



Paris, June 30, 2011

## Regulated Information

### **Issue of 18,037,011 new shares by LVMH as consideration for the contribution of Bulgari shares representing 55.03% of its issued share capital**

*The information provided in this notice was prepared in accordance with Article 12 of AMF Instruction 2005-11 of December 13, 2005, as amended on January 21, 2010*

On June 15, 2011, under the terms of the memorandum of understanding (the “**Framework Agreement**”) signed on March 5, 2011 and in accordance with the announcement made on March 7, 2011, LVMH concluded an in-kind contribution agreement with Messrs. Paolo Bulgari, Nicola Bulgari and Francesco Trapani (the “**Contributors**”) relating to the contribution of 55.03% of the issued share capital and voting rights of Bulgari SpA to LVMH (the “**Contribution**”).

In accordance with Article L. 225-147, sixth paragraph of the French Commercial Code and under the twenty-third resolution approved by the Combined Shareholders’ Meeting of March 31, 2011, the necessary powers were delegated to the Board of Directors, for a period of 26 months, in order to proceed with the issue of new shares (up to the limit of 10% of LVMH’s share capital) as consideration for the contribution in kind to LVMH of equity securities or securities giving access to share capital. This delegation of authority replaced the one granted to the Board of Directors by the Combined Shareholders’ Meeting of May 14, 2009.

At its meeting held this day, LVMH’s Board of Directors chose to make use of this delegation, having taken note of the fulfillment of the conditions precedent to the Contribution<sup>1</sup>, having reviewed the report submitted by the contribution auditors, and having approved the Contribution, its valuation, and its consideration. At this same meeting, the Board of Directors decided to increase the share capital of LVMH through the issue of 18,037,011 new ordinary LVMH shares with a par value of 0.30 euros each to be delivered to the Contributors, which will have current dividend rights and will immediately be fully equivalent to existing shares. The Board of Directors also recorded the definitive execution of the resulting capital increase and amended the Bylaws accordingly.

In light of the fact that a controlling interest in Bulgari has been obtained as a result of the Contribution, pursuant to Italian stock market regulations, LVMH will in due course file a public takeover offer for all of the Bulgari shares that it does not own, at the price of €12.25 per share.

Pursuant to the provisions of Article 12 of AMF Instruction 2005-11 of December 13, 2005, as amended on January 21, 2010, the main features of the Contribution, its valuation, and its consideration are summarized below.

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<sup>1</sup> Standard conditions precedent apply, including the approval of competition authorities.

## Contributors

Mr. Paolo Bulgari  
Mr. Nicola Bulgari  
Mr. Francesco Trapani

## Beneficiary company

LVMH Moët Hennessy Louis Vuitton, a French *société anonyme* with share capital of 146,889,865.20 euros (as of February 3, 2011), headquartered in Paris (75008) at 22, avenue Montaigne, listed in the Paris Trade Register under number 775 670 417.

## NATURE OF THE CONTRIBUTION AND ITS CONSIDERATION

### Rationale for the Contribution

The Contribution will create a rapprochement between LVMH and Bulgari, one of the world's most prestigious watch and jewelry brands. LVMH will thus double the size of its Watches and Jewelry business group, with projected revenue of more than two billion euros (including Bulgari's other activities), representing approximately 10% of the Group's consolidated revenue.

Bulgari's consolidated revenue for 2010 was 1,069 million euros and its operating profit was 85.3 million euros.

Financial information on Bulgari may be obtained from its website: <http://ir.bulgari.com/>

### Legal and taxation framework of the Contribution

The Contribution is governed by the ordinary rules relating to contributions in kind set forth in Article L. 225-147 of the French Commercial Code.

### Assets contributed

166,382,348 Bulgari shares, representing 55.03% of this company's issued share capital, of which:

- 76,937,367 shares held by Mr. Paolo Bulgari
- 75,040,082 shares held by Mr. Nicola Bulgari
- 14,404,899 shares held by Mr. Francesco Trapani

### Impact of the Contribution on the proportion of the Group share of consolidated equity represented by each LVMH share

(on the basis of the number of shares making up LVMH's share capital as of December 31, 2010 after deducting treasury shares)

Prior to the issue of the 18,037,011 shares in consideration for the Contribution, the proportion of the Group share of consolidated equity as of December 31, 2010 represented by each LVMH share amounts to €35.93 on a non-diluted basis (and €36.43 on a diluted basis<sup>2</sup>).

Following the issue of the 18,037,011 shares in consideration for the Contribution, the proportion of the Group share of consolidated equity as of December 31, 2010 represented by each LVMH share amounts to €38.72 on a non-diluted basis (and €39.16 on a diluted basis<sup>2</sup>).

### Impact of the Contribution on a shareholder's ownership position

(on the basis of a share capital made up of 489,632,854 shares as of February 3, 2011)

A shareholder holding 1% of LVMH's share capital on a non-diluted basis (and 0.98% on a diluted basis<sup>3</sup>) prior to the issue of the 18,037,011 shares in consideration for the Contribution will see his/her ownership interest fall to 0.96% of the share capital on a non-diluted basis (and to 0.95% on a diluted basis<sup>3</sup>) following this issue.

<sup>2</sup> In the event of the exercise of all share subscription and share purchase options, whether exercisable or not, and the definitive allocation of all bonus shares under the relevant plans (relating to existing shares).

<sup>3</sup> In the event of the exercise of all share subscription options, whether exercisable or not.

**Price determined for the Bulgari share under the Framework Agreement**

The Framework Agreement concluded on March 5, 2011 between LVMH and the Contributors set the prices for Bulgari and LVMH shares to be used in connection with the transaction.

The price determined under the Framework Agreement for the Bulgari share is 12.25 euros (after detachment of the coupon relating to the 2010 dividend).

**Method used for the valuation of the Contribution**

The value attributed to the Bulgari share is justified by a multi-criteria analysis making use of standard and appropriate valuation methods for the transaction in question, namely the acquisition by LVMH of a controlling stake in Bulgari.

*Main criterion:*

- Discounting of future cash flows on the basis of provisional data, excluding synergies;

*Indicative criteria:*

- Share prices recorded during various periods prior to March 5, 2011 with a premium of 30%, i.e. the average control premium level observed in Europe;
- Price targets announced by analysts monitoring the Bulgari share in the period preceding March 5, 2011;
- Valuation multiples of comparable listed companies with a premium of 30%; and
- Comparable transaction multiples.

Value of the Bulgari share in euros:

<b>Method</b>		<b>Low end of range (€)</b>	<b>High end of range (€)</b>
<b>Discounting of future cash flows</b>		<b>12.20</b>	<b>13.70</b>
<i>Indicative criteria</i>	Share prices with premium	8.70	10.10
	Price targets	5.70	10.80
	Market comparables with premium	9.30	11.20
	Comparable transactions	16.80	16.80

On the basis of these elements, the value determined for the Bulgari share in connection with this contribution transaction is 12.25 euros, which is also the price for the Bulgari share set in the Framework Agreement.

**Total value of contributed assets**

The total estimated value of the Contribution amounts to 2,038,183,763.00 euros.

## Consideration for the Contribution

As consideration for the estimated value of the Contribution, LVMH has issued a total of 18,037,011 new shares fully equivalent to existing shares, to be divided among Mr. Paolo Bulgari, Mr. Nicola Bulgari and Mr. Francesco Trapani as follows:

- Mr. Paolo Bulgari receives 8,340,549 shares
- Mr. Nicola Bulgari receives 8,134,870 shares
- Mr. Francesco Trapani receives 1,561,592 shares

The calculation of this consideration within the context of the Framework Agreement of March 5, 2011 was based on a value of 12.25 euros for the Bulgari share and on the closing price for the LVMH share two days prior to the signing date of the Framework Agreement of March 5, 2011 between LVMH, Mr. Paolo Bulgari, Mr. Nicola Bulgari and Mr. Francesco Trapani, which was 112.95 euros, rounded up to 113.00 euros.

This value for the LVMH share is consistent with a multi-criteria analysis under a minority approach.

This multi-criteria analysis is based on:

- The observation of share prices recorded during different periods prior to the signing of the Framework Agreement;
- Price targets announced by analysts during the two months preceding the signing of the Framework Agreement, presented both before and after taking into account the average spread between the price targets and the LVMH share price at the time of each announcement over a 12-month period preceding March 5, 2011 (average spread equal to 8.9%);
- The sum-of-the-parts valuations provided by financial analysts during the 12 months preceding March 5, 2011;
- The sum-of-the-parts valuations recalculated using 2011E EV/EBIT multiples for each business group (Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry and Selective Retailing) on the basis of a broad sample of comparables for each business group, before or after a holding company discount of 7.5% (based on an average of discounts reported by analysts); and
- The average P/E multiple of comparable listed companies:
  - based on the same sample of comparables as that described above;
  - based on the same sample of comparables as that described above, weighted to reflect the relative share of each business group in LVMH's consolidated EBIT;
  - based on a limited sample

corresponding more precisely to LVMH's business activities.

When not provided directly by financial analysts, earnings forecasts related to LVMH are derived from a consensus estimate based on the findings of financial analysts.

Method		Low end of range (€)	High end of range (€)
Share prices		99.30	117.90
Analysts' price targets	Before average spread	117.00	150.00
	After average spread	106.60	136.70
Sum-of-the-parts valuations	Financial analysts	92.40	140.00
	Before holding company discount	115.80	120.60
	After holding company discount	107.10	111.60
Market comparables	2011E P/E multiple (LVMH total)	110.20	111.10
	Weighted 2011E P/E multiple (by business group)	105.80	112.70
	2011E P/E multiple for limited sample	111.80	115.30

#### Issuance, dividend rights and admission to trading of shares

The issuance of shares was validly decided at the meeting of LVMH's Board of Directors held this day. The shares issued are fully equivalent to existing LVMH shares. They will be admitted to trading on the same listing and will carry the same dividend rights as the existing shares (ISIN FR 0000121014).

#### Contribution Premium

The difference between the total value of Bulgari shares contributed (2,038,183,763.00 euros) and the total par

value of new LVMH shares issued as consideration for the Contribution (5,411,103.30 euros), a difference thus amounting to 2,032,772,659.70 euros, constitutes the Contribution Premium. All LVMH shareholders will have rights to this premium.

LVMH's Board of Directors has decided to apply the amount of all costs, taxes and fees incurred in connection with the Contribution against this Contribution Premium as well as to deduct from this item the amount necessary to bring the legal reserve to one-tenth of the new amount of LVMH's share capital resulting from the capital increase. Following these adjustments, the balance of the Contribution Premium may be allocated as decided by the Ordinary Shareholders' Meeting, in accordance with applicable provisions of French law and regulations in force.

**Date of completion of the Contribution**

The Contribution has been definitively completed at the close of the Board of Directors' meeting held this day.

**AUDIT OF THE CONTRIBUTION**

**Appointment of contribution auditors**

On March 16, 2011, Mr. Didier Kling (Kling & Associés, 41, avenue de Friedland, 75008 Paris) and Mr. Oliver Péronnet (Finexsi, 111, rue Cardinet, 75017 Paris) were appointed by order of the Presiding Judge of the Paris Commercial Court. They have prepared a report, in accordance with Article L. 225-147 of the French Commercial Code, which has been made available to the Board of Directors and filed with the clerk of the Paris Commercial Court within the deadline laid down by law. They have also prepared a report on the consideration for the Contribution, in accordance with generally accepted standards for their profession, which has been made available to the Board of Directors.

**Summaries and conclusions of the reports of the contribution auditors**

**- on the valuation of the Contribution as of June 15, 2011**

*"Therefore, based on our work and analysis, we conclude that the valuation of the contribution is positioned in the high end of the range determined by the multi-criteria analysis and corresponds to the price that will be offered to Bulgari's minority shareholders in connection with the public offering following the contribution transaction.*

*The discounted cash flow (DCF) method is preferred for the analysis of this type of transaction, which relates to the acquisition of a controlling stake by way of the contribution, corresponding to 55% of Bulgari's issued share capital. It is the only method able to take into account the brand's growth potential. The valuation of the contribution is within the range resulting from the use of this approach.*

*This valuation includes a control premium calculated on the basis of share prices and market comparables, thus situated in the range of 42% to 83%.*

*Apart from the fact that these other criteria measure the value of a minority holding, it appears that the values obtained, which are lower than the value of the Bulgari share used in connection with the contribution, are attributable to Bulgari's particularly weak earnings in 2010 and therefore its lower share price. Bulgari has already put in place action plans in various areas so as to remedy this situation. In our view, this observation does not put into question Bulgari's potential for growth or that of its brand, as reflected in its business plan, in a long-term perspective, which we were able to corroborate in the context of our work.*

*In the end, the choice of the DCF method as the deciding factor, which we consider to be relevant, and the values we obtained in the course of our sensitivity analyses, do not call into question the valuation used for the contribution.*

*On the basis of our work and as of the date of this report, it is our opinion that the valuation of the contribution amounting to 2,038,183,763 euros does not represent an overvaluation and that as a result it is at least equal to the amount of the capital increase carried out by the beneficiary company of the contribution, to which is added a share premium."*

**- on the value of the LVMH shares issued in consideration for the Contribution**

*"On the basis of our work and as of the date of this report, it is our opinion that the consideration offered for the contribution, resulting in the issue of 18,037,011 LVMH shares and approved by both parties to the agreement, is fair."*

**CONSEQUENCES OF THE CONTRIBUTION**

**Share capital of LVMH after the Contribution** (on the basis of share capital comprised of 489,632,854 shares as of February 3, 2011)

Following the Contribution, for which consideration is offered as indicated above, LVMH's share capital is increased by the amount of 5,411,103.30 euros (through the issue of 18,037,011 new shares, each with a par value of 0.30 euros), thus raising it from 146,889,856.20 euros (divided into 489,632,854 shares, each with a par value of 0.30 euros) to 152,300,959.50 euros (divided into 507,669,865 shares, each with a par value of 0.30 euros).

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