

LVMH

MOËT HENNESSY ♦ LOUIS VUITTON

Société Anonyme (French public limited-liability company) with share capital of 152,300,959.50 euros
Registered office: 22, avenue Montaigne - 75008 Paris, France
775 670 417 RCS PARIS

BONDHOLDERS' MEETING - SEPTEMBER 5, 2014

CHF200 million issued on June 2, 2008 (ISIN CH0039973810)
€150 million issued on June 29, 2009 (ISIN FR0010762765)
€250 million issued on June 15, 2009 (ISIN FR0010765867)
€500 million issued on April 7, 2011 (ISIN FR0011033281)
€500 million issued on April 7, 2011 (ISIN FR0011033232)
€500 million issued on April 30, 2013 (ISIN FR0011485051)
USD65 million issued on August 5, 2013 (ISIN FR0011546704)
€500 million issued on September 5, 2013 (ISIN FR0011560440)
€600 million issued on November 13, 2013 (ISIN FR0011625441)

REPORT OF THE BOARD OF DIRECTORS

We have invited you to this Bondholders' Meeting to submit for your approval the draft terms of the Company's conversion into a *Societas Europaea* (SE or "European Company").

Over the last several years, all new Houses joining the LVMH group have had European roots. They have significantly increased the weight 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, by proposing to the shareholders to convert LVMH from a *Société Anonyme* (French public limited-liability company) into a *Societas Europaea* (SE), as encouraged by the legislature 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 the SE Regulation (and in particular by Article 2§4 and Article 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 had, for at least two years, a subsidiary company governed by the law of another Member State; and
- its subscribed share 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 "Societas Europaea", "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 General 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 General Meeting, 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 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 or 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 final conversion became effective.

The agreement with the Joint Special Negotiating Group formed by LVMH and its parent company Christian Dior was signed on July 7, 2014. Consequently, the condition relating to employee involvement has been met.

Following its approval by the Shareholders' Meeting held on April 10, 2014, the conversion of the Company into an SE will take effect on the date each company is registered with the Commercial and Companies Registry (*Registre du Commerce et des Sociétés*).

The Board of Directors