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 report of the Statutory Auditors, hereby approves the consolidated financial statements for the fiscal year ended December 31, 2007, 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 parent company financial statements)

The Shareholders' Meeting, after examining the report presented by the Board of Directors, the report of the Chairman of the Board and the reports of the Statutory Auditors, hereby approves the parent company financial statements for the fiscal year ended December 31, 2007, 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.

The Meeting accordingly grants full discharge to the members of the Board of Directors for the performance of their duties in respect of the aforementioned fiscal 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 covered by Articles L. 225-38 and L. 225-42-1 (last paragraph) of the French Commercial Code, hereby declares that it approves said agreements.

FOURTH RESOLUTION
(Appropriation of net profit – Determination of dividend)

The Shareholders' Meeting, upon the recommendation of the Board of Directors, hereby decides to appropriate and to allocate in the form of dividends the distributable profit for the fiscal year ended December 31, 2007 as follows:

Amount available for distribution	(EUR)
• Net profit	337,626,271.75
• Retained earnings	5,785,390.55
Total distributable profit	343,411,662.30
Recommended allocation	
• Gross dividend distribution of 1.61 euros per share	292,580,547.28
• Allocation to ordinary reserves	28,758,380.33
• Retained earnings	22,072,734.69
Total	**343,411,662.30**

As an interim dividend of 0.44 euros per share was paid on December 3, 2007, the balance of the dividend due per share is equal to 1.17 euros. This balance will be paid out on May 23, 2008.

With respect to this dividend distribution, individuals who are residents of France for tax purposes 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 (*)
2006	1.41	–	0.564
2005	1.16	–	0.496
2004	0.97	0.160	0.325

(*) For individuals who are residents of France for tax purposes.

FIFTH RESOLUTION
(Renewal of the term of office of Mr. Bernard Arnault as a director)

The Shareholders' Meeting, noting that Mr. Bernard Arnault's term of office expires on this date, hereby reappoints him as a director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2011 to approve the financial statements for the previous fiscal year.

SIXTH RESOLUTION
(Renewal of the term of office of Mr. Sidney Toledano as a director)

The Shareholders' Meeting, noting that Mr. Sidney Toledano's term of office expires on this date, hereby reappoints him as a director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2011 to approve the financial statements for the previous fiscal year.

SEVENTH RESOLUTION
(Renewal of the term of office of Mr. Pierre Godé as a director)

The Shareholders' Meeting, noting that Mr. Pierre Godé's term of office expires on this date, hereby reappoints him as a director for a three-year term that shall expire at the end of the Ordinary Shareholders' Meeting convened in 2011 to approve the financial statements for the previous fiscal year.

EIGHTH RESOLUTION
(Determination of the annual amount of directors' fees)

The Shareholders' Meeting hereby decides to set the total annual amount of directors' fees allocated to the Board of Directors, until otherwise decided by the Meeting, at 147,715 euros.

NINTH RESOLUTION
(Share repurchase program)

The Shareholders' Meeting, having examined the report prepared by the Board of Directors, authorizes the latter to acquire Company shares, pursuant to the provisions of Articles L. 225-209 et seq. of the French Commercial Code. To this end, it authorizes the implementation of a share repurchase program.

In particular, the shares may be acquired in order (i) to provide market liquidity services (purchases/sales) under a liquidity contract set up by the Company; (ii) to cover stock option plans, the awarding of bonus shares or any other form of share allocation or share-based payment, in favor of employees or officers either of the Company or of an affiliated undertaking as defined under Article L. 225-180 of the French Commercial Code; (iii) to cover securities giving access to the Company's shares, notably by way of conversion, tendering of a coupon, reimbursement or exchange; or (iv) to be retired or (v) held so as to be exchanged or presented as consideration at a later date for external growth operations.

The purchase price per share may not exceed 130 euros. In the event of a capital increase through the capitalization of reserves and the awarding 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 maximum number of securities that may be issued shall not exceed 10% of the share capital, with the understanding that this limit shall apply to the amount of the share capital that shall be adjusted, where applicable, in order to take into account any transactions having an impact on the share capital subsequent to the date of this Meeting. As of December 31, 2007, this limit corresponds to 18,172,704 shares. The maximum total amount dedicated to these purchases may not exceed 2.4 billion euros. The shares may be acquired by any appropriate method on the market or over the counter, including the use of derivatives, as well as through block purchases or as part of an exchange. Pursuant to the provisions of Articles L. 225-209 et seq. of the French Commercial Code, the shares thus acquired may be resold by the Company by any means, including block sales.

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 shall replace that granted by the Combined Shareholders' Meeting of May 10, 2007 and is granted for a period of eighteen months as of the date of this Meeting.

EXTRAORDINARY RESOLUTIONS

TENTH RESOLUTION
(Authorization to reduce the Company's share capital)

The Shareholders' Meeting, having examined the report prepared by the Board of Directors and the special report prepared by the Statutory Auditors,

1. authorizes the Board of Directors to reduce the share capital of the Company, on one or more occasions, by retiring the shares acquired pursuant to the provisions of Article L. 225-209 of the French Commercial Code;
2. sets the maximum amount of the capital reduction that may be performed under this authorization over a twenty-four month period to 10% of the Company's current share capital;
3. 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;
4. grants this authorization for a period of eighteen months as of the date of this Meeting;
5. decides that this authorization shall replace that granted by the Combined Shareholders' Meeting of May 10, 2007.

ELEVENTH RESOLUTION
(Authorization to award bonus shares to Group employees and officers)

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 Article L. 225-197-1 et seq. of the French Commercial Code,

1. authorizes the Board of Directors, at its sole discretion, to award bonus shares, whether already in existence or to be issued, in one or several operations, to employees and officers of the Company or of any of its affiliates as defined under Article L. 225-197-2 of the French Commercial Code;
2. grants this authorization for a period of thirty-eight months as of the date of this Meeting;
3. decides that the total number of bonus shares shall not exceed 1% of the share capital as of the date of this Meeting, it being indicated that such amount shall be applied against the nominal amount of any capital increase resulting or likely to result over time from issuances decided under the 12th resolution presented for the approval of this Shareholders' Meeting or under the 8th, 9th and 10th resolutions approved by the Combined Shareholders' Meeting of May 10, 2007;
4. decides that the allocation of shares to their beneficiaries shall become definitive either (i) after a minimum vesting period of two years, the beneficiaries being required in this case to hold the shares for a minimum of two more years once fully vested, or (ii) after a minimum vesting period of four years, without any requirement to hold the shares once fully vested. It is to be understood that the Board of Directors shall be entitled to choose between these two options, at its own discretion, making use of them either alternately or concurrently, and, within the legal framework defined by Article L. 225-197-1 of French Commercial Code, to decide on the length of the vesting and required holding periods;

5. authorizes the Board of Directors to make, where applicable during the vesting period, any adjustments to the number of shares in connection with any transactions involving the Company's share capital, in order to protect the rights of beneficiaries;
6. takes note that if the allocation involves an issue of new shares, this authorization entails the waiver by shareholders, in favor of the beneficiaries of bonus shares, of their preemptive right to subscribe to the new shares to be issued;
7. grants all powers to the Board of Directors with the right to delegate the same, within the limits set forth by law, in order to implement this authorization, including:
   - the approval of the list of award beneficiaries,
   - the determination of the award terms and conditions and, where applicable, the award criteria,
   - the determination of the dates from which the shares shall carry dividend rights,
   - where applicable, the acknowledgment of the completion of capital increases, the resulting amendment of the Bylaws, and generally the performance of any and all actions required in the implementation of this authorization,
8. decides that this authorization shall replace that granted by the Combined Shareholders' Meeting of May 12, 2005.

TWELFTH RESOLUTION
(Capital increase reserved for Group employees – Delegation of powers)

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 Articles L. 225-129-2 and L. 225-129-6 of the French Commercial Code,

1. delegates its powers to the Board of Directors to allow this body to proceed, in one or several operations, under the conditions set forth in Article L. 443-5 of the French Labor Code, with any capital increase in cash reserved for the employees of the Company, and of any other affiliated enterprises, who are members of a company savings plan;
2. grants this delegation of powers for a period of twenty-six months as of the date of this Meeting;
3. decides that the total number of shares to which employees may subscribe under this delegation shall not exceed 3% of the share capital as of the date of the issue, it being indicated that such amount shall be applied against the nominal amount of any capital increase resulting or likely to result over time from issuances decided under the 11th resolution presented for the approval of this Shareholders' Meeting or under the 8th, 9th and 10th resolutions approved by the Combined Shareholders' Meeting of May 10, 2007;
4. decides that the share exercise price shall be determined in accordance with the provisions of Article L. 443-5, paragraph 3 of the French Labor Code;
5. grants all powers to the Board of Directors to implement this delegation and in particular to:
   - determine the length of service requirements that must be met in order to participate in the operation, within any limits set forth by law, and, where applicable, the maximum number of shares to which each employee may subscribe,

- determine the number of new shares to be issued and the date from which such shares shall carry dividend rights,
- determine, within any limits set forth by law, the issue price of the new shares and the time periods within which employees may exercise their rights,
- determine the time periods and terms and conditions within and under which payments are to be made on the new shares,
- record the completion of each capital increase and amend the Bylaws accordingly,
- proceed with any and all operations and formalities deemed necessary to carry out the capital increase or increases;

6. decides to exclude the preferential right of shareholders to subscribe to shares in favor of the abovementioned category of employees.

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

COMBINED SHAREHOLDERS' MEETING OF MAY 15, 2008

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

Statutory auditors

Member of the Versailles regional organization

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

Statutory auditors

Member of the Versailles regional organization

To the Shareholders,

As Statutory Auditors of Christian Dior and pursuant to Article L. 225-209, paragraph 7 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 terms and conditions of the proposed decrease in share capital.

We performed the procedures that we deemed necessary in accordance with the professional guidelines of the French Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in reviewing the fairness of the terms and conditions of the proposed decrease in share capital.

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 powers, for a period of eighteen months, to cancel all shares purchased following the granting of authority by your Company for the purchase of its own shares, within the limit of 10% of its share capital, and during a period of 24 months.

We have no comment to make as to the terms and conditions of the proposed share capital decrease, it being indicated that prior approval, by your Shareholders' Meeting, for the purchase by your Company of its own shares, is required.

Courbevoie and Paris-La Défense, March 10, 2008

The Statutory Auditors

MAZARS & GUERARD

Denis Grison

ERNST & YOUNG AUDIT

Jeanne Boillet

STATUTORY AUDITORS' REPORT ON THE GRANTING OF EXISTING OR FUTURE SHARES FOR NO CONSIDERATION TO EMPLOYEES AND COMPANY OFFICERS (ELEVENTH RESOLUTION)

COMBINED SHAREHOLDERS' MEETING OF MAY 15, 2008

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

Statutory auditors

Member of the Versailles regional organization

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

Statutory auditors

Member of the Versailles regional organization

To the Shareholders,

As Statutory Auditors of your Company and in accordance with Article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we have prepared this report on the proposed attribution of existing or future shares for no consideration to the employees and Company Officers of Christian Dior and its affiliated companies within the meaning of Article L. 225-197-2 of the French Commercial Code.

Shareholders are requested to authorize the Board of Directors to grant existing or future shares for no consideration. It is the responsibility of the Board of Directors to prepare a report on the transaction which it wishes to perform. It is our responsibility, where necessary, to give you our comments on the information which is communicated to you on the proposed transaction.

We performed the procedures that we deemed necessary in accordance with the professional guidelines of the French Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures involved verifying that the proposed terms and conditions presented in the Board of Directors' report conform to the provisions provided for by law.

We have no comment to make on the information given in the Board of Directors' report relating to the proposed transaction.

Courbevoie and Paris-La Défense, March 10, 2008

The Statutory Auditors

MAZARS & GUERARD

Denis Grison

ERNST & YOUNG AUDIT

Jeanne Boillet

STATUTORY AUDITORS' REPORT ON THE INCREASE IN SHARE CAPITAL WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS RESERVED FOR EMPLOYEE MEMBERS OF A COMPANY SAVINGS SCHEME (TWELFTH RESOLUTION)

COMBINED SHAREHOLDERS' MEETING OF MAY 15, 2008

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

Statutory auditors

Member of the Versailles
regional organization

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

Statutory auditors

Member of the Versailles
regional organization

To the Shareholders,

As Statutory Auditors of your Company and pursuant to Articles L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby report on the proposed delegation of authority to the Board of Directors to decide on a share capital increase via the issue of ordinary shares with cancellation of preferential subscription rights reserved for employees of Christian Dior and all affiliated companies which are members of a company savings scheme, a transaction submitted to you for approval.

This share capital increase is submitted to you for approval pursuant to the provisions of Articles L. 225-129-6 of the French Commercial Code and L. 443-5 of the French Labor Code (*Code du travail*). The total number of shares which may be issued pursuant to this resolution shall not exceed 3% of the share capital at the date of issuance, it being indicated that the amount of this share capital increase will be applied against the nominal amount of any capital increase resulting from, or which may in the future result from, issues decided by virtue of the 11th resolution subject to your approval at this Shareholders' Meeting and the 8th, 9th or 10th resolutions approved by the Combined Shareholders' Meeting of May 10, 2007.

Based on its report, your Board of Directors proposes that you delegate to them, for a period of 26 months, the authority to decide on one or more issues and proposes that you cancel your preferential subscription rights. When necessary, the Board of Directors will set the final terms and conditions of this transaction.

Pursuant to Articles R. 225-113 and R. 225-114 of the French Commercial Code, the Board of Directors will issue a report in which it will express its 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 performed the procedures that we deemed necessary in accordance with the professional guidelines of the French Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying the content of the Board of Directors' report on this transaction and the conditions governing the issue price of shares to be issued.

Subject to later examination of the conditions under which the proposed capital increases will be decided, we have no matters to report on the determination of the issue price of shares to be issued as presented in the Board of Directors' report.

As the issue price of shares to be issued has not yet been set, we do not express an opinion on the final conditions under which the issues will be performed and, as such, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report, if necessary, when your Board of Directors performs any share capital increases.

Courbevoie and Paris-La Défense, March 10, 2008

The Statutory Auditors

MAZARS & GUERARD	**ERNST & YOUNG AUDIT**
Denis Grison	Jeanne Boillet

General Information

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 in Paris.

1947 On February 12, Christian Dior presents the 90 models of his first collection on six mannequins. The "Corolle" and "Huit" lines are very quickly rechristened "New Look". 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".

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 and Chief Executive Officer of Christian Dior. Launch of the perfume "Poison".

1987 The Paris 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, Christian Dior 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 the 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 of the Paris stock exchange. 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 supervision 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.

2007 Celebration of the 60th anniversary of the creation of Maison Dior (1947). Kris Van Assche, the new creator of the menswear line, presents his first collections.

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, France.

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, bonds, 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): 7010 Z.

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.

Fiscal year

From January 1 until December 31.

Distribution of profits (Article 26 of the Bylaws)

1—The net revenue 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 a reserve fund known as a "legal reserve". This deduction is no longer required when the amount of the legal reserve has reached a one-tenth of the share capital. It is resumed when, for any reason, the legal reserve falls below this fraction.

3—The balance, plus any retained earnings, constitute the distributable profit.

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 are convened and held under the conditions provided by the law and decrees in effect. Meetings are held at the registered office or at any other location specified in the notice of meeting.

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 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 the fraction 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 this provision, and at the request, as recorded in the minutes of the Shareholders' Meeting, of one or several shareholders holding at least 5% of the capital, the shares in excess of the percentage to be declared shall be deprived of their voting right at any Shareholders' Meeting that may be held until the expiration of a period of three months from the date at which proper notification is made.

GENERAL INFORMATION REGARDING THE 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, 2007, 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, 126,482,210 conferred double voting rights as of December 31, 2007.

Authorized share capital

As of December 31, 2007, the Company's authorized share capital totaled 413,357,718 euros.

Authorizations to increase the Company's share capital

The Combined Shareholders' Meeting of May 10, 2007 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.

2-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.

These authorizations, granted for a period of twenty-six months, expire on July 9, 2009 and have not been used to date.

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

1-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 was not implemented.

The duty to consult with the Shareholders' Meeting must be renewed every three years, for as long as employees hold less than 3% of the share capital. A resolution will be presented to the Shareholders' Meeting of May 15, 2008 recommending that this duty to consult be renewed for a period of twenty-six months.

2-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 the Company's share capital set by the Shareholders' Meeting.

This authorization, granted for a period of thirty-eight months, expires on July 11, 2008 and has not been used to date. A resolution will be presented to the Shareholders' Meeting of May 15, 2008 renewing this authorization to make allocations of bonus shares on one or more occasions subject to the limit of 1% of the share capital, for a period of thirty-eight months.

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, 2007.

As of December 31, 2007, there were 4,951,811 remaining attributable options.

This authorization, granted for a period of thirty-eight months, expires on July 10, 2009.

Authorization to engage in stock market transactions

The Combined Shareholders' Meeting of May 10, 2007 authorized the Board of Directors to acquire Company shares.

This authorization was given for a period of eighteen months and expires on November 9, 2008. This authorization was not implemented in 2007.

A resolution will be presented to the Shareholders' Meeting of May 15, 2008 that would authorize the Board of Directors, for a period of eighteen months, to acquire Company shares under the following conditions:

- the number of shares to be acquired must not exceed 10% of the shares representing the share capital, thus 18,172,704 shares;
- the purchase price per share must not exceed 130 euros, representing a maximum theoretical investment of 2.4 billion euros;
- such shares may be acquired, in particular, to provide market liquidity services (purchases/sales) under a liquidity contract, to cover stock option plans, employee stock ownership plans or any other form of share allocation or share-based payment, to cover securities giving access to the Company's shares, to be retired, or to be held so as to be exchanged or presented as consideration at a later date for external growth operations.

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.

Authorization to reduce the Company's share capital

Pursuant to Article L. 225-209 of the French Commercial Code, the Shareholders' Meeting of May 10, 2007 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 9, 2008.

A proposal will be made to the Shareholders' Meeting of May 15, 2008 to renew this authorization under the same conditions.

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 Company's share capital

Type of transaction		Par value issued (EUR thousands)	Issuance premium (EUR thousands)	Successive amounts of share capital (EUR)	Cumulative number of Company shares	Par value per share (EUR)
2005	No shares created	–	–	363,454,096	181,727,048	2.00
2006	No shares created	–	–	363,454,096	181,727,048	2.00
2007	No shares created	–	–	363,454,096	181,727,048	2.00

ANALYSIS OF SHARE CAPITAL AND VOTING RIGHTS

Share ownership as of December 31, 2007

As of December 31, 2007, 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 178,316,300 shares, including 126,482,210 with double voting rights.

As of that date, 109,750,037 shares were in pure registered form (of which 3,410,748 were treasury shares)

20,188,461 shares were in administered registered form.

51,788,550 shares were bearer shares.

As of December 31, 2007, 185 registered shareholders held at least 100 shares.

Shareholders	Number of shares	Number of voting rights(1)	% of capital	% of voting rights
Groupe Arnault	126,023,237	250,648,947	69.35	81.32
Other	55,703,811	57,560,311	30.65	18.68
Total	181,727,048	308,209,258	100.00	100.00

(1) Theoretical total number of voting rights. As of December 31, 2007, the total number of voting rights net of shares without voting rights was 304,798,510. As of December 31, 2007, there were 3,410,748 treasury shares without voting rights.

To the Company's knowledge, no other shareholder held over 5% of the Company's share capital as of December 31, 2007, and no shareholders' agreement applied to at least 0.5% of the Company's share capital or voting rights.

During fiscal year 2007, Caisse des Dépôts informed the Company that it had exceeded the disclosure threshold of 2% of the Company's capital.

Changes in share ownership during the last three fiscal years

	December 31, 2005		December 31, 2006		**December 31, 2007**	
Shareholders	Number of shares	% of capital	Number of shares	% of capital	**Number of shares**	**% of capital**
Groupe Arnault	125,616,157	69.12	125,630,157	69.13	**126,023,237**	**69.35**

Pledges of pure registered shares by main shareholders

As of December 31, 2007, 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, 2007, Groupe Arnault controlled 69.35% of share capital and 81.32% of voting rights.

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

Stock Market Information

SHARE CAPITAL

As of December 31, 2007, Dior's share capital amounted to 363,454,096 euros, consisting of 181,727,048 shares with a par value of 2 euros. The number of shares remained unchanged during 2007.

DIOR SHARE PRICE

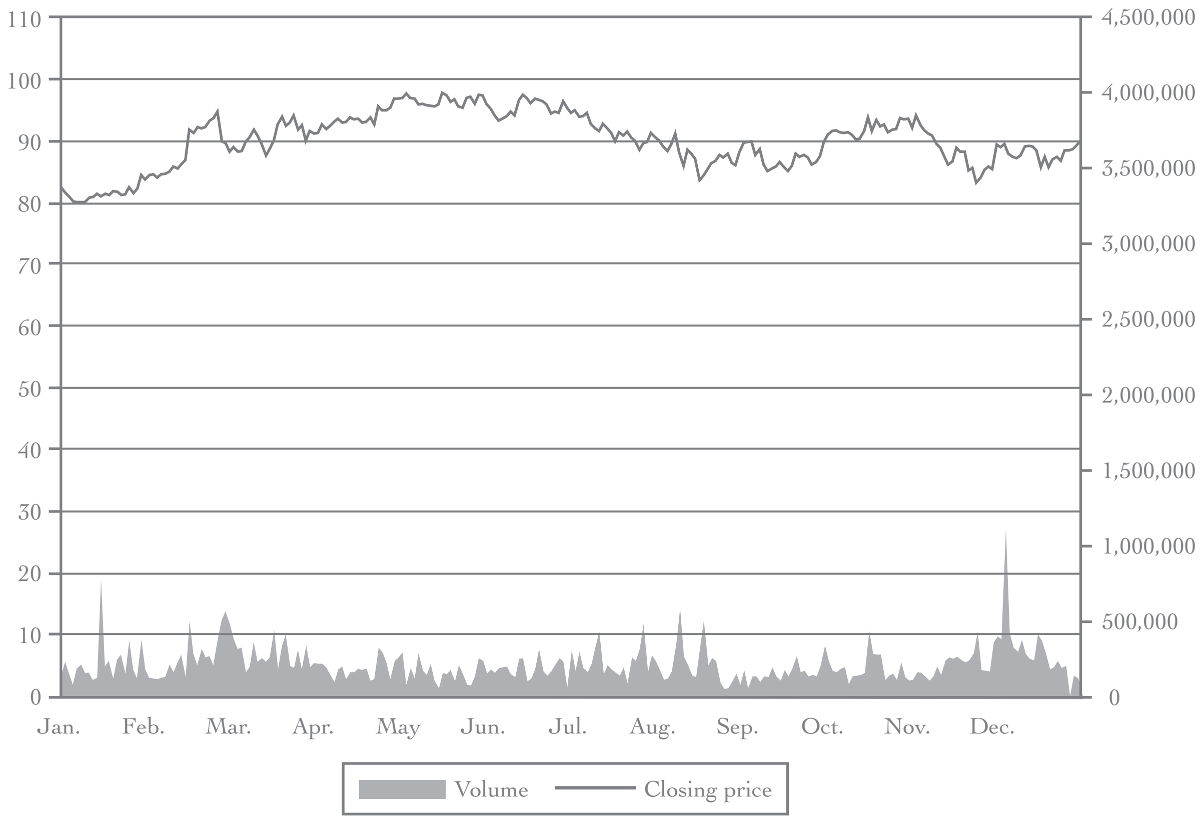
In 2007, stock markets posted very mixed results, as reflected in the growth seen on the CAC 40 (+1.3%), Euro Stoxx 50 (+6.8%) and Dow Jones Industrial (+6.4%) indexes.

In this contrasting environment, the Christian Dior share price climbed 11.3% in 2007, from 80.75 euros on December 29, 2006 to 89.90 euros on December 31, 2007. At the end of December 2007, Dior's market capitalization was 16.3 billion euros.

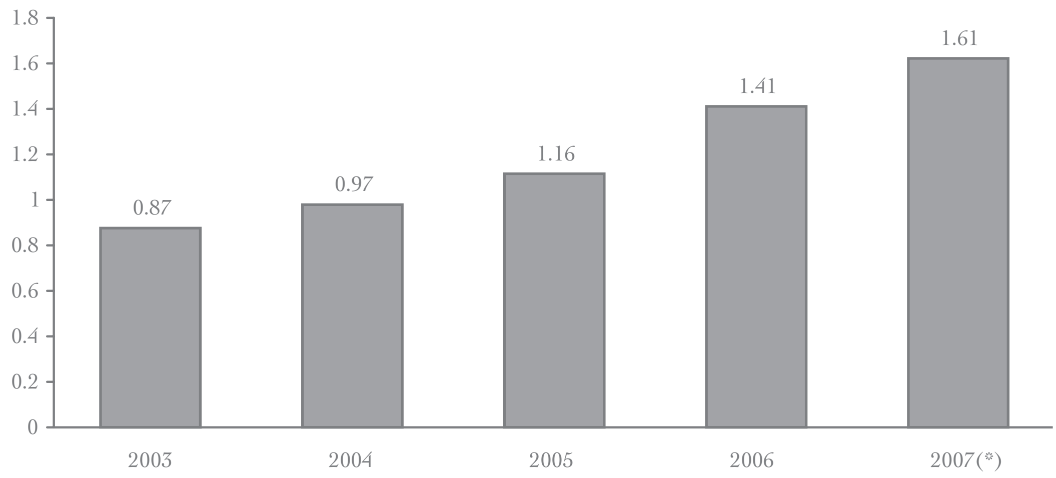
Dior's shares are listed on Compartment A of Euronext Paris (Reuters: DIOR.PA, Bloomberg: CD i-FP, ISIN: FR0000130403). Tradeable options based on the Dior share are traded on Euronext.Liffe in Paris. Christian Dior is a component of the Euronext 100 and DJ Euro Stoxx stock exchange indexes.

Christian Dior's closing share price on March 31, 2008 was 70.11 euros.

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



FIVE-YEAR REVIEW OF DIVIDENDS



Dividend per share (EUR), before impact of the tax regulation applicable to the beneficiaries for the 2007 dividend and, for the 2003 dividend and the 2004 interim dividend, net of the *avoir fiscal* tax credit.

(*) Proposed to the Shareholders' Meeting of May 15, 2008.

PAYMENT OF DIVIDEND

The dividend of 1.61 euros (before impact of the tax regulation applicable to the beneficiary) will be paid at the Company's corporate headquarters on May 23, 2008, less the interim dividend of 0.44 euros distributed on December 3, 2007.

STOCK MARKET CAPITALIZATION

As of December 31, in millions of euros	• 2005	13,648
	• 2006	14,674
	• 2007	**16,337**

CHANGE IN SHARE CAPITAL

Number of shares as of December 31, 2006	181,727,048
Shares created	–
Number of shares as of December 31, 2007	181,727,048

PERFORMANCE PER SHARE

(EUR)	2005	2006	**2007**
Diluted Group share of net profit	3.43	4.41	**4.86**
Gross dividend	1.16	1.41	**1.61**
Change compared to previous year (%)	20%	22%	**14%**
Highest share price	79.70	87.15	**97.97**
Lowest share price	47.90	69.00	**79.10**
Share price as of December 31	75.10	80.75	**89.90**
Change compared to previous year (%)	50%	8%	**11%**

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 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
March 2007	89.84	91.00	94.03	86.28	6,158,152	556,543,211
April 2007	91.01	95.21	96.89	90.15	3,555,180	331,807,382
May 2007	96.30	97.29	97.97	93.81	3,821,545	367,480,804
June 2007	97.60	96.22	97.75	92.10	4,103,237	391,094,965
July 2007	96.25	91.19	96.25	87.00	5,061,742	464,427,981
August 2007	89.52	89.58	91.69	82.50	4,839,375	423,095,566
September 2007	89.97	89.74	90.14	83.73	3,347,264	290,918,818
October 2007	88.22	93.95	94.48	88.22	4,286,184	394,446,604
November 2007	94.00	89.37	94.50	82.68	6,052,418	530,557,770
December 2007	91.15	89.90	91.15	85.50	4,580,923	402,627,716
January 2008	89.75	73.81	89.99	64.54	7,618,302	578,953,535
February 2008	74.12	72.31	77.60	71.40	4,254,933	314,833,426

DIVIDENDS PAID PER SHARE IN FISCAL YEARS 2003, 2004, 2005, 2006 and 2007 (EUR)

Year	Gross dividend (2)	Tax credit (1)	Tax allowance (1)
2007 (2)	1.61	–	0.644
2006	1.41	–	0.564
2005	1.16	–	0.496
2004 (3)	0.97	0.16	0.325
2003 (3)	0.87	0.44	–

(1) For individuals with tax residence in France.
(2) Proposed to the Shareholders' Meeting of May 15, 2008. Dividend before impact of the tax regulation applicable to beneficiaries.
(3) Dividend net of the amount of the *avoir fiscal* tax credit.

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

MAIN LOCATIONS AND PROPERTIES

1. Production

Wines and Spirits

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

(in hectares)	2007 Total	2007 Of which under production	2006 Total	2006 Of which under production
France:				
Champagne name	**1,788**	**1,671**	1,770	1,678
Cognac name	**220**	**185**	246	189
Yquem	**190**	**98**	188	98
Other countries:				
California (United States)	**464**	**320**	466	336
Argentina	**1,369**	**820**	1,369	765
Australia, New Zealand	**543**	**400**	558	331
Brazil	**232**	**62**	232	63

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

The Group also owns industrial and office buildings, wineries, cellars, warehouses, and visitor and customer centers for each of its main Champagne brands or production operations in France, California, Argentina, Australia, Brazil and New Zealand, as well as distilleries and warehouses in Cognac, the United Kingdom and Poland. The total surface area is approximately 750,000 square meters in France and 325,000 square meters abroad.

Fashion and Leather Goods

Louis Vuitton owns fifteen leather goods production facilities located primarily in France, with other workshops near Barcelona in Spain and San Dimas in California; the facility in Romania is dedicated to component production. The company owns its warehouses and logistics centers in France but leases warehouse space abroad. The total surface area of production facilities and warehouses owned is approximately 190,000 square meters.

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 Ferrare (Italy) is owned by the Group.

Kenzo owned logistics facilities in France which were sold at the end of 2007.

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.

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 122,000 square meters.

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

Parfums Givenchy owns its two plants in France, one in Beauvais and the other in Vervins, which also handles the production of Kenzo product lines, corresponding to a total surface area of 19,000 square meters. 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 the Manufacture, which houses its movement and watch manufacturing facilities in Le Locle, Switzerland. All of its European warehouses are leased.

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

Christian Dior Couture

In connection with its acquisition of the business of its costume jewelry license holder, in May 2005 Christian Dior Couture acquired a production facility in Pforzheim, Germany, and in June 2006 it acquired a production facility in Redon, France.

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, Kobe, Guam, Hawaii, Seoul, Taipei, Sydney, Caracas, 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 Spain.

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

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.

In the Selective Retailing business group:

- Le Bon Marché and Franck et Fils own the buildings in Paris that house their department stores, corresponding to a total sales area of about 70,000 square meters;
- DFS owns its stores in Waikiki (Hawaii), Tumon Bay (Guam) and Saipan;

- The real estate complex previously used for the commercial operations of the Samaritaine department store in Paris, with a sales area of about 80,000 square meters, is currently not being use

As of December 31, 2007, the Group's store network breaks down as follows:

(in number of stores)	**2007**	2006	2005
France	**329**	312	302
Europe (excluding France)	**565**	495	454
United States	**502**	434	404
Japan	**292**	316	296
Asia (excluding Japan)	**471**	424	384
Other	**110**	93	77
Total	**2,269**	**2,074**	**1,917**

(in number of stores)		**2007**	2006	2005
Christian Dior Couture		**221**	215	194
Fashion and Leather Goods:	Louis Vuitton	**390**	368	345
	Other brands	**599**	586	546
		1,210	1,169	1,085
Perfumes and Cosmetics		**55**	48	43
Watches and Jewelry		**90**	82	70
Selective Retailing:	Sephora	756	621	558
	Other	153	149	156
	Total Selective Retailing	**909**	770	714
Other		**5**	5	5
Total		**2,269**	**2,074**	**1,917**

3. Administrative sites and investment property

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

The Group holds a 40% stake in the company owning the building housing its headquarters on avenue Montaigne in Paris. The Group also owns three buildings in New York (total surface area of about 19,000 square meters) and a building in Osaka (about 5,000 square meters) that house the offices of subsidiaries.

Lastly, the Group owns investment property, for the most part located in Paris and mainly in the vicinity of the Samaritaine and Le Bon Marché department stores, for a total surface area of approximately 50,000 square meters.

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 1,671 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 about 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 2007 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 12,400 kg/ha. This maximum yield represents the maximum harvest level that can be made into wine and sold under the Champagne appellation. In 2006, the INAO redefined the legal framework for the "stockpiled" reserves previously mentioned. It is now 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-hectare. This ceiling is determined every year within the limits of the maximum total yield now set at 15,500 kg/ha. This additional harvest is 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 2007 harvest made it possible to reach the marketable ceiling of 12,400 kg/ha and to supplement the stockpiled reserves within the limits of the PLC set at 13,850 kg/ha for this harvest. The release of 1,600 kg/ha in 2007 allowed us to maintain our inventory ratios. The price paid for each kilogram of grapes in the 2007 harvest ranged between 4.40 euros and 5.20 euros depending on the vineyard, a 6% increase compared to 2006.

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 35 million euros.

Cognac and Spirits

Hennessy owns 185 hectares. The Group's vineyard has remained virtually stable since 2000, after 60 hectares of vines were cleared in 1999 as part of the industry plan implemented in 1998. The objective of the plan was to reduce the production area through premiums offered for clearing and assistance given to wine growers to encourage them to produce wines other than those used in the preparation of cognac.

Most of the wines and eaux-de-vie that Hennessy needs for its production are purchased from a network of approximately 2,500 independent producers, with whom the company ensures the preservation of exceptional quality. Purchase prices for wine and eaux-de-vie are established between the company and each producer based on supply and demand. In 2007, the price of wines from the harvest rose 7% for the Fins Bois, after a 2% increase in 2006.

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

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

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

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

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. All development and production processes for Louis Vuitton's entire footwear line are handled at its site in Fiesso d'Artico, Italy. 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 about 35% of the cost of sales in 2007.

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 is 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 20% 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.

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, Loewe perfumes and Acqua di Parma subcontract most of the manufacturing of their products.

In 2007, manufacturing subcontracting represented overall about 8% of the cost of sales for this activity, plus approximately 10 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 8% of the cost of sales in 2007.

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 2007, 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 Couture

The Christian Dior Group has six 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 its production capacity and obtain greater manufacturing flexibility, it also uses outside leather goods businesses.

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

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

Baby Dior, reacquired by the Group in 2006, operates production facilities in France and Thailand.

STATUTORY AUDITORS

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

FEES PAID IN 2007

(in thousands of euros)	Ernst & Young Audit				Mazars & Guérard			
	2007		2006		**2007**		2006	
	Amount	**%**	Amount	%	**Amount**	**%**	Amount	%
Audit:								
Statutory audit, certification, audit of the individual company and consolidated financial statements								
• Dior	**95**	**1**	96	1	**141**	**13**	135	12
• Fully-consolidated subsidiaries	**10,318**	**85**	9,952	85	**908**	**87**	968	88
Other services relating directly to the statutory audit assignment								
• Dior	**–**	**–**	15	–	**–**	**–**	–	–
• Fully-consolidated subsidiaries	**350**	**3**	508	4	**–**	**–**	–	–
Subtotal	**10,763**	**89**	10,571	90	**1,049**	**100**	1,103	100
Other services provided by the firms to fully-consolidated subsidiaries								
• Legal, tax, employee-related	**1,255**	**11**	1,077	9	**–**	**–**	–	–
• Other	**17**	**–**	62	1	**–**	**–**	–	–
Subtotal	**1,272**	**11**	1,139	10	**–**	**–**	–	–
Total	**12,035**	**100**	11,710	100	**1,049**	**100**	1,103	100

STATEMENT OF THE COMPANY OFFICER RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

We declare that, to the best of our knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and of all consolidated companies, and that the management report presented on page 8 gives a true and fair picture of the business performance, profit or loss and financial position of the parent company and of all consolidated companies as well as a description of the main risks and uncertainties faced by all of these entities.

Paris, April 14, 2008

Florian OLLIVIER
Chief Financial Officer

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