

# LVMH

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## MOËT HENNESSY • LOUIS VUITTON

### Proposed resolutions

#### Approval of the annual financial statements

The first items of business relate to:

- approval of the financial statements: you will be asked to vote to approve the financial statements of the parent company LVMH SE (first resolution) as well as the Group's consolidated financial statements (second resolution);
- approval of regulated related-party agreements and commitments (third resolution), details of which are set out in the Statutory Auditors' special report;
- appropriation of net profit (fourth resolution): the dividend payable will amount to 4.00 euros per share, a 12.7% increase compared to the dividend paid for fiscal year 2015. Taking into account the interim dividend of 1.40 euros per share paid on December 1, 2016, an additional 2.60 euros per share will be paid on April 21, 2017.

#### Board of Directors

- It is proposed that you renew the appointments of the following Directors (fifth to tenth resolutions):

##### **Delphine Arnault**

(Date of birth: April 4, 1975)

Date of first appointment: September 10, 2003

Main position: Executive Vice President of Louis Vuitton (France)

##### **Nicolas Bazire**

(Date of birth: July 13, 1957)

Date of first appointment: May 12, 1999

Main position: Senior Vice-President for Development and Acquisitions at LVMH (France)

##### **Antonio Belloni**

(Date of birth: June 22, 1954)

Date of first appointment: May 15, 2002

Main position: Group Managing Director of LVMH (France)

##### **Diego Della Valle**

(Date of birth: December 30, 1953)

Date of first appointment: May 15, 2002

Main position: Chairman and Director delegate of Tod's S.p.A. (Italy)

##### **Marie-Josée Kravis**

(Date of birth: September 11, 1949)

Date of first appointment: March 31, 2011

Main position: President of the Museum of Modern Art (MoMA) of New York (United States)

##### **Marie-Laure Sauty de Chalon**

(Date of birth: September 17, 1962)

Date of first appointment: April 10, 2014

Main position: Chairman and Chief Executive Officer of AUFÉMININ (France)

- It is proposed that you appoint the following Advisory Board members (eleventh and twelfth resolutions):

##### **Pierre Godé**

(Date of birth: December 4, 1944)

Date of first appointment as a Director: January 13, 1989

Main positions: Vice-Chairman of LVMH's Board of Directors (France) and Vice-Chairman of LVMH Italia (Italy)

##### **Albert Frère**

(Date of birth: February 4, 1926)

Date of first appointment as a Director: May 29, 1997

Main position: Chairman of the Board of Directors of Frère-Bourgeois (Belgium)

- It is also proposed that you renew the appointment of the following Advisory Board member (thirteenth resolution):

**Paolo Bulgari**

(Date of birth: October 8, 1937)

Date of first appointment: March 31, 2011

Main position: Chairman of the Board of Directors of Bulgari S.p.A. (Italy)

**Compensation of the Chairman and Chief Executive Officer and the Group Managing Director:**

▪ **Compensation due or awarded in 2016**

Pursuant to the recommendation set out in the AFEP/MEDEF Code, you are hereby asked to give an opinion on the components of compensation due or awarded to Bernard Arnault and Antonio Belloni in respect of the fiscal year ended December 31, 2016 (fourteenth and fifteenth resolutions).

Summary of the compensation of each senior executive officer <sup>(a)</sup>

Bernard Arnault

Gross compensation (EUR)	Amounts due in respect of fiscal year 2016	Amounts paid in fiscal year 2016
Fixed compensation	1,151,629	1,151,629
Variable compensation	2,200,000	2,200,000 <sup>(b)</sup>
Directors' fees <sup>(c)</sup>	115,345	115,345
Benefits in kind	Company car	Company car
<b>Total</b>	<b>3,466,974</b>	<b>3,466,974</b>

Antonio Belloni

Gross compensation (EUR)	Amounts due in respect of fiscal year 2016	Amounts paid in fiscal year 2016
Fixed compensation	3,241,552	3,241,552
Variable compensation	2,315,250	2,315,250 <sup>(b)</sup>
Directors' fees <sup>(c)</sup>	87,245	87,245
Benefits in kind	Company car	Company car
<b>Total</b>	<b>5,644,047</b>	<b>5,644,047</b>

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled, in addition to compensation 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) Amounts paid in respect of the prior fiscal year.

(c) The rules for attributing directors' fees at the Company are presented in the "Report of the Chairman of the Board of Directors", §1.12 (page 121 of the Reference Document).

Summary of the compensation due and performance shares granted to senior executive officers <sup>(a)</sup>

Senior executive officers (EUR)	Gross compensation due in respect of fiscal year 2016	Valuation of bonus performance shares granted during fiscal year 2016 <sup>(b)</sup>
Bernard Arnault	3,351,629	4,482,204
Antonio Belloni	5,556,802	2,021,108

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled, in addition to compensation 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 giving access to equity allocated to members of the Board of Directors during the fiscal year is set out in §7.5 of the "Management Report of the Board of Directors – Parent company: LVMH Moët Hennessy - Louis Vuitton" (page 64 of the Reference Document), and the performance conditions that must be met for shares to vest are set out in §4.5 of this report (page 53 of the Reference Document).

#### ▪ **Specific pension**

For senior executive officers, the supplementary pension is only acquired if the potential recipient has been present for at least six years on the Group's Executive Committee and simultaneously asserts his or her rights to his or her standard legal pension entitlement. This is not required however if the potential recipient leaves at the Group's request after the age of 55 and resumes no other professional activity until his or her external pension plans are liquidated. It is determined on the basis of a reference amount of compensation equal to the average of the three highest amounts of annual compensation received during the course of their career with the Group, capped at 35 times the annual social security ceiling (i.e. 1,351,560 euros as of December 31, 2016).

The annual supplementary pension benefit is equal to the difference between 60% of the reference compensation amount (capped at 810,936 euros as of December 31, 2016) and all pension payments made in France (under the general social security regime and the ARRCO and AGIRC supplementary regimes) and abroad.

As of December 31, 2016, the maximum amount of this supplementary pension is estimated at 682,000 euros. It does not vest until retirement benefits are claimed. Given the characteristics of the plan put in place by the Company and their personal circumstances, the supplementary pensions for which Bernard Arnault and Antonio Belloni may qualify no longer give rise to the annual vesting of additional benefits.

#### ▪ **Compensation policy**

In accordance with Article L. 225-37-2 of the French Commercial Code, it is proposed that you approve the principles and criteria used to determine, allocate and award the fixed and variable components of the total compensation and benefits in kind payable to Bernard Arnault and Antonio Belloni for performing their duties during the 2017 fiscal year and constituting the compensation policy applicable to them (sixteenth resolution).

These principles and criteria approved by the Board of Directors on the proposal of the Nominations and Compensation Committee are set out in the "Report of the Board of Directors on the compensation policy for senior executive officers" (see page 111 of the Reference Document) as provided for in the aforementioned article. Starting in 2018, the payment to the Chairman and Chief Executive Officer and Group Managing Director of the annual variable portion of their compensation will be subject to the amount at being approved by the Ordinary Shareholders' Meeting under the conditions provided by Article L. 225-100 of the French Commercial Code.

#### **Share repurchase program**

It is proposed that the Board of Directors be authorized to purchase Company shares (seventeenth resolution). Shares may be acquired to meet any objective compatible with provisions in force at the time, and in particular to (i) provide market liquidity; (ii) cover stock option plans, bonus share allocations or any other employee share ownership transactions; (iii) cover debt securities that may be exchanged for Company shares, and more generally securities giving access to the Company's shares; (iv) retire them; (v) hold them for subsequent exchange or payment in connection with any external growth transactions; or (vi) more generally, carry out any eligible transactions or any transactions which in the future are authorized under the regulations in force at that time, particularly if such transaction involves a market practice that has become eligible under the *Autorité des Marchés Financiers*.

Unless it obtains prior authorization from the Shareholders' Meeting, the Board of Directors may not use this authorization as from the date at which a third party files a proposal for a tender offer for the Company's shares; this restriction shall hold until the end of the offer period.

These purchases of Company shares may not exceed 10% of the share capital. The purchase price per share may not exceed 300 euros.

This authorization is given for a period of eighteen months and replaces the authorization granted at the Shareholders' Meeting of April 14, 2016.

#### **Reduction of share capital**

It is proposed that you authorize the Board of Directors to reduce the share capital (nineteenth resolution) by a total amount not exceeding 10% of the current share capital over a period of 24 months, by retiring shares purchased under the seventeenth resolution. This authorization may be used in particular to offset the dilution resulting from the exercise of share subscription options.

This authorization is given for a period of eighteen months and replaces the authorization granted at the Shareholders' Meeting of April 14, 2016.

## Share capital increase

It is proposed that you authorize the Board of Directors to increase the share capital by:

- capitalizing profits, reserves, additional paid-in capital or other items and allocating new shares to the shareholders or increasing the par value of existing shares (eighteenth resolution);
- issuing shares, either with preferential subscription rights (twentieth resolution) or without preferential subscription rights and through a public offering with the possibility of priority rights (twenty-first resolution) or through a private placement reserved for qualified investors or a restricted group of investors (twenty-second resolution); the Board of Directors being authorized to set the issue price in accordance with certain exceptional rules and for a total amount not exceeding 10% of the share capital per year (twenty-third resolution);

These authorizations include the option for the Board of Directors to increase the number of shares to be issued in the event that the issue is oversubscribed (twenty-fourth resolution).

- issuing shares and/or equity securities giving access to other equity securities in the Company or to an allotment of debt securities in consideration for securities tendered to a public exchange offer (twenty-fifth resolution) or in-kind contributions of equity securities (twenty-sixth resolution);

These authorizations in principle will allow your Board of Directors to react more quickly to seize market opportunities and carry out external growth transactions.

Unless it obtains prior authorization from the Shareholders' Meeting, the Board of Directors may not use these delegations of authority as from the date at which a third party files a proposal for a tender offer for the Company's shares; this restriction shall hold until the end of the offer period.

It is also proposed that you:

- renew the authorization to allocate share subscription or purchase options to employees and senior executives of the Group, up to an overall maximum of 1% of the share capital (twenty-seventh resolution). This authorization provides the Board of Directors with ways to help build loyalty among the employees and managers of the Group who contribute most directly to its results by giving them a stake in its future performance;
- authorize the Board of Directors to increase the share capital through issues reserved for Group employees enrolled in a company savings plan, up to a maximum of 1% of the share capital (twenty-eighth resolution).

These authorizations are given for a period of 26 months and replace the authorizations granted at the Shareholders' Meeting of April 16, 2015.

The maximum nominal amount of all increases in the share capital agreed under the terms of these authorizations and of the nineteenth resolution approved at the Shareholders' Meeting of April 14, 2016 may not exceed an overall limit of 50 million euros (twenty-ninth resolution).

## Amendments to the Bylaws

It is proposed that the Bylaws be amended to take account of the new legal requirements resulting from French Law No. 2016-1691 of December 9, 2016, known as the "Sapin II" law, concerning the transfer of the registered office anywhere in France pursuant to the decision of the Board of Directors, subject to the decision being ratified by the next Ordinary Shareholders' Meeting (Article 4 of the Bylaws), maintaining the double voting right in the event of a merger or spin-off (Article 23.2 of the Bylaws) and the option for the Extraordinary Shareholders' Meeting to delegate to the Board of Directors amendment of the Bylaws in order to harmonize them with new legal and regulatory requirements (Article 23.4 of the Bylaws) (thirtieth resolution).

## Delegation granted to the Board of Directors to amend the Bylaws to comply with new legal and regulatory requirements

It is proposed that you delegate to the Board of Directors full powers to make any amendments needed to the Bylaws to ensure that they comply with legal and regulatory requirements, subject to these amendments being ratified by the next Extraordinary Shareholders' Meeting (thirty-first resolution).

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Documents and information related to the Shareholders' Meeting are available on the Company's website, [www.lvmh.com](http://www.lvmh.com), on the "Annual General Meetings" page, under "Investors" / "Events".

You may also request to have them sent to you using the form on page 35.