 5% per annum, without need of Court action, as from the date at which they fell due.

When the shares are not fully paid up, upon issuance, they must be in the registered form and so remain until they are fully paid up.

Article 8 – Rights and obligations attached to the shares

The rights and obligations attached to a share follow the share to any transferee to whom it may be transferred and the transfer includes all the payable and unpaid dividends and dividends payable, as well as, as the case may be, the corresponding share in reserves and provisions.

The ownership of a share shall imply ipso facto the acceptance of the present Bylaws and of the decisions of the Shareholders' Meetings.

In addition to the right to vote which is attached by law to the shares, each of them carries a right to a share of corporate assets, of profits, and of any liquidation surplus, proportional to the number and nominal value of the existing shares.

As the case may be, and subject to any statutory provision, all tax exemptions or charges as well as all taxation which may be borne by the Company shall be taken into account prior to any reimbursement either within the course of the life of the Company or upon its liquidation so that, according to their nominal value, all the existing shares of the same class shall receive the same net amount irrespective of their origin or their date of issuance.

The shareholders shall be responsible for any negative equity of the Company up to the nominal value of the shares they hold.

Each time it shall be necessary to hold a certain number of shares in order to exercise a right, it will be the responsibility of the shareholder(s) having less than the required number to take the necessary actions to form a group with a sufficient number of shares.

Article 9 – Form and transfer of the shares

Fully paid up shares are either in the registered or in the bearer form, as the shareholder may decide, subject however to the statutory provisions relating to the shares held by certain persons.

The shares are registered in the accounts as provided by law and regulations in force.

However, certificates, or any other document, representing the shares may be issued when and as provided by law.

The ownership of the shares in the registered form is evidenced by their registration in registered accounts.

When the owner of the shares is not a French resident within the meaning applied Article 102 of the French Civil Code, any intermediary may be registered on behalf of such owner. Such registration may be made in the form of a joint account or several individual accounts, each corresponding to one owner.

At the time such account is opened through either the issuing Company or the financial intermediary authorized as account holder, the registered intermediary shall be required to declare his capacity as intermediary holding shares on behalf of another party.

The shares registered in accounts are freely transferable by transfer from one account to another.

Prior approval of the transferee is required only for partly paid up shares.

All costs resulting from the transfer shall be borne by the transferee. Shares with payments in arrears may not be transferred.

Article 10 – Securities

The Company may issue any security authorized by law.

Certificates, or any other document, representing securities may be issued as and when provided by law.

Article 11 – Board of Directors

1. Subject to the exceptions provided by law, the Board of Directors is composed of three to eighteen members, who may be individuals or legal entities appointed by the Ordinary Shareholders' Meeting.

A legal entity must, at the time of its appointment, designate an individual, who will be its permanent representative on the Board of Directors. The term of office of a permanent representative is the same as the legal entity that he represents. When the legal entity dismisses its permanent representative, it must at the same time provide for its replacement. The same applies in case of death or resignation of the permanent representative.

2. Each member of the Board of Directors must during its term of office own at least five hundred (500) shares of the Company.

If, at the time of its appointment, a member of the Board of Directors does not own the required number of shares or if, during its term of office, it ceases to be the owner thereof, it shall dispose of a period of six months to purchase such number of shares, in default of which it shall be automatically deemed to have resigned.

3. Nobody being more than seventy years old shall be appointed Director if, as a result of his appointment, the number of Directors who are more than seventy years old would exceed one-third of the members of the Board. The number of members of the Board of Directors who are more than seventy years old may not exceed one-third, rounded to the next higher number if this total is not a whole number, of the Directors in office. Whenever this limit is exceeded, the term in office of the oldest appointed member shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was exceeded.

4. Directors are appointed for a term of three years. The duties of a Director shall terminate at the close of the Ordinary Shareholders' Meeting convened to approve the accounts of the preceding fiscal year and held in the year during which the term of office of said Director comes to an end.

However, in order to allow a renewal of the terms which is as egalitarian as possible and in any case complete for each period of three years, the Board of Directors will have the option to determine the order of retirement of the Directors by the impartial selection in a Board Meeting of one-third of the Directors each year. Once the rotation has been established, renewals will take place according to seniority.

The Directors may always be re-elected; they may be revoked at any time by decision of the Shareholders' Meeting.

In the event of the death or resignation of one or several Directors, the Board of Directors may make provisional appointments between two Shareholders' Meetings.

Appointments made by the Board of Directors pursuant to the above paragraph are submitted to the ratification of the next Ordinary Shareholders' Meeting. Should the Meeting of the shareholders fail to ratify these provisional appointments, this shall not affect the validity of prior resolutions and acts of the Board of Directors.

When the number of members of the Board of Directors falls below the statutory minimum, the remaining Directors must immediately convene an Ordinary Shareholders' Meeting in order to supplement the membership of the Board of Directors.

The Director appointed to replace another Director shall remain in office for the remaining term of office of its predecessor only.

5. A salaried employee of the Company may be appointed as a Director provided that his employment contract antedates his appointment and corresponds to a position actually held. In such case, he shall not lose the benefit of his employment contract. The number of Directors bound to the Company by an employment contract may not exceed one-third of the Directors in office.

Article 12 – Organization and operation of the Board of Directors

The Board of Directors shall elect a Chairman, who must be an individual, from among its members. It shall determine his term of office, which cannot exceed that of his office as Director and may dismiss him at any time.

The Board shall also determine the compensation to be paid to the Chairman.

The Chairman of the Board of Directors cannot be more than seventy-five years old. Should the Chairman reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached. Subject to this provision, the Chairman of the Board may always be re-elected.

The Board may always elect one or several Vice-Chairman(men). It shall determine their term of office which cannot exceed that of their respective office as Director.

The officers of the meeting are the Chairman, the Vice-Chairman(men) and the Secretary.

The Secretary may be chosen from outside the Directors or the shareholders. The Board determines its term of office. The Secretary may always be re-elected.

Article 13 – Meetings of the Board of Directors

1. The Board, convened by its Chairman, meets as often as required by the interests of the Company.

Notice is served in the form of a letter sent to each Director, at least eight days prior to the meeting; it shall mention the agenda of the meeting as set by the person(s) convening the meeting.

However, the Board may meet without notice upon verbal notice and the agenda may be set at the opening of the meeting:

- if all Directors in office are present or represented; or
- when it is convened by the Chairman during a Shareholders' Meeting.

Moreover a meeting of the Board of Directors may also be convened by any group of Directors, representing at least one-third of the members of the Board, if the Board has not met for more than two months. In such case, they shall indicate the agenda of the meeting.

The meetings of the Board are held at the registered office or at any place, in France or abroad.

2. Any Director may give to another Director, by letter, cable, telex, or fax, a proxy to another Director to be represented at a meeting of the Board. However, each Director may only dispose of one proxy during the meeting.

The Board may validly act only if at least one-half of its members are present.

Directors who participate in Board meetings by means of videoconferencing or other telecommunication methods under the conditions defined by the internal rules and regulations of the Board of Directors shall be deemed to be present for the purposes of calculating the quorum and majority. However, actual presence or representation shall be necessary for any Board resolutions relating to the preparation of the parent company financial statements and consolidated financial statements, and to the drafting of the Management Report and the report on the Group's Management.

Decisions are made by a majority of votes of the members present or represented, each Director being entitled to one vote for himself and one for the Director he represents. In the event of a tie vote, the Chairman's vote is the deciding vote.

3. An attendance register shall be kept and signed by all the Directors attending each meeting of the Board of Directors.

4. To be valid, copies or abstracts of the minutes of the meetings of the Board of Directors shall be certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Secretary, the Director temporarily delegated to perform the duties of Chairman or by a representative duly authorized to that effect.

Article 14 – Powers of the Board of Directors

The Board of Directors sets guidelines for the Company's activities and shall ensure their implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses any issue relating to the Company's proper operation and settles the affairs concerning it through its resolutions.

In its relations with third parties, the Company is bound even by acts of the Board of Directors falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or that it could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient proof thereof.

The Board of Directors performs such monitoring and verifications as it deems appropriate. Each Director receives all necessary information for completing his assignment and may request any documents he deems useful.

Article 15 – Powers of the Chairman of the Board of Directors

1. The Chairman of the Board of Directors chairs the meetings of the Board, and organizes and directs its work, for which he reports to the Shareholders' Meeting. He ensures the proper operation of the corporate bodies and verifies, in particular, that the Directors are capable of fulfilling their assignments.

2. In case of temporary disability or death of the Chairman, the Board may temporarily delegate a Director to perform the duties of the Chairman.

In case of temporary disability this delegation is granted for a limited duration; it is renewable. In case of death it is granted until the election of the new Chairman.

Article 16 – General Management

1. Choice between the two methods of General Management

The Company's General Management is performed, under his responsibility, either by the Chairman of the Board of Directors, or by another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer, depending upon the decision of the Board of Directors choosing between the two methods of exercising the General Management function. It shall inform the shareholders thereof in accordance with the regulatory conditions.

When the Company's General Management is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer shall apply to him.

2. Chief Executive Officer

The Chief Executive Officer may or may not be chosen from among the Directors. The Board sets his term of office as well as his compensation. The age limit for serving as Chief Executive Officer is seventy-five years. Should the Chief Executive Officer reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. If the dismissal is decided without just cause, it may give rise to damages, unless the Chief Executive Officer assumes the duties of Chairman of the Board of Directors.

The Chief Executive Officer is vested with the most extensive powers to act under any circumstances on behalf of the Company. He exercises such powers within the limits of the corporate purpose, and subject to the powers expressly granted by law to the Shareholders' Meeting and to the Board of Directors.

He shall represent the Company in its relations with third parties. The Company is bound even by acts of the Chief Executive Officer falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient to establish such proof.

The provisions of the Bylaws or decisions of the Board of Directors limiting the powers of the Chief Executive Officer are not binding on third parties.

3. Group Managing Directors

Upon the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer, with the title of Group Managing Director, for whom it shall set the compensation.

There may not be more than five Group Managing Directors serving in this capacity at the same time.

Group Managing Directors may be dismissed at any time by the Board of Directors, upon the proposal of the Chief Executive Officer. If the dismissal is decided without just cause, it may give rise to damages.

When the Chief Executive Officer ceases to exercise his duties or is prevented from doing so, the Group Managing Directors remain in office with the same powers until the appointment of the new Chief Executive Officer, unless resolved otherwise by the Board.

In agreement with the Chief Executive Officer, the Board of Directors sets the scope and duration of the powers granted to Group Managing Directors. With regard to third parties, they shall have the same powers as the Chief Executive Officer.

The age limit for eligibility to perform the duties of Managing Director is sixty-five years. Should a Group Managing Director reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

Article 17 – Delegation of powers

The Board of Directors may grant one or more Directors, or third parties, whether shareholders or not, with the ability to replace it, any authority, assignments and special offices for one or more specific purposes.

It may resolve to create committees responsible for studying such issues as it or the Chief Executive Officer submit thereto for examination. Such committees shall perform their duties at the discretion of the Board, which sets their composition and responsibilities, as well as the compensation of their members, if any.

The Chief Executive Officer and the Group Managing Directors may, at their discretion, consent to partial delegations of authority to third parties.

Article 18 – Agreements subject to authorization

1. Any sureties, endorsements and guarantees granted by the Company must be authorized by the Board of Directors as provided by law.

2. Any agreement to be entered into between the Company and one of its Directors or its Chief Executive Officer or one of its Managing Directors, whether directly or indirectly or through an intermediary must be submitted to the prior authorization of the Board of Directors under the conditions provided by law.

Such prior authorization is also required for agreements between the Company and another enterprise, should one of the Directors or the Chief Executive Officer or one of the Group Managing Directors of the Company be the or an owner, partner with unlimited liability, company manager, Director, Chief Executive Officer, member of the Executive Board or Supervisory Board, or in a general sense top-ranking executive of this other enterprise.

The same shall hold for any agreement entered into with a shareholder holding a proportion of voting rights greater than 10% or with any company which controls a company holding more than 10% of the Company's share capital.

The above provisions shall not apply to agreements concluded within the normal course of the Company's operations and at arm's length.

Article 19 – Prohibited agreements

Directors, other than legal entities, are forbidden to contract loans from the Company in any form whatsoever, to secure an overdraft from it, on current account or otherwise, or to have the Company guarantee or secure their undertakings toward third parties.

The same prohibition applies to the Chief Executive Officer, the Group Managing Directors and to permanent representatives of legal entities which are Directors. It also applies to spouses, ascendants and descendants of the persons referred to in this article as well as to all persons acting as intermediaries.

Article 20 – Remuneration of the Directors

1. The Ordinary Shareholders' Meeting may allow to the Directors in remuneration for their services a fixed sum as attendance fees, the amount of which is to be included in the operating expenses of the Company.

The Board shall divide the amount of these attendance fees among its members as it deems fit.

2. The Board may also authorize the reimbursement of the travel fares and expenses and of the expenses incurred by the Directors in the interest of the Company.

3. The Board may allow special payments to Directors for projects assigned or delegated to them pursuant to the provisions of Article 17 of these Bylaws. These payments, to be included in the operating expenses of the Company, shall be subject to the provisions of Article 18 of these Bylaws.

4. Apart from the amounts provided for under the three paragraphs above as well as from the salaries of the Directors being employees of the Company, and from the compensation, whether fixed or proportional, to be paid to the Chairman, or the Director temporarily delegated in the duties of Chairman, the Chief Executive Officer and, as applicable, the Group Managing Directors, no other consideration, whether permanent or not, may be paid to the Directors.

Article 21 – Advisory Board

The Shareholders' Meeting may, upon proposal of the Board of Directors, appoint Advisors the number of whom shall not exceed nine.

In case of death or resignation of one or more Advisors, the Board of Directors may make provisional appointments subject to their ratification by the next Ordinary Shareholders' Meeting.

The Advisors, who are chosen among the shareholders on the strength of their skills, shall constitute an Advisory Board.

The Advisors are appointed for a term of three years ending at the close of the Ordinary Shareholders' Meeting convened to approve the accounts of the preceding fiscal year and held in the year during which their term of office comes to an end.

The Advisors are convened to the meetings of the Board of Directors and take part to the deliberations with a consultative vote. Their absence cannot however affect the validity of such deliberations.

The Board of Directors may allocate fees to the Advisors the amount of which will be set off from the attendance fees allocated by the Shareholders' Meeting to the members of the Board of Directors.

Article 22 – Statutory Auditors

The Company shall be audited, as provided by law, by one or more Statutory Auditors legally entitled to be elected as such. When the conditions provided by law are met, the Company must appoint at least two Statutory Auditors.

Each Statutory Auditor is appointed by the Ordinary Shareholders' Meeting.

One or more alternate Statutory Auditors, who may be called to replace the regular Statutory Auditors in the event of death, disability, resignation or refusal to perform their duties, are appointed by the Ordinary Shareholders' Meeting.

Article 23 – Shareholders' Meetings

1. Shareholders' Meetings shall be convened and held as provided by law. The agenda of the Meeting shall be mentioned on the convening notice and letters; it is set by the corporate body convening the Meeting.

When the Shareholders' Meeting has not been able to transact business validly due to a lack of quorum, a second Meeting or, as the case may be, a prorogated second Meeting, is convened in the same way at least ten days prior to the Meeting. Notice and convening letters relating to such second Meeting reproduce the date and agenda of the first Meeting.

The Meetings are held at the registered office or at any other place mentioned in the convening notice.

The right to attend and vote at Shareholders' Meetings is subject to the registration of the shareholder in the Company's share register.

A shareholder is entitled to attend and vote at any Meeting provided that the shares held are registered in the name of the shareholder or intermediary authorized to act on his or her behalf as of the fourth business day preceding the Meeting at midnight, Paris time, either in the accounts of registered shares maintained by the Company or in the accounts of bearer shares maintained by the officially authorized financial intermediary. The recording or registration of bearer shares is certified by a statement delivered by the financial intermediary authorized as account holder.

A shareholder can always be represented in a valid manner at a Shareholders' Meeting by another shareholder, his or her spouse, the partner with whom he or she has entered into a "*pacte civil de solidarité*" (PACS, the French civil union contract), or any other private individual or legal entity of his or her choice. Written notice must be sent to the Company of the appointment of any proxy, and where applicable the rescindment of this appointment.

Shareholders may vote by mail at any Meeting in accordance with applicable laws and regulations. To be taken into account, the voting form must have been received by the Company at least three days prior to the date of the Meeting.

Shareholders may address their proxy form and/or their voting form for any Meeting, in accordance with applicable laws and regulations, either by mail or, if decided by the Board of Directors, by electronic transmission. Pursuant to the provisions of Article 1316-4, paragraph 2 of the French Civil Code, in the event of the use of an electronically submitted form, the shareholder's signature shall make use of a reliable identification process that ensures the link with the document to which it is attached.

A shareholder having voted either by mail or by electronic transmission, having sent a proxy or having requested an admittance card or certificate stating the ownership of shares may not select another means of taking part in the Meeting.

In accordance with the conditions set by applicable legal and regulatory provisions, and pursuant to a decision of the Board of Directors, Shareholders' Meetings may also be held by means of video conference or through the use of any telecommunications media allowing the identification of shareholders.

Any intermediary who meets the requirements set forth in paragraphs 7 and 8 of Article L. 228-1 of the French Commercial Code may, pursuant to a general securities management agreement, transmit to a Shareholders' Meeting the vote or proxy of a shareholder, as defined in paragraph 7 of that same article.

Before transmitting any proxies or votes to a Shareholders' Meeting, the intermediary shall be required, at the request of the issuing corporation or its proxy, to provide a list of the non-resident owners of the shares to which such voting rights are attached. Such list shall be supplied as provided by applicable regulations.

A vote or proxy issued by an intermediary who either is not declared as such, or does not disclose the identity of the shareholders, may not be counted.

When a Works Council exists within the Company, two of its members, appointed by the Council, may attend Shareholders' Meetings. At their request, their opinions must be heard on the occasion of any vote requiring the unanimous approval of shareholders.

A Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the oldest Vice-Chairman of the Board of Directors or, in the absence of the latter, by a Member of the Board of Directors appointed by the Board for that purpose. If no Chairman has been appointed, the Meeting elects its Chairman.

The two Members of the Meeting present, having the greatest number of votes, and accepting that role, are appointed as Scrutinizers. The Officers of the Meeting appoint a Secretary, who may but need not be a shareholder.

An attendance sheet is drawn up, in accordance with the law.

2. The voting right attached to a share is proportional to the share of the capital it represents. When having the same nominal value, each share, either in capital or redeemed ("*de jouissance*"), gives right to one vote.

However a voting right equal to twice the voting right attached to other shares, with respect to the portion of the share capital that they represent, is granted:

- to all fully paid up registered shares for which evidence of registration under the name of the same shareholder during at least three years will be brought;
- to registered shares allocated to a shareholder in case of increase of the capital by capitalization of reserves, or of profits carried forward or of issue premiums due to existing shares for which it was entitled to benefit from this right.

This double voting right shall automatically lapse in the case of registered shares being converted into bearer shares or conveyed in property. However, any transfer by right of inheritance, by way of liquidation of community property between spouses or deed of gift *inter vivos* to the benefit of a spouse or an heir shall neither cause the acquired right to be lost nor interrupt the abovementioned three-year qualifying period. This is also the case for any transfer due to a merger or spin-off of a shareholding company.

Votes shall be expressed either by raised hands or by standing up or by a roll-call as decided by the officers of the Meeting.

However a secret ballot may be decided:

- either by the Board of Directors;
- or by the shareholders representing at least one-fourth of the capital if their request was made in writing and addressed to the Board of Directors or the corporate body having convened the Meeting, two days at least prior to the Meeting.

3. The Ordinary Shareholders' Meeting makes decisions which do not amend the Bylaws.

It is convened at least once a year, within six months from the end of each fiscal year to vote on the accounts of that fiscal year.

In order to pass valid resolutions, the Ordinary Shareholders' Meeting, convened upon first notice, must consist of shareholders, present or represented, holding at least one-fifth of total voting shares. The deliberations of an Ordinary Shareholders' Meeting, convened upon second notice, shall be valid regardless of the number of shareholders present or represented.

The resolutions of the Ordinary Shareholders' Meeting are approved by a majority of the votes of the shareholders present or represented.

4. Only the Extraordinary Shareholders' Meeting may amend the Bylaws. However, in no event can it increase the duties of the shareholders except in the case of transactions resulting from a duly completed regrouping of shares.

As to the Extraordinary Shareholders' Meeting, the quorum necessary, upon first convening notice, is one-fourth of the voting shares, and one-fifth upon second convening notice or in the case of prorogation of the second meeting.

The resolutions of the Extraordinary Shareholders' Meeting shall be carried out at a two-third majority of the votes of the shareholders present or represented.

5. The copies or abstracts of the minutes of the Meetings shall be validly certified by the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary of the Meeting.

Ordinary and Extraordinary Shareholders' Meetings shall exercise their respective powers as provided by law.

6. During constitutive Extraordinary Shareholders' Meetings, which are those called to approve contributions in kind or benefits in kind, the contributor or the beneficiary cannot vote either for himself or as a proxy.

7. When there are several classes of shares, the rights attached to the shares of one class cannot be modified without a proper vote of an Extraordinary Shareholders' Meeting open to all shareholders and without a proper vote of a Special Shareholders' Meeting exclusively comprising owners of the shares of the class concerned.

As to the Special Shareholders' Meeting, the quorum necessary, upon first convening notice, is one-third of the voting shares, and one-fifth upon second convening notice or in the case of prorogation of the second Meeting.

The resolutions of the Special Shareholders' Meeting shall be carried by a two-thirds majority vote of the shareholders present or represented.

Article 24 – Information on ownership of the share capital

Any individual or legal entity who becomes the owner of a fraction of capital of at least one per cent shall notify the total number of shares it holds to the Company. Such notice should be given within fifteen days from the date at which this percentage is reached

The same obligation applies whenever the portion of capital held increases by at least one per cent. However, it shall cease to be applicable when the portion of capital held is equal to or greater than 60% of the share capital.

In case of non-compliance with the above obligation and upon the request of one or several shareholders holding at least 5% of the capital and recorded in the minutes of the Shareholders' Meeting, the shares in excess of the percentage to be declared shall be deprived of their right to vote at any Meeting held until the expiration of a period of three months as from the date at which proper notification pursuant to the above paragraph is eventually made.

Article 25 – Identification of the holders of securities

The Company may, at any time, in accordance with the applicable laws and regulations, for a fee that it shall pay which shall not exceed the maximum set by France's Minister of the Economy, request the central depositary of financial instruments to give it the name, nationality and address of natural persons or legal entities holding securities conferring an immediate or deferred right to vote at its own Shareholders' Meetings, as well as the number of securities held by such natural persons or legal entities and the restrictions, if any, which may exist upon the securities.

In light of the list sent by the aforementioned body, the Company shall be entitled to request information concerning the owners of the shares listed above, either through the intervention of that body, or directly, to the persons appearing on that list and who might be, in the Company's opinion, registered on behalf of third parties.

When they act as intermediaries, such persons shall be required to disclose the identity of the owners of such shares. The information shall be provided directly to the authorized financial intermediary holding the account, who shall, in turn, be responsible for communicating it to the issuing Company or the aforementioned body, as applicable.

Article 26 – Fiscal year

Each fiscal year has a duration of one year beginning on January 1 and ending on December 31.

Article 27 – Annual accounts

The Board of Directors shall keep regular accounts of the corporate operations and shall draw up the annual accounts in conformity with the law and the commercial practice.

Article 28 – Appropriation of results and allocation of profits

From the profit for a fiscal year, minus prior losses, if any, an amount equal to at least 5% must be deducted and allocated to the formation of a "legal reserve" fund. This deduction is no longer required when the amount of the legal reserve has reached one- tenth of the share capital of the Company.

Distributable earnings consist of the net profit of the fiscal year, minus prior losses and the deduction described in the previous paragraph, plus profits carried forward.

From these earnings, and subject to the decisions of the Shareholders' Meeting, an initial deduction is made of the amount required to distribute to shareholders a preliminary dividend, equal to five percent (5%) of the amount paid up on the shares that has not been repaid to shareholders by the Company.

Dividends do not accumulate from one fiscal year to the next.

From the remaining amount, the Shareholders' Meeting may deduct the amounts it deems appropriate to allocate to all optional, ordinary or special reserve funds, or retain, in the proportions it shall determine.

The balance, if any, shall be divided among shareholders as a superdividend.

In addition, the Shareholders' Meeting may decide to distribute sums taken from the reserves, either to provide or supplement a dividend, or as an exceptional distribution. In this case, the resolution shall expressly indicate the reserve items against which these amounts are charged. However, dividends shall be paid first from the distributable earnings for the fiscal year.

When a balance sheet, drawn up during, or at the end of the fiscal year, and certified by the Statutory Auditor, shows that the Company, since the close of the preceding fiscal year, after having made the necessary depreciations and provisions and after deduction of the prior losses, if any, as well as of the amounts which are to be allocated to the reserves provided by law or by the Bylaws, and taking into account profits carried forward, if any, has available earnings, the Board of Directors may resolve the distribution of interim dividends prior to the approval of the accounts of the fiscal year, and may determine the amount thereof and the date of such distribution. The amount of such interim dividends cannot exceed the amount of the profits as defined in this paragraph.

Any dividend distributed in violation of the foregoing rules is a fictitious dividend.

If the result for the year is a loss, after the approval of the annual financial statements by the Ordinary Shareholders' Meeting, such loss is either set off against retained earnings or added to the losses carried forward. If the balance is negative, it is carried forward again to be charged against the profits of subsequent fiscal years until it is extinguished.

Article 29 – Payment of dividends

The dividend payment terms are defined by the Shareholders' Meeting or, if the Meeting fails to do so, by the Board of Directors.

However, dividends must be paid within a maximum period of nine months after the fiscal year-end, unless such period is extended by Court order.

The Shareholders' Meeting convened to approve the fiscal year's financial statements may grant each shareholder the option to receive all or a portion of his or her dividend payment (whether interim or final) either in cash or in shares.

Requests for dividend payments in shares must be received within a time period to be set by the Shareholders' Meeting, with the understanding that this period may not be longer than three months after the date of said Shareholders' Meeting.

No repayment of the dividend may be demanded from shareholders, unless the following two conditions are met:

- the distribution was made in violation of legal requirements;
- the Company has established that the beneficiaries were aware of the irregularity of the distribution at the time it was made, or could not ignore it given the circumstances.

Any recovery of dividends meeting the above conditions must be carried out within the time period provided by law.

Dividends not claimed within five years after the date at which they became payable shall be void.

Article 30 – Premature dissolution

An Extraordinary Shareholders' Meeting may at any time declare the premature dissolution of the Company.

Article 31 – Loss of one-half of the share capital of the Company

If, as a consequence of losses showed by the Company's accounts, the equity of the Company is reduced to below one-half of the share capital of the Company, the Board of Directors must, within four months from the approval of the accounts showing such loss, convene an Extraordinary Shareholders' Meeting in order to decide whether the Company ought to be dissolved before its statutory term.

If the dissolution is not resolved, the share capital must, at the latest by the end of the second fiscal year following the fiscal year during which the losses were established and subject to the legal provisions concerning the minimum share capital of "*Sociétés anonymes*", be reduced by an amount at least equal to the losses which could not be charged to reserves, if during that period the net assets have not been replenished to an amount at least equal to one half of the share capital.

In the absence of Shareholders' Meeting or in the case where the Meeting has not been able to act in a valid manner, any interested party may institute legal proceedings to dissolve the Company.

Article 32 – Effect of dissolution

The Company is deemed to be in liquidation as soon as it is dissolved for any reason whatsoever. It continues to exist as a legal entity for the needs of this liquidation until the completion thereof.

During the period of the liquidation, the Shareholders' Meeting shall retain the same powers as it did exercise during the life of the Company.

The shares shall remain transferable until the completion of the liquidation proceedings.

The dissolution of the Company is only valid vis-à-vis third parties as from the date at which it has been published at the Register of Commerce and Companies.

Article 33 – Appointment of liquidators – Powers

Upon the expiration of the term of existence of the Company or in the case of its premature dissolution, the Shareholders' Meeting shall decide the methods of liquidation and appoint one or several liquidators whose powers it will determine, and who will exercise their duties according to the law. The appointment of the liquidator(s) terminates the office of the Directors, as well as that of the Advisors, if any.

Article 34 – Liquidation – Termination

After payment of the liabilities, the remaining assets shall be used first for the payment to the shareholders of the amount paid for their shares and not amortized.

The balance, if any, shall be divided among all the shares.

The shareholders are convened at the end of the liquidation in order to decide on the final accounts, to discharge the liquidators from liability for their acts of management and the performance of their office, and to formally acknowledge the termination of the liquidation process.

The conclusion of the liquidation shall be published as provided by law.

Article 35 – Litigation

Any dispute between the Company and any of its shareholders arising directly and/or indirectly from the present Bylaws shall be settled by the Commercial Court of Paris.

7. DRAFT BYLAWS OF THE COMPANY AS A SOCIETAS EUROPAEA

These Bylaws will come into force as from the definitive completion of the Company's transformation into a Societas Europaea (SE), as validated by its registration.

Article 1 – Legal form

The Company, which was formed on April 19, 1962 by way of transformation of a "*Société à responsabilité limitée*" into a "*Société anonyme*", has been transformed into a European Company (Societas Europaea or "SE") by decision of the Combined Shareholders' Meeting of April 10, 2014. It is governed by European Community and national provisions in effect, and by these Bylaws.

Article 2 – Corporate purpose

1. Any taking of interests, through a direct or indirect equity investment, a contribution, merger, spin-off, or joint-venture with any company or group existing or to be formed, operating any commercial, industrial, agricultural, personal property, real estate or financial operations, and among others:

- trade in champagne and other wines, cognac and other spirits and, more generally, any food or beverage product;
- trade in all pharmaceutical products, perfumes and cosmetics and, more generally, products related to hygiene, beauty and skincare;
- the manufacture, sale and promotion of travel articles, luggage, bags, leather goods, clothing articles, accessories, as well as any high quality and branded articles or products;
- the operation of vineyards, horticultural and arboricultural estates, as well as the development of any related biotechnological process;
- the operation of any real estate;
- the development of any trademark, signature, model, design and, more generally, any industrial, literary or artistic property right.

2. More generally, to undertake directly any commercial, industrial, agricultural, viticultural operations, or any operation relating to personal or real property, movable or immovable property or financial, management or service operation in any of the fields of activity described in paragraph 1 above.

Article 3 – Corporate name

The name of the Company is:
LVMH Moët Hennessy - Louis Vuitton

All deeds and documents originating from the Company and addressed to third parties, in particular letters, invoices, advertisements and publications of all kinds, must indicate this name immediately preceded or followed by the words "*Société Européenne*", "Societas Europaea" or the initials "SE" which should appear legibly and the disclosure of the amount of the share capital, together with the name of the Register of Commerce and Companies with which the Company is registered and the number under which it is registered.

Article 4 – Registered office

The registered office of the Company is at: 22 avenue Montaigne, 75008 Paris, France.

It may be transferred to any other place within the same district ("*département*") or any adjacent district pursuant to a decision of the Board of Directors subject to the approval of said decision by the next Ordinary Shareholders' Meeting, and to any other place pursuant to a resolution of the Extraordinary Shareholders' Meeting.

Article 5 – Duration

The Company, which came into existence on January 1, 1923, shall end on December 31, 2021, except in the event of early dissolution or extension as provided by these Bylaws.

Article 6 – Capital

1. The share capital is set to the sum of EUR 152,300,959.50 (one hundred and fifty-two million, three hundred thousand, nine hundred and fifty-nine euros and fifty cents) divided into 507,669,865 (five hundred and seven million, six hundred and sixty-nine thousand, eight hundred and sixty-five) fully-paid shares with a nominal amount of EUR 0.30 per share.

287,232 shares of FRF 50 were issued further to the contribution in kind, valued at FRF 34,676,410, completed upon the merger with Champagne Mercier.

772,877 shares of FRF 50 were issued further to the contribution by the shareholders of Jas Hennessy & Co of 772,877 shares of said company, valued at FRF 407,306,179.

2,989,110 shares of FRF 50 were issued further to the contribution in kind, valued at FRF 1,670,164,511, completed upon the merger with Louis Vuitton.

1,343,150 shares were issued further to the contribution made by BM Holding, of 1,961,048 shares of Le Bon Marché, Maison Aristide Boucicaut, valued at FRF 1,700,000,000.

18,037,011 shares with a nominal value of EUR 0.30 were issued further to the contribution made by Messrs. Paolo Bulgari, Nicola Bulgari and Francesco Trapani of 166,382,348 Bulgari shares, valued at EUR 2,038,183,763.

2. The share capital may be increased by a resolution of the Extraordinary Shareholders' Meeting. However, when the increase of the capital is completed by way of capitalization of reserves, profits or issue premiums, the Shareholders' Meeting shall vote subject to the quorum and majority conditions of the Ordinary Shareholders' Meetings. The Extraordinary Shareholders' Meeting may delegate to the Board of Directors, in any manner authorized by law and regulations, the necessary authority and/or powers to decide on or carry out a capital increase or any other issue of securities.

3. The share capital may, by resolution of the Extraordinary Shareholders' Meeting, be amortized by means of equal repayment for each share by use of profits or reserves other than the legal reserve, without such amortization causing the reduction of the capital.

4. The share capital may also be reduced by resolution of the Extraordinary Shareholders' Meeting either by reducing the nominal value or the number of the shares.

Article 7 – Payment for the shares

The amounts to be paid for the shares to be subscribed in cash pursuant to an increase of the capital are payable as provided by the Extraordinary Shareholders' Meeting.

Upon subscription the initial payment is of at least one fourth of the nominal value of the shares. The issue premium, if any, must be paid in full on subscription.

The balance of the nominal value of the shares shall be paid, as provided by the Board of Directors, in one or several stages, not later than five years from the date at which the increase in capital was completed.

Calls for funds shall be notified to the shareholders eight days before the time fixed for each payment, either by registered letter with acknowledgement of receipt or by a notice inserted in a legal gazette published where the registered office is located.

The sums payable for the unpaid part of the shares are subject to a daily interest charge at a rate of 5% per annum, without need of Court action, as from the date at which they fell due.

When the shares are not fully paid up, upon issuance, they must be in the registered form and so remain until they are fully paid up.

Article 8 – Rights and obligations attached to the shares

The rights and obligations attached to a share follow the share to any transferee to whom it may be transferred and the transfer includes all the payable and unpaid dividends and dividends payable, as well as, as the case may be, the corresponding share in reserves and provisions.

The ownership of a share shall imply *ipso facto* the acceptance of the present Bylaws and of the decisions of the Shareholders' Meetings.

In addition to the right to vote which is attached by law to the shares, each of them carries a right to a share of corporate assets, of profits, and of any liquidation surplus, proportional to the number and nominal value of the existing shares.

As the case may be, and subject to any statutory provision, all tax exemptions or charges as well as all taxation which may be borne by the Company shall be taken into account prior to any reimbursement either within the course of the life of the Company or upon its liquidation so that, according to their nominal value, all the existing shares of the same class shall receive the same net amount irrespective of their origin or their date of issuance.

The shareholders shall be responsible for any negative equity of the Company up to the nominal value of the shares they hold.

Each time it shall be necessary to hold a certain number of shares in order to exercise a right, it will be the responsibility of the shareholder(s) having less than the required number to take the necessary actions to form a group with a sufficient number of shares.

Article 9 – Form and transfer of the shares

Fully paid up shares are either in the registered or in the bearer form, as the shareholder may decide, subject however to the statutory provisions relating to the shares held by certain persons.

The shares are registered in the accounts as provided by law and regulations in force.

However, certificates, or any other document, representing the shares may be issued when and as provided by law.

The ownership of the shares in the registered form is evidenced by their registration in registered accounts.

When the owner of the shares is not a French resident within the meaning applied Article 102 of the French Civil Code, any intermediary may be registered on behalf of such owner. Such registration may be made in the form of a joint account or several individual accounts, each corresponding to one owner.

At the time such account is opened through either the issuing Company or the financial intermediary authorized as account holder, the registered intermediary shall be required to declare his capacity as intermediary holding shares on behalf of another party.

The shares registered in accounts are freely transferable by transfer from one account to another.

Prior approval of the transferee is required only for partly paid up shares.

All costs resulting from the transfer shall be borne by the transferee.

Shares with payments in arrears may not be transferred.

Article 10 – Securities

The Company may issue any security authorized by law.

Certificates, or any other document, representing securities may be issued as and when provided by law.

Article 11 – Board of Directors

1. Subject to the exceptions provided by law, the Board of Directors is composed of three to eighteen members, who may be individuals or legal entities appointed by the Ordinary Shareholders' Meeting.

A legal entity must, at the time of its appointment, designate an individual, who will be its permanent representative on the Board of Directors. The term of office of a permanent representative is the same as the legal entity that he represents. When the legal entity dismisses its permanent representative, it must at the same time provide for its replacement. The same applies in case of death or resignation of the permanent representative.

2. Each member of the Board of Directors must during its term of office own at least five hundred (500) shares of the Company.

If, at the time of its appointment, a member of the Board of Directors does not own the required number of shares or if, during its term of office, it ceases to be the owner thereof, it shall have a period of six months to purchase such number of shares, in default of which it shall be automatically deemed to have resigned.

3. Nobody being more than seventy years old shall be appointed Director if, as a result of his appointment, the number of Directors who are more than seventy years old would exceed one-third of the members of the Board. The number of members of the Board of Directors who are more than seventy years old may not exceed one-third, rounded to the next higher number if this total is not a whole number, of the Directors in office. Whenever this limit is exceeded, the term in office of the oldest appointed member shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was exceeded.

4. Directors are appointed for a term of three years. The duties of a Director shall terminate at the close of the Ordinary Shareholders' Meeting convened to approve the accounts of the preceding fiscal year and held in the year during which the term of office of said Director comes to an end.

However, in order to allow a renewal of the terms which is as egalitarian as possible and in any case complete for each period of three years, the Board of Directors will have the option to determine the order of retirement of the Directors by the impartial selection in a Board Meeting of one-third of the Directors each year. Once the rotation has been established, renewals will take place according to seniority.

The Directors may always be re-elected; they may be revoked at any time by decision of the Shareholders' Meeting.

In the event of the death or resignation of one or several Directors, the Board of Directors may make provisional appointments between two Shareholders' Meetings.

Appointments made by the Board of Directors pursuant to the above paragraph are submitted to the ratification of the next Ordinary Shareholders' Meeting. Should the Meeting of the shareholders fail to ratify these provisional appointments, this shall not affect the validity of prior resolutions and acts of the Board of Directors.

When the number of members of the Board of Directors falls below the statutory minimum, the remaining Directors must immediately convene an Ordinary Shareholders' Meeting in order to supplement the membership of the Board of Directors.

The Director appointed to replace another Director shall remain in office for the remaining term of office of its predecessor only.

5. A salaried employee of the Company may be appointed as a Director provided that his employment contract antedates his appointment and corresponds to a position actually held. In such case, he shall not lose the benefit of his employment contract. The number of Directors bound to the Company by an employment contract may not exceed one-third of the Directors in office.

Article 12 – Organization and operation of the Board of Directors

The Board of Directors shall elect a Chairman, who must be an individual, from among its members. It shall determine his term of office, which cannot exceed that of his office as Director and may dismiss him at any time.

The Board shall also determine the compensation to be paid to the Chairman.

The Chairman of the Board of Directors cannot be more than seventy-five years old. Should the Chairman reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached. Subject to this provision, the Chairman of the Board may always be re-elected.

The Board may always elect one or several Vice-Chairman(men). It shall determine their term of office which cannot exceed that of their respective office as Director.

The officers of the meeting are the Chairman, the Vice-Chairman(men) and the Secretary.

The Secretary may be chosen from outside the Directors or the shareholders. The Board determines its term of office. The Secretary may always be re-elected.

Article 13 – Meetings of the Board of Directors

1. The Board, convened by its Chairman, meets as often as required by the interests of the Company, and at least every three months.

Notice is served in the form of a letter sent to each Director, at least eight days prior to the meeting; it shall mention the agenda of the meeting as set by the person(s) convening the meeting.

However, the Board may meet without notice upon verbal notice and the agenda may be set at the opening of the meeting:

- if all Directors in office are present or represented, or
- when it is convened by the Chairman during a Shareholders' Meeting.

Moreover a meeting of the Board of Directors may also be convened by any group of Directors, representing at least one-third of the members of the Board, if the Board has not met for more than two months. In such case, they shall indicate the agenda of the meeting.

The meetings of the Board are held at the registered office or at any place, in France or abroad.

2. Any Director may give to another Director, by letter, cable, telex, or fax, a proxy to another Director to be represented at a meeting of the Board. However, each Director may only represent one proxy during the meeting.

A meeting of the Board of Directors shall be valid if at least half of its members are present or represented.

Directors who participate in Board meetings by means of videoconferencing or other telecommunication methods under the conditions defined by the internal rules and regulations of the Board of Directors shall be deemed to be present for the purposes of calculating the quorum and majority. However, actual presence or representation shall be necessary for any Board resolutions relating to the preparation of the parent company financial statements and consolidated financial statements, and to the drafting of the Management Report and the report on the Group's Management.

Decisions are made by a majority of votes of the members present or represented, each Director being entitled to one vote for himself and one for the Director he represents. In the event of a tie vote, the Chairman's vote is the deciding vote.

3. An attendance register shall be kept and signed by all the Directors attending each meeting of the Board of Directors.

4. To be valid, copies or abstracts of the minutes of the meetings of the Board of Directors shall be certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Secretary, the Director temporarily delegated to perform the duties of Chairman or by a representative duly authorized to that effect.

Article 14 – Powers of the Board of Directors

The Board of Directors sets guidelines for the Company's activities and shall ensure their implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses any issue relating to the Company's proper operation and settles the affairs concerning it through its resolutions.

In its relations with third parties, the Company is bound even by acts of the Board of Directors falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or that it could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient proof thereof.

The Board of Directors performs such monitoring and verifications as it deems appropriate.

Each Director receives all necessary information for completing his assignment and may request any documents he deems useful.

The Board of Directors shall exercise the powers defined by the law and regulations applicable in France, or delegated or authorized by a Shareholders' Meeting pursuant to said law and regulations; these powers shall include *inter alia*:

- setting, annually, either an overall limit within which the Chief Executive Officer may undertake commitments on behalf of the Company in the form of sureties, endorsements, guarantees or letters of intent involving an obligation of means; or a maximum amount for each of the above commitments. The decision to exceed the overall limit or the maximum amount set for a commitment may be made only by the Board of Directors. The Chief Executive Officer may delegate all or part of the powers granted to him in accordance with law and regulations;
- being able to set an annual limit on bond issues, and delegate to one or more of its members or the Chief Executive Officer or, with the latter's consent, to one or more Group Managing Directors, the necessary powers to carry out and define the terms of bond issues within that limit. The Board of Directors must be notified of any use of such delegation of powers at its next meeting after a bond issue is launched.

Members of the Board of Directors shall be forbidden from divulging any information about the Company, even after their terms of office have ceased, where such disclosure may be prejudicial to the Company's interests, except where such disclosure is permitted by current law and regulations or for the public benefit.

The Board of Directors may adopt internal rules and regulations establishing, inter alia, its composition, missions, operating procedures and its members' liability.

The Board of Directors may also create special-purpose committees of Directors, which may be permanent or temporary. Such committees may include but are not limited to: a special-purpose Committee to monitor the preparation and auditing of accounting and financial information, a Committee that oversees the remuneration of Directors and a Committee that oversees appointments; a single Committee may oversee both remuneration and appointments Directors. Committee composition and responsibilities shall be set forth in internal regulations adopted by the Board of Directors.

Article 15 – Powers of the Chairman of the Board of Directors

1. The Chairman of the Board of Directors chairs the meetings of the Board, and organizes and directs its work, for which he reports to the Shareholders' Meeting. He ensures the proper operation of the corporate bodies and verifies, in particular, that the Directors are capable of fulfilling their assignments.

2. In case of temporary disability or death of the Chairman, the Board may temporarily delegate a Director to perform the duties of the Chairman.

In case of temporary disability this delegation is granted for a limited duration; it is renewable. In case of death it is granted until the election of the new Chairman.

Article 16 – General Management

1. Choice between the two methods of General Management

The Company's General Management is performed, under his responsibility, either by the Chairman of the Board of Directors, or by another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer, depending upon the decision of the Board of Directors choosing between the two methods of exercising the General

Management function. It shall inform the shareholders thereof in accordance with the regulatory conditions.

When the Company's General Management is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer shall apply to him.

2. Chief Executive Officer

The Chief Executive Officer may or may not be chosen from among the Directors. The Board sets his term of office as well as his compensation. The age limit for serving as Chief Executive Officer is seventy-five years. Should the Chief Executive Officer reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. If the dismissal is decided without just cause, it may give rise to damages, unless the Chief Executive Officer assumes the duties of Chairman of the Board of Directors.

The Chief Executive Officer is vested with the most extensive powers to act under any circumstances on behalf of the Company. He exercises such powers within the limits of the corporate purpose, and subject to the powers expressly granted by law to the Shareholders' Meeting and to the Board of Directors.

He shall represent the Company in its relations with third parties. The Company is bound even by acts of the Chief Executive Officer falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient to establish such proof.

The provisions of the Bylaws or decisions of the Board of Directors limiting the powers of the Chief Executive Officer are not binding on third parties.

3. Group Managing Directors

Upon the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer, with the title of Group Managing Director, for whom it shall set the compensation.

There may not be more than five Group Managing Directors serving in this capacity at the same time.

Group Managing Directors may be dismissed at any time by the Board of Directors, upon the proposal of the Chief Executive Officer. If the dismissal is decided without just cause, it may give rise to damages.

When the Chief Executive Officer ceases to exercise his duties or is prevented from doing so, the Group Managing Directors remain in office with the same powers until the appointment of the new Chief Executive Officer, unless resolved otherwise by the Board.

In agreement with the Chief Executive Officer, the Board of Directors sets the scope and duration of the powers granted to Group Managing Directors. With regard to third parties, they shall have the same powers as the Chief Executive Officer.

The age limit for eligibility to perform the duties of Managing Director is sixty-five years. Should a Group Managing Director reach this age limit during his term of office, his appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

Article 17 – Delegation of powers

The Board of Directors may grant one or more Directors, or third parties, whether shareholders or not, with the ability to replace it, any authority, assignments and special offices for one or more specific purposes.

It may resolve to create committees responsible for studying such issues as it or the Chief Executive Officer submit thereto for examination. Such committees shall perform their duties at the discretion of the Board, which sets their composition and responsibilities, as well as the compensation of their members, if any.

The Chief Executive Officer and the Group Managing Directors may, at their discretion, consent to partial delegations of authority to third parties.

Article 18 – Agreements subject to authorization

1. Any sureties, endorsements or guarantees granted by the Company, as well as any bond issues, must be authorized by the Board of Directors as provided above.

2. Any agreement to be entered into between the Company and one of its Directors or its Chief Executive Officer or one of its Managing Directors, whether directly or indirectly or through an intermediary must be submitted to the prior authorization of the Board of Directors under the conditions provided by law.

Such prior authorization is also required for agreements between the Company and another enterprise, should one of the Directors or the Chief Executive Officer or one of the Group Managing Directors of the Company be the or an owner, partner with unlimited liability, company manager, Director, Chief Executive Officer, member of the Executive Board or Supervisory Board, or in a general sense top-ranking executive of this other enterprise.

The same shall hold for any agreement entered into with a shareholder holding a proportion of voting rights greater than 10% or with any company which controls a company holding more than 10% of the Company's share capital.

The above provisions shall not apply to agreements concluded within the normal course of the Company's operations and at arm's length.

Article 19 – Prohibited agreements

Directors, other than legal entities, are forbidden to contract loans from the Company in any form whatsoever, to secure an overdraft from it, on current account or otherwise, or to have the Company guarantee or secure their undertakings toward third parties.

The same prohibition applies to the Chief Executive Officer, the Group Managing Directors and to permanent representatives of legal entities which are Directors. It also applies to spouses, ascendants and descendants of the persons referred to in this article as well as to all persons acting as intermediaries.

Article 20 – Remuneration of the Directors

1. The Ordinary Shareholders' Meeting may allow to the Directors in remuneration for their services a fixed sum as attendance fees, the amount of which is to be included in the operating expenses of the company.

The Board shall divide the amount of these attendance fees among its members as it deems fit.

2. The Board may also authorize the reimbursement of the travel fares and expenses and of the expenses incurred by the Directors in the interest of the Company.

3. The Board may allow special payments to Directors for projects assigned or delegated to them pursuant to the provisions of Article 17 of these Bylaws. These payments, to be included in the operating expenses of the Company, shall be subject to the provisions of Article 18 of these Bylaws.

4. Apart from the amounts provided for under the three paragraphs above as well as from the salaries of the Directors being employees of the Company, and from the compensation, whether fixed or proportional, to be paid to the Chairman, or the Director temporarily delegated in the duties of Chairman, the Chief Executive Officer and, as applicable, the Group Managing Directors, no other consideration, whether permanent or not, may be paid to the Directors.

Article 21 – Advisory Board

The Shareholders' Meeting may, upon proposal of the Board of Directors, appoint Advisors the number of whom shall not exceed nine.

In case of death or resignation of one or more Advisors, the Board of Directors may make provisional appointments subject to their ratification by the next Ordinary Shareholders' Meeting.

The Advisors, who are chosen among the shareholders on the strength of their skills, shall constitute an Advisory Board.

The Advisors are appointed for a term of three years ending at the close of the Ordinary Shareholders' Meeting convened to approve the accounts of the preceding fiscal year and held in the year during which their term of office comes to an end.

The Advisors are convened to the meetings of the Board of Directors and take part to the deliberations with a consultative vote. Their absence cannot however affect the validity of such deliberations.

The Board of Directors may allocate fees to the Advisors the amount of which will be set off from the attendance fees allocated by the Shareholders' Meeting to the members of the Board of Directors.

Article 22 – Statutory Auditors

The Company shall be audited, as provided by law, by one or more Statutory Auditors legally entitled to be elected as such. When the conditions provided by law are met, the Company must appoint at least two Statutory Auditors.

Each Statutory Auditor is appointed by the Ordinary Shareholders' Meeting.

One or more alternate Statutory Auditors, who may be called to replace the regular Statutory Auditors in the event of death, disability, resignation or refusal to perform their duties, are appointed by the Ordinary Shareholders' Meeting.

Article 23 – Shareholders' Meetings

1. Shareholders' Meetings shall be convened and held as provided by law. The agenda of the Meeting shall be mentioned on the convening notice and letters; it is set by the corporate body convening the Meeting.

One or more shareholders who together hold at least 10% of the company's subscribed share capital may also request that the Board of Directors convene a Shareholders' Meeting, and draw up its agenda.

When the Shareholders' Meeting has not been able to transact business validly due to a lack of quorum, a second Meeting or, as the case may be, a prorogated second Meeting, is convened in the same way at least ten days prior to the Meeting. Notice and convening letters relating to such second Meeting reproduce the date and agenda of the first Meeting.

The Meetings are held at the registered office or at any other place mentioned in the convening notice.

The right to attend and vote at Shareholders' Meetings is subject to the registration of the shareholder in the Company's share register.

A shareholder is entitled to attend and vote at any Meeting provided that the shares held are registered in the name of the shareholder or intermediary authorized to act on his or her behalf as of the fourth business day preceding the Meeting at midnight, Paris time, either in the accounts of registered shares maintained by the Company or in the accounts of bearer shares maintained by the officially authorized financial intermediary. The recording or registration of bearer shares is certified by a statement delivered by the financial intermediary authorized as account holder.

A shareholder can always be represented in a valid manner at a Shareholders' Meeting by another shareholder, his or her spouse, the partner with whom he or she has entered into a "*pacte civil de solidarité*" (PACS, the French civil union contract), or any other private individual or legal entity of his or her choice. Written notice must be sent to the Company of the appointment of any proxy, and where applicable the rescindment of this appointment.

Shareholders may vote by mail at any Meeting in accordance with applicable laws and regulations. To be taken into account, the voting form must have been received by the Company at least three days prior to the date of the Meeting.

Shareholders may address their proxy form and/or their voting form for any Meeting, in accordance with applicable laws and regulations, either by mail or, if decided by the Board of Directors, by electronic transmission. Pursuant to the provisions of Article 1316-4, paragraph 2 of the French Civil Code, in the event of the use of an electronically submitted form, the shareholder's signature shall make use of a reliable identification process that ensures the link with the document to which it is attached.

A shareholder having voted either by mail or by electronic transmission, having sent a proxy or having requested an admittance card or certificate stating the ownership of shares may not select another means of taking part in the Meeting.

In accordance with the conditions set by applicable legal and regulatory provisions, and pursuant to a decision of the Board of Directors, Shareholders' Meetings may also be held by means of video conference or through the use of any telecommunications media allowing the identification of shareholders.

Any intermediary who meets the requirements set forth in paragraphs 7 and 8 of Article L. 228-1 of the French Commercial Code may, pursuant to a general securities management agreement, transmit to a Shareholders' Meeting the vote or proxy of a shareholder, as defined in paragraph 7 of that same article.

Before transmitting any proxies or votes to a Shareholders' Meeting, the intermediary shall be required, at the request of the issuing corporation or its proxy, to provide a list of the non-resident owners of the shares to which such voting rights are attached. Such list shall be supplied as provided by applicable regulations.

A vote or proxy issued by an intermediary who either is not declared as such, or does not disclose the identity of the shareholders, may not be counted.

When a Works Council exists within the Company, two of its members, appointed by the Council, may attend Shareholders' Meetings. At their request, their opinions must be heard on the occasion of any vote requiring the unanimous approval of shareholders.

A Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the oldest Vice-Chairman of the Board of Directors or, in the absence of the latter, by a Member of the Board of Directors appointed by the Board for that purpose. If no Chairman has been appointed, the Meeting elects its Chairman.

The two Members of the Meeting present, having the greatest number of votes, and accepting that role, are appointed as Scrutinizers. The Officers of the Meeting appoint a Secretary, who may but need not be a shareholder.

An attendance sheet is drawn up, in accordance with the law.

2. The voting right attached to a share is proportional to the share of the capital it represents. When having the same nominal value, each share, either in capital or redeemed ("*de jouissance*"), gives right to one vote.

However a voting right equal to twice the voting right attached to other shares, with respect to the portion of the share capital that they represent, is granted:

- to all fully paid up registered shares for which evidence of registration under the name of the same shareholder during at least three years will be brought;
- to registered shares allocated to a shareholder in case of increase of the capital by capitalization of reserves, or of profits carried forward or of issue premiums due to existing shares for which it was entitled to benefit from this right.

This double voting right shall automatically lapse in the case of registered shares being converted into bearer shares or conveyed in property. However, any transfer by right of inheritance, by way of liquidation of community property between spouses or deed of gift *inter vivos* to the benefit of a spouse or an heir shall neither cause the acquired right to be lost nor interrupt the abovementioned three-year qualifying period. This is also the case for any transfer due to a merger or spin-off of a shareholding company.

Votes shall be expressed either by raised hands or by standing up or by a roll-call as decided by the officers of the Meeting.

However a secret ballot may be decided:

- either by the Board of Directors;
- or by the shareholders representing at least one-fourth of the capital if their request was made in writing and addressed to the Board of Directors or the corporate body having convened the Meeting, two days at least prior to the Meeting.

3. The Ordinary Shareholders' Meeting makes decisions which do not amend the Bylaws.

It is convened at least once a year, within six months from the end of each fiscal year to vote on the accounts of that fiscal year.

In order to pass valid resolutions, the Ordinary Shareholders' Meeting, convened upon first notice, must consist of shareholders, present or represented, holding at least one-fifth of total voting shares. The deliberations of an Ordinary Shareholders' Meeting, convened upon second notice, shall be valid regardless of the number of shareholders present or represented.

The resolutions of the Ordinary Shareholders' Meeting are approved by a majority of validly cast votes. Votes cast do not include votes attaching to shares in respect of which the shareholder has not taken part in the vote, has abstained, or has returned an uncompleted or invalid vote.

4. Only the Extraordinary Shareholders' Meeting may amend the Bylaws. However, in no event can it increase the duties of the shareholders except in the case of transactions resulting from a duly completed regrouping of shares.

As to the Extraordinary Shareholders' Meeting, the quorum necessary, upon first convening notice, is one-fourth of the voting shares, and one-fifth upon second convening notice or in the case of prorogation of the second meeting.

The resolutions of the Extraordinary Shareholders' Meeting are approved by a two-thirds majority of validly cast votes. Votes cast do not include votes attaching to shares in respect of which the shareholder has not taken part in the vote, has abstained, or has returned an uncompleted or invalid vote.

5. The copies or abstracts of the minutes of the Meetings shall be validly certified by the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary of the Meeting.

Ordinary and Extraordinary Shareholders' Meetings shall exercise their respective powers as provided by law.

6. During constitutive Extraordinary Shareholders' Meetings, which are those called to approve contributions in kind or benefits in kind, the contributor or the beneficiary cannot vote either for himself or as a proxy.

7. When there are several classes of shares, the rights attached to the shares of one class cannot be modified without a proper vote of an Extraordinary Shareholders' Meeting open to all shareholders and without a proper vote of a Special Shareholders' Meeting exclusively comprising owners of the shares of the class concerned.

As to the Special Shareholders' Meeting, the quorum necessary, upon first convening notice, is one-third of the voting shares, and one-fifth upon second convening notice or in the case of prorogation of the second Meeting.

The resolutions of the Special Shareholders' Meeting are approved by a two-thirds majority of validly cast votes. Votes cast do not include votes attaching to shares in respect of which the shareholder has not taken part in the vote, has abstained, or has returned an uncompleted or invalid voting paper.

Article 24 – Information on the ownership of share capital

Any individual or legal entity who becomes the owner of a fraction of capital of at least one per cent shall notify the total number of shares it holds to the Company. Such notice should be given within fifteen days from the date at which this percentage is reached.

The same obligation applies whenever the portion of capital held increases by at least one per cent. However, it shall cease to be applicable when the portion of capital held is equal to or greater than 60% of the share capital.

In case of non-compliance with the above obligation and upon the request of one or several shareholders holding at least 5% of the capital and recorded in the minutes of the Shareholders' Meeting, the shares in excess of the percentage to be declared shall be deprived of their right to vote at any Meeting held until the expiration of a period of three months as from the date at which proper notification pursuant to the above paragraph is eventually made.

Article 25 – Identification of the holders of securities

The Company may, at any time, in accordance with the applicable laws and regulations, for a fee that it shall pay which shall not exceed the maximum set by France's Minister of the Economy, request the central depositary of financial instruments to give it the name, nationality and address of natural persons or legal entities holding securities conferring an immediate or deferred right to vote at its own Shareholders' Meetings, as well as the number of securities held by such natural persons or legal entities and the restrictions, if any, which may exist upon the securities.

In light of the list sent by the aforementioned body, the Company shall be entitled to request information concerning the owners of the shares listed above, either through the intervention of that body, or directly, to the persons appearing on that list and who might be, in the Company's opinion, registered on behalf of third parties.

When they act as intermediaries, such persons shall be required to disclose the identity of the owners of such shares. The information shall be provided directly to the authorized financial intermediary holding the account, who shall, in turn, be responsible for communicating it to the issuing Company or the aforementioned body, as applicable.

Article 26 – Fiscal year

Each fiscal year has a duration of one year beginning on January 1 and ending on December 31.

Article 27 – Annual accounts

The Board of Directors shall keep regular accounts of the corporate operations and shall draw up the annual accounts in conformity with the law and the commercial practice.

Article 28 – Appropriation of results and allocation of profits

From the profit for a fiscal year, minus prior losses, if any, an amount equal to at least 5% must be deducted and allocated to the formation of a "legal reserve" fund. This deduction is no longer required when the amount of the legal reserve has reached one-tenth of the share capital of the Company.

Distributable earnings consist of the net profit of the fiscal year, minus prior losses and the deduction described in the previous paragraph, plus profits carried forward.

From these earnings, and subject to the decisions of the Shareholders' Meeting, an initial deduction is made of the amount required to distribute to shareholders a preliminary dividend, equal to five percent (5%) of the amount paid up on the shares that has not been repaid to shareholders by the Company.

Dividends do not accumulate from one fiscal year to the next.

From the remaining amount, the Shareholders' Meeting may deduct the amounts it deems appropriate to allocate to all optional, ordinary or special reserve funds, or retain, in the proportions it shall determine.

The balance, if any, shall be divided among shareholders as a superdividend.

In addition, the Shareholders' Meeting may decide to distribute sums taken from the reserves, either to provide or supplement a dividend, or as an exceptional distribution. In this case, the resolution shall expressly indicate the reserve items against which these amounts are charged. However, dividends shall be paid first from the distributable earnings for the fiscal year.

When a balance sheet, drawn up during, or at the end of the fiscal year, and certified by the Statutory Auditor, shows that the Company, since the close of the preceding fiscal year, after having made the necessary depreciations and provisions and after deduction of the prior losses, if any, as well as of the amounts which are to be allocated to the reserves provided by law or by the Bylaws, and taking into account profits carried forward, if any, has available earnings, the Board of Directors may resolve the distribution of interim dividends prior to the approval of the accounts of the fiscal year, and may determine the amount thereof and the date of such distribution. The amount of such interim dividends cannot exceed the amount of the profits as defined in this paragraph.

Any dividend distributed in violation of the foregoing rules is a fictitious dividend.

If the result for the year is a loss, after the approval of the annual financial statements by the Ordinary Shareholders' Meeting, such loss is either set off against retained earnings or added to the losses carried forward. If the balance is negative, it is carried forward again to be charged against the profits of subsequent fiscal years until it is extinguished.

Article 29 – Payment of dividends

The dividend payment terms are defined by the Shareholders' Meeting or, if the Meeting fails to do so, by the Board of Directors.

However, dividends must be paid within a maximum period of nine months after the fiscal year-end, unless such period is extended by Court order.

The Shareholders' Meeting convened to approve the fiscal year's financial statements may grant each shareholder the option to receive all or a portion of his or her dividend payment (whether interim or final) either in cash or in shares.

Requests for dividend payments in shares must be received within a time period to be set by the Shareholders' Meeting, with the understanding that this period may not be longer than three months after the date of said Shareholders' Meeting.

No repayment of the dividend may be demanded from shareholders, unless the following two conditions are met:

- the distribution was made in violation of legal requirements;
- the Company has established that the beneficiaries were aware of the irregularity of the distribution at the time it was made, or could not ignore it given the circumstances.

Any recovery of dividends meeting the above conditions must be carried out within the time period provided by law.

Dividends not claimed within five years after the date at which they became payable shall be void.

Article 30 – Premature dissolution

An Extraordinary Shareholders' Meeting may at any time declare the premature dissolution of the Company.

Article 31 – Loss of one-half of the share capital of the Company

If, as a consequence of losses showed by the Company's accounts, the equity of the Company is reduced to below one-half of the share capital of the Company, the Board of Directors must, within four months from the approval of the accounts showing such loss, convene an Extraordinary Shareholders' Meeting in order to decide whether the Company ought to be dissolved before its set term.

If the dissolution is not resolved, the share capital must, at the latest by the end of the second fiscal year following the fiscal year during which the losses were established and subject to the legal provisions concerning the minimum share capital of "*Sociétés anonymes*", be reduced by an amount at least equal to the losses which could not be charged to reserves, if during that period the net assets have not been replenished to an amount at least equal to one half of the share capital.

In the absence of Shareholders' Meeting or in the case where the Meeting has not been able to act in a valid manner, any interested party may institute legal proceedings to dissolve the Company.

Article 32 – Effect of dissolution

The Company is deemed to be in liquidation as soon as it is dissolved for any reason whatsoever. It continues to exist as a legal entity for the needs of this liquidation until the completion thereof.

During the period of the liquidation, the Shareholders' Meeting shall retain the same powers as it did exercise during the life of the Company.

The shares shall remain transferable until the completion of the liquidation proceedings.

The dissolution of the Company is only valid vis-à-vis third parties as from the date at which it has been published at the Register of Commerce and Companies.

Article 33 – Appointment of liquidators – Powers

Upon the expiration of the term of existence of the Company or in the case of its premature dissolution, the Shareholders' Meeting shall decide the methods of liquidation and appoint one or several liquidators whose powers it will determine, and who will exercise their duties according to the law. The appointment of the liquidator(s) terminates the office of the Directors, as well as that of the Advisors, if any.

Article 34 – Liquidation – Termination

After payment of the liabilities, the remaining assets shall be used first for the payment to the shareholders of the amount paid for their shares and not amortized.

The balance, if any, shall be divided among all the shares.

The shareholders are convened at the end of the liquidation in order to decide on the final accounts, to discharge the liquidators from liability for their acts of management and the performance of their office, and to formally acknowledge the termination of the liquidation process.

The conclusion of the liquidation shall be published as provided by law.

Article 35 – Litigation

Any dispute between the Company and any of its shareholders arising directly and/or indirectly from the present Bylaws shall be settled by the Commercial Court of Paris.

OTHER INFORMATION

General information regarding the parent company; stock market information

1. INFORMATION REGARDING THE PARENT COMPANY

1.1. Role of the parent company within the Group

LVMH manages and coordinates the operational activities of all its subsidiaries, and offers them various management assistance services, particularly in legal, financial, tax and insurance matters.

All these services are invoiced to the subsidiaries in question, based on the real cost price or normal market conditions, depending on the type of service. For fiscal year 2013, LVMH billed its subsidiaries 128.4 million euros for management assistance.

LVMH also manages the Group's long term financial debt and the associated interest rate risk, in addition to foreign exchange transactions for proprietary foreign exchange transactions.

Since Group brands belong to the various operating subsidiaries, LVMH does not collect any royalties in connection with these brands.

1.2. General information

The complete text of the Bylaws currently in effect is presented in the "*Other information* – Governance" section of the Reference Document.

Corporate name (Article 3 of the Bylaws): LVMH Moët Hennessy - Louis Vuitton.

Registered office (Article 4 of the Bylaws): 22, avenue Montaigne, 75008 Paris (France). Telephone: +33 (0)1 44 13 22 22.

Legal form (Article 1 of the Bylaws): *Société anonyme* (public limited-liability company).

Jurisdiction (Article 1 of the Bylaws): the Company is governed by French law.

Register of Commerce and Companies: the Company is registered in the Paris Register of Commerce and Companies under number 775 670 417. APE code (Company activity code): 6420Z.

Date of incorporation – Term (Article 5 of the Bylaws): LVMH was incorporated on January 1, 1923 for a term of 99 years, which expires on December 31, 2021, unless the Company is dissolved early or extended by a resolution of the Extraordinary Shareholders' Meeting.

Location where documents concerning the Company may be consulted: the Bylaws, financial statements and reports, and the minutes of Shareholders' Meetings may be consulted at the registered office at the address indicated above.

1.3. Additional information

The complete text of the Bylaws currently in effect is presented in the "*Other information* – Governance" section of the Reference Document.

Corporate purpose (Article 2 of the Bylaws): any taking of interest within any company or grouping of entities primarily engaged in trade in champagne and other wines, cognac and other spirits or in any perfume and cosmetic products; in the manufacture, sale and promotion of leather goods, clothing, accessories as well as any other high-quality and branded articles or products; in the operation of vineyards; or in the use of any intellectual property right.

Fiscal year (Article 26 of the Bylaws): from January 1 until December 31.

Distribution of profits (Article 28 of the Bylaws): an initial deduction is made from distributable earnings in the amount required to distribute to shareholders a preliminary dividend, equal to 5% of the amount paid up on the shares that has not been repaid to shareholders by the Company. From the remaining amount, the Shareholders' Meeting may deduct the amounts it deems appropriate to allocate to all optional, ordinary or special reserve funds, or retain. The balance, if any, shall be divided among shareholders as a super-dividend.

In addition, the Shareholders' Meeting may decide to distribute amounts taken from the reserves, either to provide or supplement a dividend, or as an exceptional distribution.

Shareholders' Meetings (Article 23 of the Bylaws): Shareholders' Meetings are convened and held under the conditions provided by the laws and decrees in effect.

Rights, preferences and restrictions attached to shares (Articles 6, 8, 23 and 28 of the Bylaws): all shares belong to the same category, whether issued in registered or bearer form.

Each share gives the right to a proportional stake in the ownership of the Company's assets, as well as in the sharing of profits and of any liquidation surplus. Each time it shall be necessary to hold a certain number of shares in order to exercise a right, it will be the responsibility of the shareholder(s) having less than the required number to take the necessary actions to form a group with a sufficient number of shares.

A voting right equal to twice the voting right attached to the other shares is granted to all fully paid-up registered shares for which evidence of registration for at least three years under the name of the same shareholder may be demonstrated, as well as to shares issued in the event of a capital increase through the incorporation of reserves, unappropriated retained earnings, or issue premiums, on the basis of existing shares giving the holder such right. This right may be removed by a decision of the Extraordinary Shareholders' Meeting after ratification by a Special Meeting of beneficiaries of this right.

Declaration of thresholds (Article 24 of the Bylaws): independently of legal obligations, the Bylaws stipulate that any individual or legal entity that becomes the owner of a fraction of capital greater than or equal to 1% shall notify the total number of shares held to the Company. This obligation applies each time the portion of capital owned increases by at least 1%. It ceases to apply when the shareholder in question reaches the threshold of 60% of the share capital.

Necessary action to modify the rights of shareholders: the Bylaws do not contain any stricter provision governing the modification of shareholders' rights than those required by the law.

Provisions governing changes in the share capital: the Bylaws do not contain any stricter provision governing changes in the share capital than those required by the law.

2. INFORMATION REGARDING THE CAPITAL

2.1. Share capital

As of December 31, 2013, the Company's share capital was 152,338,098.30 euros, consisting of 507,793,661 fully paid-up shares with a par value of 0.30 euros each.

The Board of Directors, at its meeting of January 30, 2014, noted the increase in the share capital resulting as of December 31, 2013 from the exercise of share subscription options, then decided to reduce the share capital by a number equivalent to that of the shares issued. As of January 30, 2014, the share capital amounted to 152,300,959.50 euros divided into 507,669,865 fully paid-up shares with a par value of 0.30 euros each. Of these 507,669,865 shares, 225,004,809 shares conferred double voting rights.

2.2. Authorized share capital

As of December 31, 2013, the Company's authorized share was 202,179,869.10 euros, divided into 673,932,897 shares with a par value of 0.30 euros each.

The authorized share capital represents the maximum amount that the share capital could reach should the Board of Directors make use of all of the authorizations and delegations of authority granted by the Shareholders' Meeting that permit the Company to increase its amount.

2.3. Status of delegations and authorizations granted to the Board of Directors

This statement is included under paragraph 4.1 Status of current delegations and authorizations in the "*Management report of the Board of Directors* – Parent company: LVMH Moët Hennessy-Louis Vuitton" section of the Reference Document.

2.4. Shareholders' identification

Article 25 of the Bylaws authorizes the Company to set up a shareholder identification procedure.

2.5. Non-capital shares

The Company has not issued any non-capital shares.

2.6. Securities giving access to the Company's capital

No securities giving access to the Company's capital, other than share subscription options described in Section 3.4.2 of the "*Management report of the Board of Directors* – Parent company: LVMH Moët Hennessy-Louis Vuitton" section of the Reference Document, were outstanding as of December 31, 2013.

2.7. Three-year summary of changes in the parent company's share capital

(EUR thousands)			Change in capital		Capital after transaction	
	Type of transaction	Number of shares	Par value	Premium	Amount	Accumulated number of shares
As of December 31, 2010					**147,192**	**490,642,232**
Fiscal year 2011	Issue of shares [a]	1,250,076	375	82,908	147,567	491,892,308
"	Issue of shares [b]	18,037,011	5,411	2,032,773	152,978	509,929,319
"	Retirement of shares	2,259,454	(678)	(105,816)	152,300	507,669,865
"	Issue of shares [a]	145,759	44	10,623	152,344	507,815,624
Fiscal year 2012	Issue of shares [a]	851,491	255	61,372	152,384	508,667,115
"	Retirement of shares	997,250	(299)	(46,704)	152,300	507,669,865
"	Issue of shares [a]	493,484	148	32,315	152,449	508,163,349
Fiscal year 2013	Issue of shares [a]	901,622	270	58,545	152,719	509,064,971
"	Retirement of shares	1,395,106	(418)	(65,336)	152,300	507,669,865
"	Issue of shares [a]	123,796	37	7,328	152,338	507,793,661
As of December 31, 2013					**152,338**	**507,793,661**

(a) In connection with the exercise of share subscription options.
(b) In connection with the contribution of Bulgari SpA securities.

3. ANALYSIS OF SHARE CAPITAL AND VOTING RIGHTS

3.1. Share ownership of the Company

As of December 31, 2013, the Company's share capital comprised 507,793,661 shares:

- 229,472,446 pure registered shares;
- 12,249,708 administered registered shares;
- 266,071,507 bearer shares.

Taking into account treasury shares, 500,401,742 shares carried voting rights, including 224,907,923 shares with double voting rights.

Shareholders	Number of shares	Number of voting rights [a]	% of capital	% of voting rights
Arnault family group	235,891,303	453,993,736	46.45%	62.59%
Other shareholders	271,902,358	271,315,929	53.55%	37.41%
Total as of December 31, 2013	**507,793,661**	**725,309,665**	**100.00%**	**100.00%**

(a) Voting rights exercisable in Shareholders' Meetings.

On the basis of registered shareholders and information as of December 2013 provided by a Euroclear survey of depositary financial institutions with an ownership threshold of 100,000 shares and limited to shareholders owning a minimum of 150 shares, the Company has about 30,000 shareholders. Resident and non-resident shareholders respectively represent 66% and 34% of the Company's share capital (see 2013 Annual Report, "Ownership structure").

Subject to the provisions of paragraph 3.4 below, to the Company's knowledge:

- no shareholder held at least 5% of the Company's share capital and voting rights as of December 31, 2013;
- no shareholder held 5% or more of the Company's share capital or voting rights, either directly, indirectly, or acting in concert;
- no shareholders' agreement or any other agreement constituting an action in concert existed involving at least 0.5% of the Company's share capital or voting rights.

As of December 31, 2013, members of the Executive Committee and of the Board of Directors directly held less than 0.1% of the Company's share capital and voting rights, personally and as registered shares.

As of December 31, 2013, the Company held 7,391,919 shares as treasury shares. Of these shares, 1,597,696 were recognized as short term investments, with the main objective of covering commitments for bonus share plans, while the remaining 5,794,223 shares were recognized as long term investments, with the main objective of covering commitments for existing share subscription option plans. In accordance with legal requirements, these shares are stripped of their voting rights.

As of December 31, 2013, the employees of the Company and of affiliated companies, as defined under Article L. 225-180 of the French Commercial Code, held LVMH shares in employee savings plans equivalent to less than 0.1% of the Company's share capital.

During the 2013 fiscal year, companies BNP Paribas SA, Oppenheimer Funds, and the MFS and UBS groups informed the Company that on several occasions, they had exceeded or fallen below statutory shareholding thresholds in the range between 1% and 2% of the share capital. According to the latest notices received in 2013, the MFS group held 2.16% of the share capital and 1.50% of the theoretical voting rights. BNP Paribas SA held 1.41% of the share capital and less than 1% of the theoretical voting rights, Oppenheimer Funds held 1.01% of the share capital and less than 1% of the theoretical voting rights and the UBS group held less than 1% of the share capital and theoretical voting rights.

During the fiscal year ended December 31, 2013 and as of February 18, 2014, no public tender or exchange offer nor price guarantee was made by a third party involving the Company's shares.

The Company's main shareholders have voting rights identical to those of other shareholders.

In order to protect the rights of each and every shareholder, the Charter of the Board of Directors requires that at least one-third of its appointed members be Independent Directors. In addition, at least two-thirds of the members of the Performance Audit Committee must be Independent Directors. A majority of the members of the Nominations and Compensation Committee must also be Independent Directors.

3.2. Changes in share ownership during the last three fiscal years

As of December 31, 2013

Shareholders	Number of shares	% of capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in SM	% of voting rights exercisable in SM
Arnault family group including:	235,891,303	46.45%	458,993,736	62.64%	453,993,736	62.59%
Financière Jean Goujon	*207,821,325*	*40.93%*	*415,642,650*	*56.73%*	*415,642,650*	*57.31%*
Arnault family and other controlled entities	*28,069,978*	*5.53%*	*43,351,086*	*5.91%*	*38,351,086*	*5.28%*
Treasury shares	7,391,919	1.46%	7,391,919	1.01%	-	-
Public registered	10,018,942	1.97%	11,824,432	1.62%	11,824,432	1.63%
Public bearer	254,491,497	50.12%	254,491,497	34.73%	259,491,497	35.78%
Total	**507,793,661**	**100.00%**	**732,701,584**	**100.00%**	**725,309,665**	**100.00%**

As of December 31, 2012

Shareholders	Number of shares	% of capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in SM	% of voting rights exercisable in SM
Arnault family group including:	235,886,503	46.42%	458,988,436	62.63%	453,988,436	62.65%
Financière Jean Goujon	*207,821,325*	*40.90%*	*415,642,650*	*56.71%*	*415,642,650*	*57.35%*
Arnault family and other controlled entities	*28,065,178*	*5.52%*	*43,345,786*	*5.92%*	*38,345,786*	*5.30%*
Treasury shares	8,167,519	1.61%	8,167,519	1.11%	-	-
Public registered	15,397,368	3.03%	16,994,784	2.32%	16,994,784	2.34%
Public bearer	248,711,959	48.94%	248,711,959	33.94%	253,711,959	35.01%
Total	**508,163,349**	**100.00%**	**732,862,698**	**100.00%**	**724,695,179**	**100.00%**

As of December 31, 2011

Shareholders	Number of shares	% of capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in SM	% of voting rights exercisable in SM
Arnault family group including:	236,018,646	46.48%	459,109,333	62.69%	450,909,333	62.38%
Financière Jean Goujon	*207,821,325*	*40.92%*	*415,642,650*	*56.75%*	*415,642,650*	*57.50%*
Arnault family and other controlled entities	*28,197,321*	*5.56%*	*43,466,683*	*5.94%*	*35,266,683*	*4.88%*
Treasury shares	9,536,678	1.88%	9,536,678	1.30%	-	-
Public registered	20,394,824	4.02%	21,879,208	2.99%	21,879,208	3.03%
Public bearer	241,865,476	47.62%	241,865,476	33.02%	250,065,476	34.59%
Total	**507,815,624**	**100.00%**	**732,390,695**	**100.00%**	**722,854,017**	**100.00%**

3.3. Pledges of pure registered shares by main shareholders

The Company is not aware of any pledge of pure registered shares by the main shareholders.

3.4. Natural persons or legal entities that may exercise control over the Company

As of December 31, 2013, the persons comprising the Arnault family group, together with Groupe Arnault SAS, held directly or indirectly 46.45% of the Company's capital and 62.59% of the voting rights exercisable in Shareholders' Meetings.

As of December 31, 2013, Financière Jean Goujon held 207,821,325 shares in the Company representing 40.93% of the share capital and 57.31% of the voting rights exercisable in Shareholders' Meetings. The principal activity of Financière Jean Goujon is to hold LVMH shares.

Financière Jean Goujon is 100% held by Christian Dior SA, itself controlled by the Arnault family group through direct and indirect holdings totaling 70.63% of its share capital. Christian Dior SA, a company listed on Euronext Paris (NYSE Euronext), is the parent company of Christian Dior Couture SA.

4. MARKET FOR FINANCIAL INSTRUMENTS ISSUED BY LVMH

4.1. Market for LVMH shares

The Company's shares are listed on NYSE Euronext Paris (ISIN code FR0000121014) and are eligible for the deferred settlement service of Euronext Paris. LVMH shares are used as underlying assets for negotiable options on NYSE Liffe.

LVMH is included in the principal French and European indices used by fund managers: CAC 40, DJ Euro Stoxx 50, MSCI Europe, FTSE Eurotop 100.

LVMH's market capitalization was 67.3 billion euros at year-end 2013, making it the fifth largest on the Paris stock exchange.

197,188,067 LVMH shares were traded in 2013 for a total amount of 27 billion euros. This corresponds to an average daily volume of 773,287 shares.

Since September 23, 2005, LVMH Moët Hennessy - Louis Vuitton SA has entrusted a provider of financial services with the implementation of a liquidity contract in conformity with the Ethical Charter of AFEI (*Charte de déontologie de l'AFEI*) approved by the *Autorité des Marchés Financiers* (the French financial markets regulator) in its decision of March 22, 2005, as published in *Bulletin des annonces légales obligatoires* dated April 1, 2005.

Trading volumes and amounts on Euronext Paris and price trend over the last twelve months

	Opening price first day *(EUR)*	Closing price last day *(EUR)*	Highest[(a)] *(EUR)*	Lowest[(a)] *(EUR)*	Number of shares traded	Value of shares traded *(EUR billions)*
2013 January	140.80	138.85	143.40	135.55	13,247,922	1.8
February	136.85	131.90	140.85	129.05	16,508,164	2.2
March	132.05	133.90	136.95	129.10	17,921,902	2.4
April	133.35	131.50	137.80	120.35	19,223,396	2.5
May	132.55	136.65	143.35	130.95	15,005,460	2.1
June	136.10	124.50	137.80	117.80	18,032,617	2.3
July	125.95	136.65	137.80	123.50	18,095,707	2.4
August	137.95	132.55	142.00	132.35	13,656,762	1.9
September	134.20	145.60	150.05	132.25	16,077,734	2.3
October	146.00	141.80	148.30	135.00	17,314,543	2.4
November	142.60	138.75	142.75	137.45	12,917,160	1.8
December	138.55	132.60	139.00	126.05	19,186,700	2.5

Source: Euronext.
(a) Prices recorded during market trading hours.

4.2. Share repurchase program

LVMH has implemented a share repurchase program that allows it to buy back up to 10% of its share capital. This program was approved by the Shareholders' Meetings of April 5, 2012 and April 18, 2013. Within this framework, between January 1 and December 31, 2013, stock market purchases of its own shares by LVMH SA amounted to 2,848,311 shares, or 0.6% of its share capital. Disposals of shares, options exercised, bonus share allocations and share cancellations related to the equivalent of 3,623,911 LVMH shares.

4.3. LVMH bond markets

Among the bonds issued by LVMH Moët Hennessy - Louis Vuitton outstanding on December 31, 2013, the bonds presented below are listed for trading.

Bonds listed in Luxembourg

Currency	Amount outstanding *(in currency)*	Year of issue	Year of maturity	Coupon
EUR	600,000,000	2013	2020	1.75%
EUR	500,000,000	2013	2016	floating
EUR	500,000,000	2013	2019	1.25%
EUR	500,000,000	2011	2018	4%
EUR	500,000,000	2011	2015	3.375%
EUR	250,000,000	2009	2015	4.5%
EUR	1,000,000,000	2009	2014	4.375%

Bonds listed in Zurich

Currency	Amount outstanding *(in currency)*	Year of issue	Year of maturity	Coupon
CHF	200,000,000	2008	2015	4.0%

4.4. Dividend

A dividend of 3.10 euros per share is being proposed for fiscal year 2013, representing an increase of 0.20 euros compared to the dividend paid for fiscal year 2012.

Based on the number of shares of 507,793,661 making up the share capital as of December 31, 2013, the total LVMH Moët Hennessy-Louis Vuitton distribution will amount to 1,574 million euros for fiscal year 2013, before the effect of treasury shares.

The Company has a steady dividend distribution policy, designed to ensure a stable return to shareholders, while making them partners in the growth of the Group.

Pursuant to current laws in France, dividends and interim dividends uncollected within five years become void and are paid to the French state.

Dividend distribution in respect of fiscal years 2009 to 2013

Year	Gross dividend per share *(EUR)*	Dividend distribution *(EUR millions)*
2013 [a]	3.10	1,574
2012	2.90	1,474
2011	2.60	1,320
2010	2.10	1,030
2009	1.65	809

(a) Proposed to the Shareholders' Meeting of April 10, 2014.

4.5. Change in share capital

1,025,418 shares were issued during the fiscal year, in connection with the exercise of share subscription options. 1,395,106 shares were retired, bringing the share capital of the Company to 507,793,661 shares as of December 31, 2013.

4.6. Performance per share

(EUR)	2013	2012	2011
Diluted Group share of net profit	6.83	6.82	6.23
Gross dividend	3.10	2.90	2.60
Change compared to previous year	6.9%	11.5%	23.8%
Highest share price (during normal trading hours)	150.05	140.40	132.65
Lowest share price (during normal trading hours)	117.80	108.00	94.16
Share price as of December 31	132.6	138.80	109.40
Change compared to previous year	(4.5%)	26.9%	(11.1%)

RESOLUTIONS FOR THE APPROVAL OF THE COMBINED SHAREHOLDERS' MEETING OF APRIL 10, 2014

1. ORDINARY RESOLUTIONS

First resolution
Approval of the parent company financial statements

The Shareholders' Meeting, after examining the reports of the Board of Directors, the Chairman of the Board of Directors and the Statutory Auditors, hereby approves the parent company financial statements for the fiscal year ended December 31, 2013, including the balance sheet, income statement and notes, as presented to the Meeting, as well as the transactions reflected in these statements and summarized in these reports.

Second resolution
Approval of the consolidated financial statements

The Shareholders' Meeting, after examining the reports of the Board of Directors and the Statutory Auditors, hereby approves the consolidated financial statements for the fiscal year ended December 31, 2013, including the balance sheet, income statement and notes, as presented to the Meeting, as well as the transactions reflected in these statements and summarized in these reports.

Third resolution
Approval of related party agreements

The Shareholders' Meeting, after examining the special report of the Statutory Auditors on the related party agreements described in Article L. 225-38 of the French Commercial Code, hereby declares that it approves said agreements.

Fourth resolution
Allocation of net profit – determination of dividend

The Shareholders' Meeting, on the recommendation of the Board of Directors, decides to allocate and appropriate the distributable profit for the fiscal year ended December 31, 2013 as follows:

(EUR)	
Net profit for the year ended December 31, 2013	1,854,832,105.63
Available portion of the legal reserve [a]	11,090.64
Retained earnings	5,154,070,701.12
Amount available for distribution	**7,008,913,897.39**
Proposed appropriation:	
Statutory dividend of 5% or EUR 0.015 per share	7,616,904.92
Additional dividend of EUR 3.085 per share	1,566,543,444.18
Retained earnings	5,434,753,548.29
	7,008,913,897.39

(a) Portion of the legal reserve over 10% of share capital as of December 31, 2013.
For information, as of December 31, 2013, the Company held 7,391,919 of its own shares, corresponding to an amount not available for distribution of 450.8 million euros, equivalent to the acquisition cost of the shares.

Should this appropriation be approved, the total dividend would be 3.10 euros per share. As an interim dividend of 1.20 euros per share was paid on December 3, 2013, the final dividend per share is 1.90 euros; this will be paid as of April 17, 2014.

With respect to this dividend distribution, individuals whose tax residence is in France will be entitled to a 40% tax deduction provided under Article 158 of the French Tax Code.

Finally, should the Company hold, at the time of payment of this balance, any treasury shares under authorizations granted, the corresponding amount of unpaid dividends will be allocated to retained earnings.

As required by law, the Shareholders' Meeting observes that the gross dividends per share paid out in respect of the past three fiscal years were as follows:

Fiscal year *(EUR)*	Type	Payment date	Gross dividend	Tax deduction [a]
2012	Interim	December 4, 2012	1.10	0.44
	Final	April 25, 2013	1.80	0.72
	Total		**2.90**	**1.16**
2011	Interim	December 2, 2011	0.80	0.32
	Final	April 25, 2012	1.80	0.72
	Total		**2.60**	**1.04**
2010	Interim	December 2, 2010	0.70	0.28
	Final	May 25, 2011	1.40	0.56
	Total		**2.10**	**0.84**

(a) For individuals with tax residence in France.

Fifth resolution
Renewal of Ms. Delphine Arnault's appointment as Director

The Shareholders' Meeting decides to renew Ms. Delphine Arnault's appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2017 to approve the financial statements for the previous fiscal year.

Sixth resolution
Renewal of Mr. Nicolas Bazire's appointment as Director

The Shareholders' Meeting decides to renew Mr. Nicolas Bazire's appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2017 to approve the financial statements for the previous fiscal year.

Seventh Resolution
Renewal of Mr. Antonio Belloni's appointment as Director

The Shareholders' Meeting decides to renew Mr. Antonio Belloni's appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2017 to approve the financial statements for the previous fiscal year.

Eighth resolution
Renewal of Mr. Diego Della Valle's appointment as Director

The Shareholders' Meeting decides to renew Mr. Diego Della Valle's appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2017 to approve the financial statements for the previous fiscal year.

Ninth resolution
Renewal of Mr. Pierre Godé's appointment as Director

The Shareholders' Meeting decides to renew Mr. Pierre Godé's appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2017 to approve the financial statements for the previous fiscal year.

Tenth resolution
Renewal of Ms. Marie-Josée Kravis' appointment as Director

The Shareholders' Meeting decides to renew Ms. Marie-Josée Kravis' appointment as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2017 to approve the financial statements for the previous fiscal year.

Eleventh resolution
Renewal of Mr. Paolo Bulgari's appointment as Advisory Board member

The Shareholders' Meeting decides to renew Mr. Paolo Bulgari's appointment as Advisory Board member for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2017 to approve the financial statements for the previous fiscal year.

Twelfth resolution
Renewal of Mr. Patrick Houël's appointment as Advisory Board member

The Shareholders' Meeting decides to renew Mr. Patrick Houël's appointment as Advisory Board member for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2017 to approve the financial statements for the previous fiscal year.

Thirteenth resolution
Renewal of Mr. Felix G. Rohatyn's appointment as Advisory Board member

The Shareholders' Meeting decides to renew Mr. Felix G. Rohatyn's appointment as Advisory Board member for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2017 to approve the financial statements for the previous fiscal year.

Fourteenth resolution
Appointment of Ms. Marie-Laure Sauty de Chalon as Director

The Shareholders' Meeting decides to appoint Ms. Marie-Laure Sauty de Chalon as Director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2017 to approve the financial statements for the previous fiscal year.

Fifteenth resolution
Opinion on items of remuneration due or attributed to Mr. Bernard Arnault, Chairman and Chief Executive Officer

The Shareholders' Meeting, having examined the Management report of the Board of Directors, renders a favorable opinion on the items of compensation due or attributed, in respect of the fiscal year ended December 31, 2013, to Mr. Bernard Arnault, Chairman and Chief Executive Officer.

Sixteenth resolution
Opinion on items of remuneration due or attributed to Mr. Antonio Belloni, Group Managing Director

The Shareholders' Meeting, having examined the Management report of the Board of Directors, renders a favorable opinion on the items of compensation due or attributed, in respect of the fiscal year ended December 31, 2013, to Mr. Antonio Belloni, Group Managing Director.

Seventeenth resolution
Authorization to be given to the Board of Directors to trade in the Company's shares

The Shareholders' Meeting, having examined the report of the Board of Directors, authorizes the latter to acquire Company shares, in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code and of Commission Regulation (EC) 2273/2003 of December 22, 2003.

In particular, the shares may be acquired in order (i) to provide market liquidity services (purchases/sales) under a liquidity contract set up by the Company, (ii) to cover stock option plans, the allotment of bonus shares or any other form of share allocation or share-based payment, in favor of employees or company officers either of the Company or of an affiliated company pursuant to the French Commercial Code, in particular as provided for in its Articles L. 225-180 and L. 225-197-2, (iii) to cover securities giving access to the Company's shares, notably by way of conversion, tendering of a coupon, reimbursement or exchange, (iv) to be retired subject to the approval of the eighteenth resolution, or (v) to be held so as to be exchanged or presented as consideration at a later date for external growth operations.

The purchase price at which the Company may buy its own shares may not exceed 250 euros per share. In the event of a capital increase through the capitalization of reserves and the allotment of bonus shares as well as in cases of a stock split or reverse stock split, the purchase price indicated above will be adjusted by a multiplying coefficient equal to the ratio of the number of shares making up the Company's share capital before and after the operation.

The maximum number of shares that may be purchased shall not exceed 10% of the share capital, adjusted to reflect operations affecting the share capital occurring after this Meeting, with the understanding that (i) if this authorization is used, the number of treasury shares in the Company's possession will need to be taken into consideration so that the Company remains at all times within the limit for the number of treasury shares held, which must not exceed 10% of the share capital and that (ii) the number of treasury shares provided as consideration or exchanged in the context of a merger, spin-off or contribution operation may not exceed 5% of the share capital as of the date of the operation.

As of December 31, 2013, this limit of 10% of the share capital corresponded to 50,766,986 shares. The maximum total amount dedicated to these purchases may not exceed 12.7 billion euros.

The share acquisition transactions described above, as well as any sale or transfer of these shares, may be carried out by any method in compliance with applicable laws and regulations, including through the use of derivatives and through block purchases or sales.

All powers are granted to the Board of Directors to implement this authorization. The Board may delegate said power to the Chief Executive Officer, or with the latter's consent, to a Group Managing Director, in order to place any stock market orders, enter into any agreements, sign any document, file any declarations, carry out any formalities and generally take any other actions required in the implementation of this authorization.

This authorization, which replaces the authorization conferred by the Combined Shareholders' Meeting of April 18, 2013, is hereby granted for a term of eighteen months as of the date of this Meeting.

2. EXTRAORDINARY RESOLUTIONS

Eighteenth resolution
Authorization to be granted to the Board of Directors to reduce the share capital through the retirement of shares

The Shareholders' Meeting, having examined the report of the Board of Directors and the special report of the Statutory Auditors, hereby:

1. authorizes the Board of Directors to reduce the share capital of the Company, on one or more occasions, by retiring the shares acquired pursuant to the provisions of Article L. 225-209 of the French Commercial Code;

2. grants this authorization for a period of eighteen months as of the date of this Meeting;

3. sets the maximum amount of the capital reduction that may be performed under this authorization over a twenty-four month period to 10% of Company's current capital;

4. grants all powers to the Board of Directors to perform and record the capital reduction transactions, carry out all required acts and formalities, amend the Bylaws accordingly, and generally take any and all other actions required in the implementation of this authorization;

5. decides that this authorization shall replace that granted by the Combined Shareholders' Meeting of April 18, 2013.

Nineteenth resolution
Approval of the conversion of the Company's corporate form by adopting the legal form of a Societas Europaea (SE), and the draft terms and conditions of the conversion

The Shareholders' Meeting, having examined:

- the draft terms of the Company's conversion into an SE prepared by the Board of Directors on January 30, 2014, and filed at the Clerk's Office of the Paris Commercial Court on February 27, 2014, which explain and substantiate the economic and legal aspects of the Company's conversion, and indicate the consequences of adopting the legal form of an SE for the company's shareholders and employees,
- the Report of the Chairman of the Board of Directors,
- the report of Ms. Isabelle de Kerviler and Mr. Olivier Péronnet, Independent Conversion Auditors, appointed by order of the President of the Paris Commercial Court on February 19, 2014;

- after having noted that the Company satisfies the conditions required by the provisions of Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European company (SE), notably those mentioned in Articles 2 §4 and 37 of said Regulation, and of Article L. 225-245-1 of the French Commercial Code on the conversion of a *Société anonyme* (French public limited-liability company) into an SE;

- after having noted that:
  - the conversion of the Company into an SE shall not result either in the dissolution of the Company or in the creation of a new legal entity,
  - following the conversion, the Company's corporate name shall be followed by the words "Societas Europaea" or the initials "SE",
  - the Company's term, corporate purpose and registered office shall not undergo any change,
  - the Company's share capital shall remain at the same amount and the same number of shares, with a par value of 0.30 euros each,
  - the length of the fiscal year shall not undergo any change as a result of adopting the form of an SE, and the financial statements shall be prepared, presented and audited according to the conditions defined by the Company's Bylaws under its new legal form and the provisions of the French Commercial Code on SEs,
  - all authorizations and delegations of authority and of powers granted to the Company's Board of Directors under its current form as a *Société anonyme* by all the Company's Shareholders' Meetings and in force on the day of the Company's registration as an SE, shall automatically apply to the Company's Board of Directors under its new legal form as an SE,
  - all the Company's Directors, Advisory Board members and Statutory Auditors shall continue to serve the Company for the duration of their terms of office under the same conditions as those applying before the Company's registration in the form of an SE;

- and after having noted that, in accordance with Article 12 §2 of the aforementioned Regulation, the Company may not be registered as an SE unless the procedure relating to employee involvement, as provided for in Articles L. 2351-1 *et seq.* of the French Labor Code, has been successfully completed, with these negotiations resulting in either (i) an agreement setting out the terms and conditions relating to the involvement of employees in the SE, (ii) a decision, taken by a qualified majority, not to enter into negotiations or to bring an end to negotiations, and to apply regulations relating to information and consultation in force in the Member States where the Company has employees, or (iii) a disagreement, in which case the secondary provisions relating to the works council for the SE provided for in Articles L. 2353-1 *et seq.* of the French Labor Code shall apply.

Decides, subject to the condition precedent that bondholders' meetings deliberate under the conditions of Articles L. 228-65 *et seq.* of the French Commercial Code, to approve the conversion of the Company's legal form into an SE with a Board of Directors, and to approve the draft terms and conditions of the conversion approved by the Board of Directors, and takes note that this conversion of the Company into an SE shall take effect upon the Company's registration as an SE with the Paris Commercial and Companies Registry, which shall take place once negotiations relating to employee involvement have been completed.

Twentieth resolution
Approval of the Company's Bylaws in its new form as a Societas Europaea (SE)

The Shareholders' Meeting, having examined the draft terms of the Company's conversion into an SE and the report of the Board of Directors, as well as the proposed Bylaws, and subject to the approval of the previous resolution, hereby adopts, article by article, then in its entirety, the text of the Bylaws of the Company in its new legal form as an SE. These Bylaws, a copy of which is annexed to the minutes of this Meeting, shall come into effect upon the definitive conversion of the Company into an SE, as ratified by its registration.

STATUTORY AUDITORS' REPORT ON THE PROPOSED DECREASE IN SHARE CAPITAL

(Eighteenth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of LVMH Moët Hennessy - Louis Vuitton and in accordance with the procedures provided for in Article L. 225-209 of the French Commercial Code (*Code de commerce*) on the decrease in share capital by the cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed decrease in share capital.

Shareholders are requested to confer all necessary powers on the Board of Directors, during a period of eighteen months starting from the day of this Meeting, to cancel, up to a maximum of 10% of its share capital by 24-month period, the shares purchased by the Company pursuant to the authorization to purchase its own shares under the provisions of the above-mentioned Article.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) applicable to this engagement. Our procedures consisted, in particular, in verifying the fairness of the reasons for and the terms and conditions of the proposed decrease in share capital, which does not interfere with the equal treatment of shareholders.

We have no comments on the reasons for and the terms and conditions of the proposed decrease in share capital.

Neuilly-sur-Seine and Paris-La Défense, February 18, 2014

The Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres	
Thierry Benoit	Jeanne Boillet	Gilles Cohen

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

3. INDEPENDENT CONVERSION AUDITORS' REPORT ON THE CONVERSION OF LVMH MOËT HENNESSY - LOUIS VUITTON INTO A EUROPEAN COMPANY

To the Shareholders,

In accordance with our appointment as Independent Conversion Auditors by order of the President of the Paris Commercial Court on February 19, 2014, concerning the conversion of LVMH Moët Hennessy - Louis Vuitton SA into a European Company or *Societas Europaea* (SE), we hereby report to you pursuant to the provisions of Article 37 of Council Regulation (EC) No. 2157/2001 dated October 8, 2001 on the Statute for a European Company and of Article L. 225-245-1 of the French Commercial Code.

This operation was approved by your Board of Directors at its meeting on January 30, 2014, subject to the conditions precedent of its approval by your Shareholders' Meeting and by bondholder meetings. In addition, your Company may only be registered under its new legal form as an SE once the procedure of negotiations relating to employee involvement has been completed.

We hereby report to you in order to comment on the amount of net assets of your Company compared to the share capital plus those reserves which may not be distributed under the law or its current Bylaws.

We performed those procedures which we considered necessary having regard to professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) relating to this type of engagement. Our work consisted in verifying that the amount of net assets is at least equivalent to the amount of the share capital plus those reserves which may not be distributed under the law or its current Bylaws. This verification notably consisted of assessing the potential impact of events that took place between the date of the latest parent company financial statements and the date of our report, on the carrying amount of elements that contribute to determining the amount of net assets.

On the basis of our work, at the date of this report, we attest that the Company has net assets at least equivalent to its share capital plus those reserves which may not be distributed under the law or its current Bylaws.

Paris, February 26, 2014

The Independent Conversion Auditors
(Commissaires à la transformation)

Isabelle de Kerviler — Olivier Péronnet

Statutory Auditors

Registered members of the *Compagnie Régionale de Paris*

This is a free translation into English of the Independent Conversion Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

RESPONSIBLE COMPANY OFFICER; FINANCIAL INFORMATION

1. STATEMENT BY THE COMPANY OFFICER RESPONSIBLE FOR THE REFERENCE DOCUMENT

We declare, having taken all reasonable care to ensure that such is the case, that the information contained in this Reference Document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

We declare that, to the best of our knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and of all consolidated companies, and that the Management Report presented on page 24 gives a true and fair picture of the business performance, profit or loss and financial position of the parent company and of all consolidated companies as well as a description of the main risks and uncertainties faced by all of these entities.

We obtained an end-of-assignment letter from the Statutory Auditors, in which they indicate that they have verified the information relating to the financial position and the financial statements provided in this document, in addition to having read the document as a whole.

In their report on the consolidated financial statements for fiscal year 2013, the Statutory Auditors drew our attention to the effects of the application as of January 1, 2013 of the amendments to IAS 19 relating to employee benefit commitments, as well as in their report on the 2011 parent company financial statements, to the change in presentation of the income statement described in Note 2.1 of the notes to the financial statements.

Paris, March 19, 2014

Under delegation from the Chairman and Chief Executive Officer

Jean-Jacques GUIONY

Chief Financial Officer, Member of the Executive Committee

2. INFORMATION INCORPORATED BY REFERENCE

In application of Article 28 of European Commission Regulation (EC) No. 809/2004, the following information is incorporated by reference in this Reference Document:

- the 2012 consolidated financial statements, prepared in accordance with IFRS, accompanied by the report of the Statutory Auditors on these statements, included on pages 114-178 and 179-180, respectively, of the 2012 Reference Document, filed with the AMF on March 27, 2013 under the number D. 13-0224;
- the 2011 consolidated financial statements, prepared in accordance with IFRS, accompanied by the report of the Statutory Auditors on these statements, included on pages 110-172 and 173-174, respectively, of the 2011 Reference Document, filed with the AMF on March 14, 2012 under the number D. 12-0159;
- the developments in the Group's financial situation and in the results of its operations between the 2012 and 2011 fiscal years, presented on pages 24-46 of the 2012 Reference Document, filed with the AMF on March 27, 2013 under the number D. 13-0224;
- the developments in the Group's financial situation and in the results of its operations between the 2011 and 2010 fiscal years, presented on pages 24-47 of the 2011 Reference Document, filed with the AMF on March 14, 2012 under the number D. 12-0159;
- the 2012 parent company financial statements, prepared in accordance with French GAAP, accompanied by the report of the Statutory Auditors on these statements, included on pages 182-204 and 205-206, respectively, of the 2012 Reference Document, filed with the AMF on March 27, 2013 under the number D. 13-0224;
- the 2011 parent company financial statements, prepared in accordance with French GAAP, accompanied by the report of the Statutory Auditors on these statements, included on pages 176-200 and 201-202, respectively, of the 2011 Reference Document, filed with the AMF on March 14, 2012 under the number D. 12-0159;
- the Statutory Auditors' special report on related party agreements and commitments of the 2012 fiscal year, included on pages 207-208 of the 2012 Reference Document, filed with the AMF on March 27, 2013 under the number D. 13-0224;
- the Statutory Auditors' special report on related party agreements and commitments of the 2011 fiscal year, included on pages 203-204 of the 2011 Reference Document, filed with the AMF on March 14, 2012 under the number D. 12-0159;

The sections of the 2012 and 2011 reference documents that are not incorporated are either not relevant to investors or are included in the present document.

3. DOCUMENTS ON DISPLAY

The Bylaws of the company LVMH Moët Hennessy - Louis Vuitton are incorporated within this Reference Document. Other legal documents pertaining to the Company may be consulted at its headquarters under the conditions provided by law.

The Company's Reference Document filed by LVMH with the *Autorité des Marchés Financiers* (the French financial markets regulator), the press releases relating to revenue and earnings, as well as the annual and interim reports and the consolidated and parent company financial statements and information relating to transactions in treasury shares and the total number of voting rights and shares may be consulted on the Company's web site at the following address: www.lvmh.com.

TABLES OF CONCORDANCE

1. TABLE OF CONCORDANCE WITH HEADINGS PRESENTED IN ANNEX 1 OF COMMISSION REGULATION (EC) 809/2004

N/A : non applicable

N/A : non applicable

2. TABLE OF CONCORDANCE WITH THE ANNUAL FINANCIAL REPORT [a]

(a) Pursuant to Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF's General Regulations.

AUTORITÉ DES MARCHÉS FINANCIERS

The original French version of this document was submitted to the Autorité des Marchés Financiers on March 19, 2014 pursuant to Article 212-13 of its General Rules and Regulations. The original French version of this document may be used for the purposes of public capital and financial operations if it is supplemented by a transaction note approved by the Autorité des Marchés Financiers. The original French version of this document was prepared by the issuer, and its signatories are responsible for its content.

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LVMH

MOËT HENNESSY . LOUIS VUITTON

For any information:
LVMH, 22 avenue Montaigne - 75008 Paris
Tel. +33 1 44 13 22 22 - Fax +33 1 44 13 21 19

www.lvmh.com