

Christian Dior

TEXT OF THE RESOLUTIONS

ORDINARY RESOLUTIONS

FIRST RESOLUTION

(Approval of the consolidated financial statements)

The Shareholders' Meeting, after examining the report presented by the Board of Directors and the reports of the Statutory Auditors, hereby approves the consolidated financial statements for the fiscal year ended December 31, 2006, 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 financial statements of the parent company)

The Shareholders' Meeting, after examining the report presented by the Board of Directors, the report presented by the Chairman of the Board and the reports of the Statutory Auditors, hereby approves the financial statements of the parent company for the fiscal year ended December 31, 2006, 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.

Consequently, it discharges the members of the Board of Directors for the performance of their duties for said year.

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 as a dividend the amount of 256,235,137,168 euros, corresponding to a dividend of 1.41 euros per share taken from:

	(euros)
- income for the period:	184,249,668.52
- retained earnings after appropriation:	43,227,088.83
- ordinary reserves:	28,758,380.33
For a total of	256,235,137.68

As an interim dividend of 0.38 euro per share was paid on December 1, 2006, the balance of the dividends due per share is equal to 1.03 euro. This balance will be paid out on May 15, 2007.

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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 Tax Code.

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.

The Shareholders' Meeting observes that the dividends per share paid out in respect of the past three fiscal years were as follows:

(EUR)	Net dividend	Tax credit ^(*)	Allowance ^(*)
2005	1.16	–	0.496
2004	0.97	0.160	0.325
2003	0.87	0.435	–

(*) For natural persons with their tax residence in France.

FIFTH RESOLUTION

(Renewal of the term of office of Director of Mr. Raymond Wibaux)

The Shareholders' Meeting, noting that the term of office of Mr. Raymond Wibaux expires on this date, hereby re-appoints him to the office of Director for a three-year term that shall expire at the end of the Shareholders' Meeting convened in 2010 to approve the financial statements for the previous fiscal year.

SIXTH RESOLUTION

(Share repurchase program)

The Shareholders' Meeting, having examined the Report of the Board of Directors, authorizes the latter to acquire company shares, pursuant to the provisions of Articles L.225-209 *et seq.* of the Commercial Code.

The shares may be acquired for the purpose of setting up a liquidity line under the terms of liquidity contract concluded with a brokerage firm.

The maximum number of shares that may be purchased shall not exceed 0.5% of the share capital as of January 1st, 2007, i.e. 908,635 shares. The purchase price per share may not exceed 130 euros, for a maximum theoretical investment of about 118 million euros. The shares may be acquired by any appropriate method, including the purchase or sale of options, as well as through block purchases or as part of an exchange.

In the event of a capital increase through the capitalization of reserves and the granting of bonus shares as well as in cases of either a stock split or a 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.

All powers are granted to the Board of Directors to implement this authorization. The Board may delegate such powers in order to place any and all buy and sell orders, enter into any and all agreements, sign any document, file all declarations, carry out all formalities and generally take any and all other actions required in the implementation of this authorization.

This authorization, which replaces the authorization granted by the Combined Shareholders' Meeting of May 11, 2006, is hereby granted for a term of eighteen months as of this date.

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EXTRAORDINARY RESOLUTIONS

SEVENTH RESOLUTION

(Authorization to reduce the share capital)

The Shareholders' Meeting, having examined the report prepared by the Board of Directors and the special report prepared by the Statutory Auditors, authorizes the Board of Directors to reduce the share capital of the Company, on one or more occasions, by cancelling the shares acquired pursuant to the provisions of Article L.225-209 of the Commercial Code.

The Shareholders' Meeting 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;

The Shareholders' Meeting 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;

This authorization shall replace that granted by the Combined Shareholders' Meeting of May 11, 2006, and is granted for a period of eighteen months as of the date of this Meeting.

EIGHTH RESOLUTION

(Increase in the share capital with application of the pre-emption right – grant of authority)

The Shareholders' Meeting, having examined the report prepared by the Board of Directors and the special report prepared by the Statutory Auditors and acting in accordance with the provisions of the French Commercial Code and in particular Articles L.225-129, L.225-129-2 and L.228-92,

- 1/ grants the Board of Directors the right to issue, on one or more occasions, in such proportions and at such times as it shall see fit:
 - a) either, on the French market and/or international market, through public offerings of investment securities, whether in euro or in any other currency or accounting unit created by way of reference to one or more currencies, with application of the pre-emption right, ordinary shares and/or any other investment securities, including any subscription or acquisition warrants issued on a stand-alone basis, giving access to the capital, whether immediately or over time, at any time or at a fixed date, or giving a right to a debt security, whether by subscription in cash or by way of receivables' set-off, conversion, exchange, repayment, tendering of a coupon or in any other manner. Such debt securities may be issued with or without a guarantee, in such forms, at such rates and under such terms as the Board of Directors shall see fit; or
 - b) the amalgamation into the capital of all or part of such profits, reserves or premiums as may be integrated into the share capital under applicable provisions of law and the Bylaws and by way of allotment of bonus ordinary shares or increase in the par value of the existing shares,

it being understood that the issuance of preference shares is excluded from the scope of this authority.

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- 2/ grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;
- 3/ decides that in the event of the exercise of this delegation of authority by the Board of Directors:
 - (i) the maximum nominal amount of capital increases that may be effected, whether immediately or over time, on the basis of the issuance of the shares or investment securities addressed under item 1-a) above shall be equal to forty (40) million euros, with the understanding that against such amount there shall be applied the nominal amount of any capital increase resulting or likely to result over time from issuances decided under the 9th^t or 10th resolutions submitted for the approval of shareholders at this Meeting, and the 15th and 16th resolutions approved by the Combined Shareholders' Meeting of May 12, 2005;

To the above ceiling, there shall be added, where applicable, the nominal amount of the shares to be issued, if any, in the event of further financial transactions, in order to protect, in accordance with provisions of law, the rights of holders of investment securities giving access to the share capital;
 - (ii) the maximum nominal amount of capital increases referred to under 1-b) and likely to be effected shall not exceed forty (40) million euros, it being indicated that the amount of such capital increases shall be added to the amount of the ceiling referred to under (i) above.
- 4/ decides that in the event of the exercise of this delegation of authority if the subscriptions made, on a pro rata basis and where applicable up to the number of securities requested, have failed to absorb the full number of securities issued, the Board of Directors may use, subject to the terms set forth by law and in such order as the Board may determine, any of the rights set forth under Article L.225-134 of the Commercial Code and in particular offer to the public, in whole or in part, any unsubscribed shares and/or investment securities;
- 5/ takes note that in the event of the exercise of this delegation of authority, the decision to issue investment securities giving access to the company's share capital shall entail, in favor of the holders of the issued securities, the express waiver by shareholders of their preemptive right to subscribe to capital securities to which the investment securities so issued shall give access;
- 6/ takes note that this delegation of authority entails the granting to the Board of Directors of all necessary powers, including the option to delegate such powers to the Chief Executive Officer, in order to implement this delegation of authority, in accordance with the terms set forth by law, and in particular in order to:
 - In the event of amalgamation of profits, reserves or premiums into the capital:
 - determine the amount and nature of the reserves to be amalgamated into the capital, determine the number of new shares to be issued and/or the amount in which the existing nominal value of the shares comprising the share capital shall be increased, set the date, even with retroactive effect, starting from which the new shares shall have dividend rights or the date starting from which the increase in the par value shall be effective,

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- decide that fractional rights may not be traded, that the corresponding shares shall be sold and that the proceeds of the sale shall be allotted to the holders of the rights,
 - In the event of issuance of shares and/or other investment securities giving access to the capital or giving a right to a debt security:
 - decide upon the amount to be issued, the issue price, as well as the amount of the premium that may, where applicable, be charged upon issuance,
 - determine the dates and terms of the issuance, the nature, form and features of the securities to be issued, which may be subordinated or unsubordinated, perpetual or redeemable, bear interest at a fixed and/or floating rate, or produce capitalized interest and may be repaid with or without a premium or be amortized,
 - determine the mode of payment of the shares and/or securities issued or to be issued,
 - determine, where applicable, the terms of exercise of the rights attaching to the securities issued or to be issued and, in particular, determine the date, even with retroactive effect, as of which the new shares shall have dividend rights, as well as any and all other terms and conditions of completion of the issuance,
 - determine the terms under which the company may, where applicable, have the right to acquire or exchange on the stock market, at any time or during specific periods, the securities issued or to be issued, whether or not these securities are to be retired, in accordance with applicable laws;
 - provide for the option to suspend, where applicable, the exercise of the rights attaching to such securities for a period not to exceed three months;
 - at its sole discretion, apply the expenses of the share capital increases against the amount of the corresponding premiums and deduct from that amount any sums necessary in order to increase the statutory reserve to one-tenth of the new capital following each increase;
 - make all adjustments required in accordance with applicable laws and regulations and determine the terms ensuring, where applicable, the protection of the rights of holders of investment securities giving future access to the company's capital;
 - record the completion of each capital increase and amend the Bylaws accordingly;
 - execute any agreement, take any action and complete any and all formalities required for the issuance and financial service of any securities issued under this delegation of authority and for the exercise of any rights attaching thereto;
- 7/ decides that this authorization shall replace that granted by the Combined Shareholders' Meeting of May 12, 2005.

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NINTH RESOLUTION

(Increase in the share capital with exclusion of the pre-emption right – grant of authority)

The Shareholders' Meeting, having examined the report prepared by the Board of Directors and the special report prepared by the Statutory Auditors and acting in accordance with the provisions of the Commercial Code and in particular Articles L.225-129-2, L.225-135 *et seq.* and L.228-92,

- 1/ grants the Board of Directors the right to issue, on one or more occasions, in such proportions and at such times as it shall see fit, on the French market and/or international market, through public offerings of investment securities, whether in euro or in any other currency or accounting unit created by way of reference to one or more currencies, ordinary shares and/or any other investment securities, including any subscription or acquisition warrants issued on a stand-alone basis, giving access to the capital, whether immediately or over time, at any time or at a fixed date, or giving a right to a debt security, whether by subscription in cash or by way of receivables' set-off, conversion, exchange, repayment, tendering of a coupon or in any other manner. Such debt securities may be issued with or without a guarantee, in such forms, at such rates and under such terms as the Board of Directors shall see fit, it being understood that the issuance of preference shares is excluded from the scope of this authority;
- 2/ grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;
- 3/ decides that in the event of the exercise of this delegation of authority by the Board of Directors:
 - a) the maximum nominal amount of capital increases that may be effected, directly or indirectly, on the basis of the issuance of the shares or investment securities addressed under item 1 above shall be equal to 40 million euros, with the understanding that against such amount there shall be applied the nominal amount of any capital increase resulting or likely to result over time from issuances decided under the 8th or 10th resolutions submitted for the approval of shareholders at this Meeting, and the 15th and 16th resolutions approved by the Combined Shareholders' Meeting of May 12, 2005,
 - b) to the above ceiling, there shall be added, where applicable, the nominal amount of the shares to be issued, if any, in the event of further financial transactions, in order to protect, in accordance with provisions of law, the rights of holders of investment securities giving access to the share capital.
- 4/ decides to remove the preemptive right of shareholders with respect to any shares or other investment securities that may be issued under this resolution, while leaving however the Board of Directors free to grant to shareholders, for such period and under such terms as it shall determine in accordance with the provisions of Article L.225-135 of the Commercial Code and for all or part of any issuance made, a non-negotiable priority subscription right that shall be exercised in proportion to the number of shares held by each shareholder, and where applicable supplemented by a subscription right limited to the number of shares requested, it being indicated that, at the end of the priority period, any unsubscribed securities shall be offered for subscription by the public.

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- 5/ takes note that in the event of the exercise of this delegation of authority, the decision to issue investment securities giving access to the company's share capital shall entail, in favor of the holders of the issued securities, the express waiver by shareholders of their preemptive right to subscribe to capital securities to which the investment securities so issued shall give access;
- 6/ decides that the amount of the consideration, accruing and/or to accrue at a later date to the company, for each of the shares issued or to be issued under this delegation of authority, taking into account, in the event of the issue of stand-alone warrants, the issue price of such warrants, shall be at least equal to the minimum price set forth in legislative and regulatory provisions in force at the time of the issuance.
- 7/ takes note that this delegation of authority entails granting to the Board of Directors of the powers attributed under item 6 of the 8th resolution, with the right to delegate the same to the Managing Director.
- 8/ decides that this authorization shall replace that granted by the Combined Shareholders' Meeting of May 12, 2005.

TENTH RESOLUTION

(Increase in the share capital in connection with complex transactions – grant of authority)

The Shareholders' Meeting, having examined the report prepared by the Board of Directors and the special statutory auditors' report:

- 1/ grants to the Board of Directors the power to effect, on one or more occasions, at such times as it shall see fit, the issuance of shares or any other investment securities, including standalone warrants, giving access, whether immediately or over time, at any time or at a fixed date, to the company's capital or giving a right to a debt security:
 - (i) either, in accordance with Article L.225-148 of the Commercial Code, as a consideration for securities contributed in connection with a tender offer, or
 - (ii) in accordance with Article L.225-147, paragraph 6 of the Commercial Code, as a consideration paid, within the limit of 10% of the capital, for contributions in kind made to the company and consisting in capital securities or investment securities giving access to the capital, in cases where the provisions of Article L.225-148 of the Commercial Code are not applicable;
- 2/ grants this delegation of authority for a period of twenty-six months as of the date of this Meeting;
- 3/ decides that the nominal amount of the capital increases made in pursuance of this resolution shall be applied against the nominal amount of any capital increase resulting or likely to result over time from issuances decided under the 8th or 9th resolutions presented to this Shareholders' Meeting for approval and under the 15th and 16th resolutions approved by the Combined Shareholders' Meeting of May 12, 2005.
- 4/ decides that in the event of exercise of this authority, the Board of Directors shall have the right to delegate the above powers within the limits set forth by law and shall have all necessary powers, in particular in order to:
 - in the case of transactions referred to under 1(i) above:
 - approve the list of securities tendered in the exchange, approve the terms of the issuance, the exchange ratio and where applicable the amount of the

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residual cash balance to be paid and determine the terms and conditions of the issuance, whether in connection with a tender offer, an alternative takeover bid or tender offer or a public offering covering the acquisition or exchange of the relevant securities against settlement in securities and cash or a principal takeover bid (OPA) or tender offer (OPE) combined with a subsidiary OPE or OPA,

- in the case of transactions referred to under 1(ii) above:
 - approve the Contribution Auditor’s report and the valuation of the contribution
- in all cases:
 - approve the date starting from which the new shares shall carry dividend rights,
 - apply where applicable any expenses arising in connection with capital increases against the amount of the contribution premiums and deduct from such amount the sum required in order to bring the statutory reserve to one-tenth of the new capital after each increase,
 - amend the Bylaws accordingly;

5/ decides that this authorization shall replace that granted by the Combined Shareholders’ Meeting of May 12, 2005.

ELEVENTH RESOLUTION

(Increase in the amount of an issue in the event of the exercise of an over-allotment option – Grant of authority).

The Shareholders’ Meeting, having examined the report presented by the Board of Directors and the special report prepared by the Statutory Auditors, hereby decides that in the event of an issue approved under the delegation granted to the Board of Directors by virtue of the 8th and 9th resolutions presented above, the number of shares to be issued may, if demand for securities is in excess of the original amount offered, be increased under the conditions and within the limits provided under Article L.225-135-1 of the French Commercial Code and its implementing decree, in accordance with the ceilings indicated in the above mentioned resolutions.

TWELFTH RESOLUTION

(Amendment of the Bylaws to ensure compliance with new legal provisions)

The Shareholders’ Meeting, having examined the report presented by the Board of Directors, decides to bring the Bylaws into compliance with new legal provisions and accordingly amends Article 17 as follows:

«Participation

The Shareholders’ Meeting is made up of all shareholders, irrespective of the number of shares they own.

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

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behalf as of the third 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.

Holders of shares shall not be admitted to Meetings with respect to the shares not paid up within a period of thirty calendar days from the notice issued by the Company. These shares shall be subtracted when calculating the quorum.

A shareholder can always be represented by another shareholder who is not deprived of voting rights or by his or her spouse; for this purpose, the proxy must demonstrate his or her authorization.

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.

Any shareholder not deprived of voting rights may receive powers granted by other shareholders in order to represent them at a Meeting.

Any intermediary who meets the requirements set forth in paragraphs seven and eight 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 seven 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 agent, 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, depending on the case, by Articles L.228-2 or L.228-3 of the Commercial Code.

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.

Legal representatives of legally incapacitated shareholders, and natural persons representing shareholders that are legal persons, shall take part in Meetings regardless of whether or not they personally are shareholders.

The number of votes of a shareholder shall be equal to the number of shares he or she owns. However, a double voting right is granted to registered shares recorded in the name of the same shareholder for a continuous period of three years.

When a Works Council exists within the Company, two of its members, appointed by the Committee, may attend Shareholders' Meetings. At their request, their opinions must be heard on the occasion of any vote requiring the unanimous approval of shareholders."

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STATUTORY AUDITORS' REPORT
ON THE ISSUE OF SHARES AND SECURITIES
WITH THE RETENTION AND/OR CANCELLATION OF
PREFERENTIAL SUBSCRIPTION RIGHTS

COMBINED SHAREHOLDERS' MEETING ON MAY 10, 2007

MAZARS & GUERARD
Tour Exaltis
61, rue Henri Regnault
92400 Courbevoie
S.A. au capital of 8,320,000 euros

Statutory auditors
Member of the Versailles
regional organization

ERNST & YOUNG AUDIT
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11, allée de l'Arche
92037 Paris-La Défense Cedex,
S.A.S. à capital variable

Statutory auditors
Member of the Versailles
regional organization

To the Shareholders,

As Statutory Auditors of your Company and pursuant to the engagement set forth in the French Commercial Code (*Code de commerce*) and notably Articles L. 225-135, L. 225-136, L. 225-138 and L. 228-92, we hereby report to you on the proposed delegation of powers to the Board of Directors to perform various issues of shares and securities, which are subject to adoption by the shareholders.

Your Board of Directors proposes, based on its report:

- that shareholders delegate to it, for a period of 26 months, the power to decide on the following transactions and set the final terms and conditions of these issues and, when necessary, asks that you waive your preferential subscription rights:
- the issue of ordinary shares and/or securities conferring access to the share capital or conferring entitlement to the grant of debt instruments, with retention of preferential subscription rights (8th Resolution),
- the issue of ordinary shares and/or securities conferring access to the share capital or conferring entitlement to the grant of debt instruments, with cancellation of preferential subscription rights (9th Resolution),
- the issue of ordinary shares or securities conferring access to the share capital or conferring entitlement to the grant of debt instruments, to remunerate:
 - securities transferred to the Company as part of a share exchange bid, or
 - up to the limit of 10% of the share capital, contributions in kind granted to the Company and comprised of equity equivalents or securities conferring access to the share capital (10th Resolution);

The total amount of potential share capital increases, immediately or in the future, may not exceed 40 million euros, it being specified that this global ceiling applies to share capital increases resulting from issues decided pursuant to the 8th, 9th, 10th and 15th Resolutions approved by the Combined Shareholders' Meeting of May 12, 2005.

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The number of shares to be created as part of the implementation of the delegations of powers referred to in the Eighth and Ninth resolutions may be increased in accordance with the conditions set forth in Article L.225-135-1 of the French Commercial Code (Eleventh Resolution).

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-13 and R. 225-114 of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified information extracted from the accounts, on the proposed cancellation of preferential subscription rights and on certain other information concerning these transactions, contained in this report.

We conducted our procedures in accordance with professional standards applicable in France. Those standards require that we plan and perform procedures to verify the contents of the Board's report in respect of these transactions and the terms and conditions governing the determination of the issue price of securities to be issued.

Subject to a later review of the terms and conditions of proposed issues, we have no comment on the issue price determination terms and conditions presented in the Board's Report in respect of the 9th Resolution.

Furthermore, we cannot express an opinion on the issue price determination terms and conditions and amounts for share capital issues performed pursuant to the 8th and 10th resolutions, which are not presented in the Board's Report.

As the issue price of securities to be issued has not been fixed yet, we do not express an opinion on the final terms and conditions under which the issues will be performed and, as such, on the proposed cancellation of preferential subscription rights in the 9th Resolution.

In accordance with Article R. 225-116 of the French Commercial Code, we shall issue a further Report on the performance by your Board of any issues with cancellation of preferential subscription rights or of any issues of securities conferring access to the share capital and/or entitlement to the grant of debt instruments.

Courbevoie and Paris-La Défense, April 6, 2007

The Statutory Auditors

MAZARS & GUERARD

ERNST & YOUNG AUDIT

Denis Grison

Christian Mouillon

Christian Dior

STATUTORY AUDITORS' REPORT ON
THE PROPOSED DECREASE IN SHARE CAPITAL BY THE
CANCELLATION OF SHARES PURCHASED

COMBINED SHAREHOLDERS' MEETING ON MAY 10, 2007

MAZARS & GUERARD
Tour Exaltis
61, rue Henri Regnault
92400 Courbevoie
S.A. au capital de €8,320,000

Statutory auditors
Member of the Versailles
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ERNST & YOUNG AUDIT
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11, allée de l'Arche
92037 Paris-La Défense Cedex,
S.A.S. à capital variable

Statutory auditors
Member of the Versailles
regional organization

To the Shareholders,

As statutory auditors of Christian Dior and pursuant to Article L. 225-209 of the French Commercial Code (*Code de Commerce*) on the decrease in share capital by the cancellation of a Company's own shares, we hereby report on our assessment of the reasons and conditions of the proposed decrease in share capital.

We performed our procedures in accordance with professional standards applicable in France. Those standards require that we perform procedures to review the fairness of the reasons and conditions of the proposed decrease in capital decrease.

This transaction is part of the purchase by your Company of its own shares, within a limit of 10% of its share capital, in accordance with article L. 225-209 of the French Commercial Code. Furthermore, this purchase authorization is proposed for approval at your Shareholders' Meeting and would be effective for a period of eighteen months.

Your Board of Directors requests the delegation of all power, for a period of 18 months, to cancel the shares purchased following the granting authority by your Company for the purchase of own shares, within a limit of 10% of its share capital, and during a period of 24-month starting from the day of this Shareholders' Meeting.

We have no matters to report regarding the reasons and conditions of the proposed decrease in share capital, it being indicated that prior approval, by the Shareholders' Meeting, of the purchase by the Company of its own shares, is required.

Courbevoie and Paris-La Défense, April 6, 2007

The Statutory Auditors

MAZARS & GUERARD

Denis Grison

ERNST & YOUNG AUDIT

Christian Mouillon

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GENERAL INFORMATION

Christian Dior

HISTORY OF THE GROUP

- 1905 Birth of Christian Dior in Granville (Normandy, France), on January 21.
- 1946 Backed by Marcel Boussac, Christian Dior founds his own couture house, in a private house at 30, avenue Montaigne.
- 1947 On February 12, Christian Dior presents the 90 models of his first collection on 6 mannequins. The “Corolle” and “Huit” lines are very quickly rechristened “New Look”. The company Parfums Christian Dior is founded, headed by Serge Heftler Louiche. Dior names the first perfume “Miss Dior” in honor of his sister Catherine. Pierre Cardin begins at Christian Dior, as the “leading man” in the workshop. He remains there until 1950.
- 1948 In November, a luxury ready-to-wear house is established in New York at the corner of 5th Avenue and 57th Street, the first of its kind. Creation of Christian Dior Parfums New York.
- 1949 Launch of the perfume “Diorama”. By marketing Dior stockings in the United States, the brand creates the licensing system.
- 1950 License for neckties. All accessories follow. Within three years, this system will be copied by all the couture houses.
- 1952 The Christian Dior brand consolidates its presence in Europe by creating Christian Dior Models Limited in London. Agreement with the House of Youth in Sydney for exclusive Christian Dior New York models. Exclusive agreement with Los Gobelinos of Santiago, Chile for the Christian Dior Paris Haute Couture collections.
- 1955 At age 19, Yves Saint Laurent becomes Christian Dior’s first and only assistant. Opening of the Grande Boutique at the corner of avenue Montaigne and rue François Ier. Launch of Dior lipstick. A line of beauty products will follow.
- 1957 Christian Dior succumbs to a heart attack while convalescing at Montecatini on October 24. Yves Saint Laurent is named to provide artistic direction for the brand.
- 1960 Called up for National Service, Yves Saint Laurent leaves Dior after completing six collections. Marc Bohan succeeds him. He is 34 years old.
- 1961 Marc Bohan presents his first collection, “Slim Look,” under the Dior label.
- 1962 Yves Saint Laurent opens his own couture house.
- 1963 Launch of the perfume “Diorling”.
- 1966 Launch of the men’s fragrance “Eau Sauvage”.
- 1967 Philippe Guibourgé, assistant to Marc Bohan, creates the “Miss Dior” line, the first Dior women’s ready-to-wear line in France. Opening of the “Baby Dior” boutique.
- 1968 Launch of the Christian Dior Coordinated Knits line. The Dior perfume company is sold to Moët Hennessy. Frédéric Castet assumes management of the Fashion Furs Department - Christian Dior Paris.
- 1970 Creation of the Christian Dior Monsieur line. At Parly II, a new Christian Dior boutique is decorated by Gae Aulenti.
- 1972 Launch of the perfume “Diorella”.
- 1973 Creation in France of the Ready-to-Wear fur collection, which will then be manufactured under license in the United States, Canada, and Japan.
- 1978 Bankruptcy of the Marcel Boussac group, whose assets, under the authorization of the Paris Trade Court, are purchased by the Willot Group.
- 1979 Launch of the perfume “Dioressence”.

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- 1980 Launch of the men's fragrance "Jules".
- 1981 The Willot group declares bankruptcy.
- 1984 A group of investors, led by Bernard Arnault, takes control of the former Willot Group.
- 1985 Bernard Arnault becomes Chairman/ Chief Executive Officer of Christian Dior. Launch of the perfume "Poison".
- 1987 The Fashion Museum dedicates an exhibition to Christian Dior, on the fortieth anniversary of his first collection.
- 1988 Through its subsidiary Jacques Rober, held jointly with the Guinness group, the Christian Dior company takes a 32% equity stake in the share capital of LVMH. The share capital of Christian Dior is offered to French and foreign institutional investors who subscribe to a capital increase of 3.3 billion francs in a private placement.
- 1989 Gianfranco Ferré joins Christian Dior as creator of the Haute Couture, Fashion Furs, and Women's Ready-to-Wear collections. His first Haute Couture collection is awarded Dé d'Or. Opening of a boutique in Hawaii. Jacques Rober's stake in LVMH is increased to 44%.
- 1990 Opening of boutiques in Los Angeles and New York. LVMH's stake is increased to 46%.
- 1991 Listing of Christian Dior on the spot market, and then the monthly settlement market. Launch of the perfume "Dune".
- 1992 Patrick Lavoix is named artistic director of "Christian Dior Monsieur". Relaunch of "Miss Dior".
- 1994 A revision of agreements with Guinness has the effect of increasing Christian Dior's consolidated stake in LVMH from 24.5% to 41.6%.
- 1995 The Couture line is transferred to a wholly-owned subsidiary that takes the corporate name "Christian Dior Couture".
- 1996 John Galliano becomes creator of Christian Dior Couture.
- 1997 Christian Dior Couture takes over the network of 13 boutiques operated under franchise by its Japanese licensee, Kanebo.
- 1998 Christian Dior Couture takes over the direct marketing of Ready-to-Wear and women's accessories in Japan after terminating its licensing agreement with Kanebo.
- 1999 Launch of the perfume "J'adore".
Creation of a new business group, Fine Jewelry, whose collections are created by Victoire de Castellane.
- 2001 In January 2001, Hedi Slimane, new creator of the "Homme" line, presents his first collection based on a new contemporary masculine concept. Launch of the men's fragrance "Higher". Opening of the Fine Jewelry boutique at Place Vendôme, created under the direction of Victoire de Castellane.
- 2002 Launch of the perfume "Addict".
- 2003 Opening of a flagship boutique in the Omotesando district (Tokyo).
- 2004 Opening of a flagship boutique in the Ginza district (Tokyo).
- 2005 Celebration of the centennial of Christian Dior's birth.
Launch of the perfumes "Miss Dior Chérie" and "Dior Homme".
- 2006 Christian Dior Couture directly takes over the activity of its Moscow agent and opens a boutique in the GUM department store.

Christian Dior

GENERAL INFORMATION REGARDING THE PARENT COMPANY AND ITS SHARE CAPITAL

GENERAL INFORMATION REGARDING THE PARENT COMPANY

Corporate name – Registered office

Corporate name: Christian Dior
Registered office: 30, avenue Montaigne 75008 Paris.

Legal form

Société Anonyme (limited liability corporation).

Jurisdiction

The Company is governed by French law.

Date of incorporation – Term

Christian Dior was incorporated on October 8, 1946 for a term of 99 years which expires on October 7, 2045, unless the Company is dissolved early or extended by a resolution of the Extraordinary Shareholders' Meeting.

Corporate purpose (Article 2 of the Bylaws)

The Company's purpose, in France and in any other country, is the taking and management of interests in any company or entity, whether commercial, industrial, or financial, whose direct or indirect activity involves the manufacture and/or dissemination of prestige products, through the acquisition, in any form whatsoever, of shares, corporate interests, obligations, or other securities or investment rights.

Direct or indirect equity investment in any industrial or commercial operations by creating new companies, contributions, subscriptions, or purchases of shares or corporate interests, merger, takeover, joint venture, or other method.

And more generally, engaging in any commercial, financial, and industrial activities and those involving real and moveable assets, in such a way as to facilitate, favor, or develop the Company's activity.

Register of Commerce and Companies

The company is registered in the Paris Register of Commerce and Companies under number 582,110,987. APE code (company activity code): 182 C.

Location where documents concerning the Company may be consulted

The bylaws, financial statements, reports, and minutes of the Shareholders' Meetings may be consulted at the registered office.

Christian Dior

Fiscal year

From January 1 to December 31.

Distribution of profits (Article 26 of the Bylaws)

1—The net profit of each fiscal year, minus general expenses and other expenses incurred by the Company, including all amortization, depreciation and provisions, represents the net profit or loss of the fiscal year.

2—A deduction of at least one-twentieth is made from the net profits of each year less any prior losses, for allocation to the creation of a reserve fund known as a “Legal Reserve”. This deduction is no longer required when the Legal Reserve has reached a total equal to one-tenth of the share capital. It will be resumed when, for any reason, the Legal Reserve falls below this fraction.

3—The balance, plus any profits carried forward, constitute distributable profits.

From this distributable profit:

The Shareholders’ Meeting has the authority to deduct the necessary amounts for allocation to the special reserve for long-term capital gains, as provided for by current tax provisions, if other legal or optional reserves do not allow such contribution at the time the allocation is taxable in order to defer payment at the full corporate income tax rate applicable to long-term capital gains realized during the year.

The Shareholders’ Meeting then has the authority to deduct from the balance such sums as it deems appropriate, either to be carried forward to the following fiscal year, or to be applied to one or more general or special reserve funds, whose allocation or use it will freely determine.

Any remaining balance is to be distributed among all shareholders in the form of a dividend, prorated in accordance with the share capital represented by each share.

The Shareholders’ Meeting convened to approve the year’s financial statements has the authority, at the proposal of the Board of Directors, to grant each shareholder, for all or part of the dividend distributed, a choice between payment of the dividend in cash or in shares. The Board of Directors has the same authority for the distribution of interim dividends.

4—Except in the case of a capital reduction, no distribution may be made to shareholders when equity is or would subsequently become less than the total share capital.

Shareholders’ Meetings (Articles 17 to 23 of the Bylaws)

Notice of Meetings

Shareholders’ Meetings shall be convened and held under the conditions provided by the law and decrees in effect. The Meetings are held at the registered office or at any other location specified in the convening notice.

Conditions for admission

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 third 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

Christian Dior

registration of bearer shares is certified by a statement (“attestation de participation”) delivered by the financial intermediary authorized as account holder.

A shareholder having voted by mail or by electronic transmission, sent a proxy or requested an admittance card or certificate stating the ownership of shares may not select another means of taking part in the Meeting.

Conditions for exercising voting rights – double voting right (Article 17 of the Bylaws)

Shareholders have as many votes as they hold shares. A double voting right is granted to shares registered continuously in the name of the same holders after three years (Extraordinary Shareholders’ Meeting, June 14, 1991).

Declaration of thresholds (Article 8 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 one percent shall notify the total number of shares held to the Company. Such notice should be given within eight days from the date at which this percentage is reached.

This obligation applies each time the portion of capital owned 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 Company’s share capital.

In case of non-compliance with the above provision 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 voting right at any Shareholders’ Meeting held until the expiration of a period of three months from the date at which proper notification is made.

GENERAL INFORMATION CONCERNING SHARE CAPITAL

Changes in the share capital under the Bylaws

The share capital may be increased by a resolution of the Extraordinary Shareholders’ Meeting. However, when a capital increase is completed by capitalizing reserves, profits or share premiums, the Shareholders’ Meeting approving such increase shall vote under the quorum and majority conditions for Ordinary Shareholders’ Meetings.

Share capital – Classes of shares

As of December 31, 2006, the company’s share capital was 363,454,096 euros, consisting of 181,727,048 fully paid-up shares with a par value of 2 euros each.

The shares issued by the Company are all of the same class.

Among these 181,727,048 shares, 126,581,274 conferred double voting rights as of December 31, 2006.

Authorized share capital

As of December 31, 2006, the Company’s authorized share capital totaled 414,317,718 euros.

Christian Dior

Authorizations to increase the company's share capital

The Combined Shareholders' Meeting of May 12, 2005 authorized the Company's Board of Directors to:

1—Increase the share capital on one or more occasions, up to an overall maximum of 40 million euros per issuance of shares or any type of securities giving immediate or future access to the Company's share capital.

These issues may be carried out with or without preemptive subscription rights.

This authorization, granted for twenty-six months, expires on July 12, 2007, and has not been used to date. A proposal will be made to the Shareholders' Meeting of May 10, 2007 to renew it for a period of twenty-six months.

2—Increase the Company's share capital through an issue reserved for Group employees, on one or more occasions, up to a maximum of 3% of the Company's share capital, on the date of the Board of Director's decision. The share issuance price shall be determined in accordance with the provisions of Article L.443-5, paragraph 3 of the French Labor Code.

This authorization expires on May 11, 2008 and has not been used to date.

3—Increase the Company's share capital as consideration either for shares contributed to a public exchange offer or, up to a maximum of 10% of the share capital, for contributions in-kind consisting of Company shares or securities giving access to share capital.

This authorization, granted for a period of twenty-six months, expires on July 12, 2007 and has not been used to date. A resolution will be presented to the Shareholders' Meeting of May 10, 2007 renewing this authorization for a period of twenty-six months.

4—Make bonus allocations of existing shares or shares to be issued in favor of Group employees and management.

This authorization allows the Board of Directors to make one or more bonus allocations, up to a global maximum of 3% of the Company's share capital.

This authorization, granted for a period of thirty-eight months, expires on July 12, 2008 and has not been used to date.

Authorization to grant options to purchase or subscribe to shares

The Combined Shareholders' Meeting of May 11, 2006 authorized the Board of Directors to grant options to purchase or subscribe to shares in an amount not to exceed 3% of the Company's share capital, a portion equivalent to 5,451,811 shares as of December 31, 2006.

This authorization, granted for a period of thirty-eight months, expires on July 10, 2009. As of December 31, 2006, 5,431,811 attributable options remained.

Authorization to reduce the Company's share capital

Pursuant to Article L.225-209 of the French Commercial Code, the Combined Shareholders' Meeting of May 11, 2006 authorized the Board of Directors, should it consider that such an action serves the shareholders' interests, to reduce the Company's share capital through the retirement of shares bought back under share buy-back programs.

This authorization was granted for a period of 18 months and expires on November 10, 2007.

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A proposal will be made to the Shareholders' Meeting of May 10, 2007 to renew this authorization under the same conditions.

Authorization to engage in stock market transactions

The Combined Shareholders' Meeting of May 11, 2006 authorized the Board of Directors to acquire Company shares.

This authorization was given for a period of eighteen months and expires on November 10, 2007.

This authorization included the following limitations:

- the number of shares to be bought back under this authorization may not exceed 0.5% of the total number of shares representing the Company's share capital thus 908,635 shares;
- The purchase price per share must not exceed 110 euros.

In the event of a capital increase through the capitalization of reserves and the granting of bonus shares as well as in cases of either a stock split or a 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 Board of Directors will present a resolution to the Shareholders' Meeting of May 10, 2007 renewing this authorization for a period of eighteen months, under the following conditions:

- The number of shares to be acquired must not exceed 0.5% of the shares representing the equity capital, i.e. 908,635 shares;
- The purchase price per share must not exceed 130 euros;
- Acquisitions of shares may be made solely for the purpose of setting up a liquidity line under the terms of a liquidity contract concluded with a brokerage firm.

Shareholder identification

Article 8 of the Bylaws authorizes the Company to set up a shareholder identification procedure.

Non-capital securities

The Company has not issued any non-capital securities.

Securities giving access to the Company's capital

The Company has issued no securities giving access to the Company's capital.

Three-year summary of changes in the parent Company's share capital

Type of transactions	Par value issued in thousands of euros	Issuance premium (in thousands of euros)	Successive amounts of share capital (EUR)	Cumulative number of Company shares	Par value per share (EUR)
2004 No shares created	-	-	363,454,096	181,727,048	2
2005 No shares created	-	-	363,454,096	181,727,048	2
2006 No shares created	-	-	363,454,096	181,727,048	2

Christian Dior

ANALYSIS OF SHARE CAPITAL AND VOTING RIGHTS

Share ownership as of December 31, 2006

As of December 31, 2006, the Company's share capital comprised 181,727,048 shares. Of this total, taking into account shares held as treasury shares, voting rights were attached to 177,545,419 shares, including 126,581,274 with double voting rights.

As of that date, 100,679,366 shares were in pure registered form (of which 4,181,629 were treasury shares)

30,105,419 shares were in administered registered form, and 49,923,716 shares were bearer shares.

As of December 31, 2006, 220 registered shareholders held at least 100 shares.

Shareholders	Number of shares	Number of voting rights	% of capital	% of voting rights
Groupe Arnault SAS (*)	125,630,157	250,255,867	69.13	82.29
Treasury shares	4,181,629	–	2.30	–
Other	51,915,262	53,870,826	28.57	17.71

(*) Directly and indirectly.

To the Company's knowledge, no other shareholder held over 5% of the Company's share capital as of December 31, 2006, and no shareholders' agreement applied to at least 0.5% of the Company's share capital or voting rights.

Changes in share ownership during the last three fiscal years

Shareholders	December 31, 2004		December 31, 2005		December 31, 2006	
	Number	% of capital	Number	% of capital	Number	% of capital
Groupe Arnault SAS directly and indirectly	124,967,210	68.77	125,616,157	69.12	125,630,157	69.13

Pledges of pure registered shares by main shareholders

As of December 31, 2006, Christian Dior shares held by major shareholders in pure registered form were free of all pledges.

Natural persons or legal entities that may exercise control over the Company

As of December 31, 2006, Groupe Arnault SAS directly and indirectly held 125,630,157 Company shares representing 69.13% of share capital and 82.29% of voting rights.

Mr. Bernard Arnault is Chairman of the Christian Dior Board of Directors.

Christian Dior

STOCK MARKET INFORMATION

SHARE CAPITAL

As of December 31, 2006, Dior's share capital was 363,454,096 euros, consisting of 181,727,048 shares with a par value of 2 euros. The number of shares remained unchanged during 2006.

DIOR SHARE PRICE

In 2006, European and US stock markets performed well, as reflected in the growth seen on the CAC 40 (+17.5%), Eurostoxx 50 (+15.1%) and Dow Jones Industrial (+16.3%) indexes.

The Christian Dior share, which increased by 49% over 2005, has not fully benefited from this favorable context, despite its still very sound fundamentals. In this way, the share price climbed from 76.15 euros on January 2, 2006 to 80.75 euros on December 29, 2006, up 6%. At the end of December 2006, Dior's market capitalization represented 14.7 billion euros.

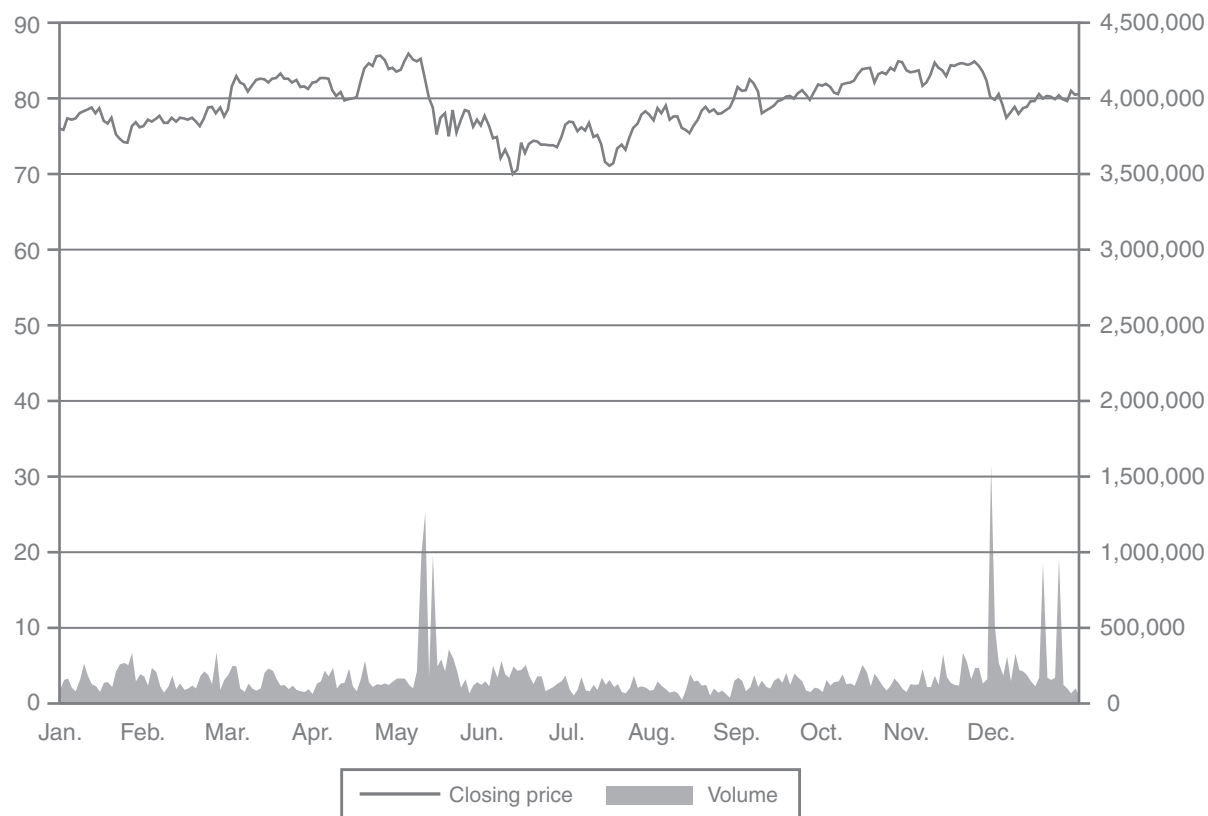
Dior is part of the main French and European indexes used by fund managers: DJ Eurostoxx and Euronext 100.

Dior is listed on the Eurolist of Euronext Paris (Reuters: DIOR.PA, Bloomberg: CDi-FP, ISIN: FR0000130403). In addition, negotiable options based on the Dior share are traded on the Monep in Paris.

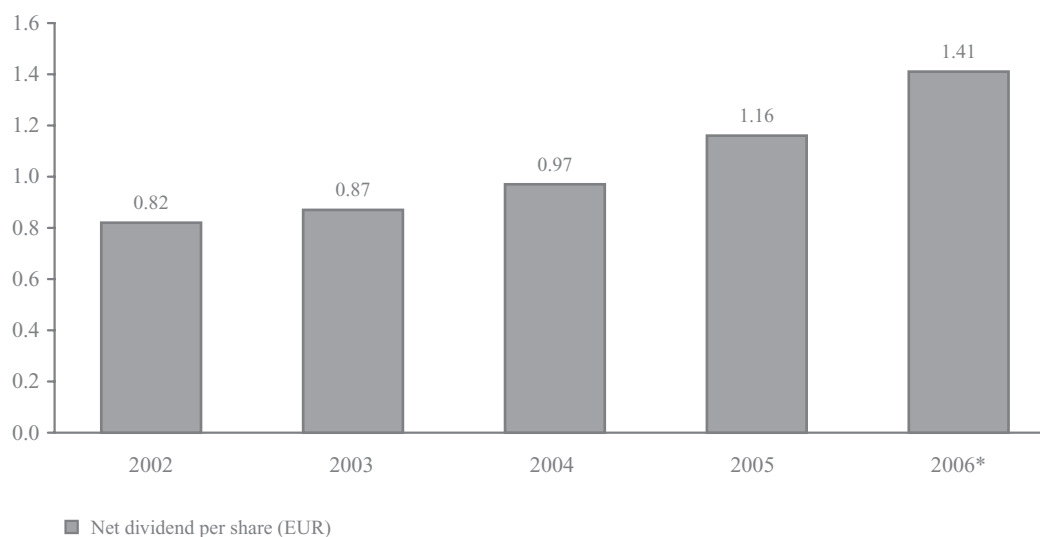
On March 16, 2007, the Christian Dior share was valued at 89.94 euros.

Christian Dior

PRICE TREND OF THE CHRISTIAN DIOR SHARE AND VOLUME OF STOCK TRADED IN PARIS



FIVE-YEAR REVIEW OF DIVIDENDS



*Proposed to the Shareholder's Meeting of May 10, 2007.

Christian Dior

PAYMENT OF DIVIDEND

The dividend of 1.41 euros will be paid at the Company's corporate headquarters on May 15, 2007, less the interim dividend of 0.38 euros distributed on December 1, 2006.

STOCK MARKET CAPITALIZATION

As of December 31, in millions of euros	• 2004	9,095
	• 2005	13,648
	• 2006	14,674

CHANGE IN SHARE CAPITAL

Number of shares as of December 31, 2005	181,727,048
Shares created	–
Number of shares as of December 31, 2006	181,727,048

PERFORMANCE PER SHARE

(EUR)	2004	2005	2006
Diluted Group share of net profit	3.07	3.45	4.45
Dividend	0.97	1.16	1.41
Change compared to previous year (%)	11%	20%	22%
Highest share price	56.00	79.70	87.15
Lowest share price	44.52	47.90	69.00
Share price as of December 31,	50.05	75.10	80.75
Change compared to previous year (%)	4%	50%	8%

Christian Dior

MARKET FOR ISSUER'S SHARES

The Company's shares are listed on the Premier Marché of Euronext Paris.

Trading volumes and amounts on the Paris bourse, and price trend over the last 18 months.

	Opening price 1st day	Closing price last day	Highest share price	Lowest share price	Trading volume	Value of share capital traded
September 2005	65.25	68.65	68.75	63.05	2,863,710	190,829,160
October 2005	68.55	66.95	69.90	65.05	3,017,157	203,116,660
November 2005	67.00	72.10	73.40	64.65	5,719,777	404,219,780
December 2005	72.95	75.10	76.80	72.40	5,186,096	383,294,110
January 2006	75.90	76.55	79.70	73.35	3,568,059	273,321,620
February 2006	76.50	77.80	79.70	76.10	2,784,613	216,752,590
March 2006	77.85	82.35	83.90	77.85	2,770,541	227,682,505
April 2006	82.35	84.05	86.75	78.55	2,524,309	208,722,237
May 2006	83.95	77.40	87.15	72.20	6,415,737	519,723,457
June 2006	77.85	76.65	79.90	69.00	3,506,851	259,102,985
July 2006	77.30	78.05	78.70	70.30	2,022,626	152,018,952
August 2006	78.85	81.15	82.45	75.05	2,202,102	172,440,882
September 2006	81.15	82.10	82.90	77.95	2,456,613	197,925,379
October 2006	82.35	83.70	85.80	80.50	2,837,128	235,890,454
November 2006	84.05	79.35	85.60	78.90	5,540,241	456,118,623
December 2006	79.35	80.75	81.85	77.00	4,407,160	351,612,921
January 2007	82.05	83.65	84.75	79.10	4,844,562	395,292,036
February 2007	84.85	89.46	94.98	83.30	5,118,413	458,141,982

DIVIDENDS PAID PER SHARE IN FISCAL YEARS 2002, 2003, 2004, 2005 and 2006 (EUR)

Year	Net dividend	Tax credit ⁽¹⁾	Tax Allowance ⁽¹⁾
2006**	1.41		0.564
2005	1.16	–	0.496
2004	0.97	0.16 ^(*)	0.325
2003	0.87	0.44	–
2002	0.82	0.41	–

(1) For individuals with tax residence in France.

(*) Attached to the interim dividend of 0.32 per share paid on December 2, 2004. For individuals, half the amount of the dividend balance of 0.65 euros will be used in the income tax assessment.

** Proposed to the Shareholders' Meeting of May 10, 2007.

Pursuant to current laws in France, dividends and interim dividends uncollected within five years become void and are paid to the French state.

Christian Dior

MAIN LOCATIONS AND PROPERTIES

1. Production

Wines and Spirits

The vineyards in France and abroad, owned by the Group are as follows:

(Hectares)	2006	Of which, in production	2005	Of which, in production
France:				
Champagne	1,770	1,678	1,764	1,658
Cognac	246	189	250	177
Yquem	188	98	188	100
Other countries:				
California (US)	466	336	465	318
Argentina	1,369	765	1 369	765
Australia, New Zealand	558	331	559	317
Brazil	232	63	232	63

In the above table, the total number of hectares owned is determined exclusive of surface not used for viticulture. The difference between the total number of hectares owned and the number of hectares under production represents areas that have been planted but are not yet productive and fallow land.

The Group also owns various industrial buildings, wineries, cellars, warehouses, offices, visitor and reception centers linked to each one of its main Champagne brands or its production operations in France, California, Argentina, Australia, Brazil and New Zealand, as well as distilleries and warehouses in Cognac, the UK and Poland. The total surface area is approximately 700,000 sq.m in France and 300,000 sq.m abroad.

Fashion and Leather Goods

Louis Vuitton owns fourteen leather goods production facilities located primarily in France, although it also owns large facilities near Barcelona, Spain, and leases a facility in San Dimas, California. The company owns its warehouses in France but leases warehouse space abroad. The total surface area of production facilities and warehouses owned is approximately 150,000 square meters.

The facilities in Barcelona, Villaverde and Getafe in Spain responsible for manufacturing Loewe's products as well as accessories for other Group brands are leased.

Fendi owns its own manufacturing facility near Florence, Italy.

Celine also owns manufacturing and logistics facilities near Florence, Italy.

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

Kenzo owns its distribution facilities near Tours in France, which are used by Kenzo, Celine and Givenchy.

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

The other facilities utilized by this business group are either leased or included within manufacturing subcontracting agreements.

Christian Dior

Perfumes and Cosmetics

Buildings located near Orleans in France housing the Research and Development operations of Perfumes and Cosmetics as well as the manufacturing, distribution and office facilities of Parfums Christian Dior are owned by Parfums Christian Dior and occupy a surface area of 58,000 square meters.

Guerlain owns its two manufacturing centers in Chartres and Orphin in France, for a total surface area of approximately 27,000 square meters.

Parfums Givenchy owns two plants in France, one in Beauvais and the other in Vervins, corresponding to a total surface area of 19,000 square meters. The Vervins facility produces both Givenchy and Kenzo products. The company also owns distribution facilities in Hersham, England.

La Brosse et Dupont owns production facilities, warehouses, and office space in France and Poland, for a total surface area of about 50,000 square meters.

Watches and Jewelry

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

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

Omas owns its office premises and its production facility in Bologna, Italy.

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

Christian Dior Couture

In May 2005, Christian Dior Couture acquired a Pforzheim factory in Germany in connection with operations to take back control over activities from its fantasy jewelry license holder.

2. Distribution

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

Louis Vuitton owns certain buildings that house its stores in Tokyo, Guam, Hawaii, Seoul, Taipei, Sydney, Copenhagen, Stockholm, Rome, Genoa, Cannes and Saint-Tropez, for a total surface area of approximately 10,000 square meters.

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

In the Selective Retailing business group:

- Le Bon Marché, Franck et Fils and La Samaritaine own the buildings in Paris that house their department stores, corresponding to a total sales area of about 150,000 square meters;
- DFS owns its stores in Waikiki (Hawaii), Tumon Bay (Guam) and Saipan.

Christian Dior

At December 31, 2006, this network of stores was distributed as follows:

(in number of stores)	2006	2005	2004
France	288	278	278
Europe (excluding France)	456	422	413
United States	394	365	345
Japan	278	262	252
Asia (excluding Japan)	363	329	338
Other	80	67	67
Total	1,859	1,723	1,693

(in number of stores)	2006	2005	2004
Fashion and Leather Goods: Louis Vuitton	368	345	340
Other brands	586	546	556
	954	891	896
Perfumes and Cosmetics	48	43	43
Watches and Jewelry	82	70	59
Selective Retailing: Sephora	621	558	521
Other	149	156	169
	770	714	690
Other	5	5	5
Total	1,859	1,723	1,693

Since January 20, 1998, the Company has also acquired ownership of its logistics center at Blois, to make the international distribution of its products easier.

Except avenue Montaigne, Madrid, Saint-Tropez, Tokyo (Omotesando district), the stores wholly operated by Christian Dior Couture and located in prime areas in most of the world's major cities are leased from independent owners.

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 two buildings in New York (total surface area of about 17,000 square meters) and a building in Osaka (about 5,000 square meters) that house the offices of subsidiaries.

Christian Dior

The Group owns various rental properties, primarily in Paris and concentrated around la Samaritaine and Bon Marché, representing approximately 50,000 sq.m.

The Christian Dior Couture Group owns its headquarters located at 11 to 17, rue François 1er, and 28 to 30, avenue Montaigne.

Lastly, the headquarters of the main Christian Dior Couture subsidiaries outside of France are also leased.

SUPPLY SOURCES AND SUBCONTRACTING

Champagne and Wines

The Group owns 1,678 hectares of champagne under production, which provide a little more than one-fourth of its annual needs. In addition, the 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 15% 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 the wine growers and the merchants. After the first four-year agreement signed in 1996, another industry agreement was signed between the Companies and the wine growers of Champagne in the spring of 2000 covering the four harvests from 2000 through 2003, which confirmed the desire to limit upward or downward fluctuations in grape prices. A new industry agreement was signed in the spring of 2004 by the Companies and the wine growers of Champagne covering the five harvests from 2004 to 2008. This agreement sets new rules in order to ensure greater security for the payment to the wine growers and to achieve better control of price speculations.

For ten years, the wine growers and the 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 2006 harvest, the Institut National des Appellations d'Origine (INAO - French organization charged with regulating controlled place names) set the maximum yield for the Champagne appellation at 13,000 kg/ha. This maximum yield represents the maximum harvest level that can be made into wine and sold under the Champagne appellation. Moreover, the INAO has redefined the legal framework for the "stockpiled" reserves previously mentioned. It will now be possible to harvest grapes beyond the marketable yield within the limits of a ceiling called "plafond limite de classement" (PLC), the highest permitted yield-per-acre. This ceiling will be determined every year within the limits of the maximum total yield now set at 15,500kg/ha. This additional harvest will be stockpiled in reserve, kept in vats and used to complement poorer harvests. The maximum level of this stockpiled reserve is set at 8,000 kg/ha.

The 2006 harvest has been very good both in terms of quality and quantity. It made it possible to reach the marketable ceiling of 13,000kg/ha and to complete the stockpiled reserves within the limits of the PLC set at 14,500kg/ha for this harvest. The price paid for each kilogram of grapes in the 2006 harvest ranged between 4.20euros and 5.05 euros depending on the vineyard, but was stable compared to 2005.

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

The Champagne Houses used subcontractors primarily for bottle handling and storing operations; these operations represented approximately 40 million euros.

Christian Dior

Cognac and Spirits

Hennessy owns 189 hectares. The Group's vineyard has remained 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, with whom the company ensures the preservation of exceptional quality. Purchase prices for wine and eau-de-vie are established between the company and each producer based on supply and demand. In 2006, the price of wines from the harvest rose 2% for the Fins Bois, after a 1.6% increase in 2005, following three stable years. The price of the other vintages remained stable.

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 does not use subcontractors for its core business.

Fashion and Leather Goods

In Fashion and Leather Goods, manufacturing capacities and the use of subcontracting vary significantly, depending on the brand.

The fifteen leather goods manufacturing shops of Louis Vuitton Malletier, eleven in France, three in Spain and one in the United States, provide most of the brand's production. Louis Vuitton uses third parties only to supplement its manufacturing and achieve production flexibility.

Fendi and Loewe also have leather workshops in their country of origin and in Italy for Celine, 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 country of origin of the brand: France, Italy and Spain.

Overall, the use of subcontractors for Fashion and Leather Goods operations represented a quarter of the cost of sales in 2006.

Louis Vuitton Malletier depends on outside suppliers for most of the leather and raw materials used in manufacturing its products. Even though a significant percentage of the raw materials are purchased from a fairly small number of suppliers, Louis Vuitton believes that these supplies could be obtained from other sources, if necessary. In 2004, recourse to a balanced portfolio of suppliers also limited dependence on specific suppliers. After a diversification program launched in 1998 to Norway and Spain, the portfolio of suppliers was expanded to include Italy in 2000. For Louis Vuitton, the leading supplier of hides and leathers represents about 23% of its total supplies of these products.

Fendi is in a similar situation, except for some exotic leathers for which suppliers are rare.

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

Christian Dior

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

Perfumes and Cosmetics

The five French production centers of Guerlain, Givenchy and Dior 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 sufficient manufacturing capacities in France to cover its own needs. Only the newer American companies and Loewe perfumes and Acqua di Parma subcontract most of the manufacturing of their products.

In 2006, manufacturing subcontracting represented overall about 8% of the cost of sales for this activity, plus approximately 13 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 in 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 laboratories, but the Group can also acquire or develop formulas from specialized companies, particularly for perfume essences.

Watches and Jewelry

With its four Swiss workshops or manufactures, located in Le Locle and in La Chaux de Fonds, the Group provides almost the entire assembly of the watches and chronographs sold under the TAG Heuer, Zenith, Christian Dior, Chaumet and Fred brands. In its watchmaking shop, Zenith also designs and manufactures the mechanical movements *El Primero* and *Elite* that made this brand famous.

In this business, subcontracting represented overall only 9% of the cost of sales in 2006.

Because of the very high quality requirements, the components assembled are obtained from a limited number of suppliers, primarily Swiss, with the exception of the leather for the watch bands. In 2006, TAG Heuer manufactured nearly one-fifth of the cases needed for its production in its own industrial subsidiary Cortech, in Switzerland.

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

Christian Dior

Christian Dior Couture

The Christian Dior Group has 5 production workshops and uses independent contractors depending upon the nature of the products.

In association with Italian partners, Christian Dior Couture operates four production units for leather goods and footwear in Florence, Milan, and Padua, Italy. To guarantee manufacture and obtain greater production flexibility, it also uses outside leather goods businesses.

In the ready-to-wear and fine jewelry sectors, the company is supplied solely through outside firms.

For *Bijoux Fantaisie*, Christian Dior Couture has a state-of-the-art production workshop at Pforzheim, Germany.

STATUTORY AUDITORS

Statutory auditors	Current terms of office		
	Start date of first term	Date appointed	End of term
<hr/> ERNST & YOUNG AUDIT Tour Ernst & Young Faubourg de l'Arche 92037 Paris La Défense Cedex represented by Christian Mouillon	May 29, 1997	May 15, 2003	fiscal year 2008
<hr/> MAZARS & GUERARD Tour Exaltis 61, rue Henri Regnault 92400 - Courbevoie represented by Denis Grison	May 15, 2003	May 15, 2003	fiscal year 2008
<hr/> Dominique Thouvenin (alternate) Tour Ernst & Young Faubourg de l'Arche 92037 Paris La Défense Cedex	May 29, 1997	May 15, 2003	fiscal year 2008
<hr/> Guillaume Potel (alternate) Tour Exaltis 61, rue Henri Regnault 92400 - Courbevoie	May 15, 2003	May 15, 2003	fiscal year 2008

Christian Dior

FEES PAID IN 2006

(in thousands of euros,
excluding VAT)

	Ernst & Young Audit				Mazars & Guérard			
	2006		2005		2006		2005	
	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Statutory audit, certification, audit of the individual company and consolidated financial statements:								
• Christian Dior	96	1	89	1	135	12	133	10
• Fully-consolidated subsidiaries	9,787	84	10,181	81	968	88	1,088	84
Other services relating directly to the statutory audit assignment:								
• Christian Dior	15	–	43	–	–	–	30	2
• Fully-consolidated subsidiaries	673	6	953	8	–	–	–	–
Subtotal	10,571	90	11,266	90	1,103	100	1,251	96
Other services provided by the firms to fully- consolidated subsidiaries								
• Legal, tax, employee- related	1,077	9	1,293	10	–	–	46	4
• Other	62	1	2	–	–	–	–	–
Subtotal	1,139	10	1,295	10	–	–	46	4
Total	11,710	100	12,561	100	1,103	100	1,297	100

INFORMATION POLICY

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Christian Dior

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