

# Notice of meeting

Ordinary and Extraordinary Shareholders' Meeting

**Thursday, May 19, 2011 at 4 p.m.**

**Grand Auditorium, Palais Brongniart**

Place de la Bourse – 75002 PARIS

*This is a free translation of the notice of meeting issued in French  
and is provided solely for the convenience of English speaking readers*



An adventure of enterprise

PPR

# Table of contents

PPR in 2010	3
Parent company's results	9
How to participate in the General Shareholders' Meeting	10
Agenda for the Ordinary and Extraordinary Shareholders' Meeting	12
Draft resolutions and objectives	13
Statutory Auditors' special report on related-party agreements and commitments (year ended December 31, 2010)	30
Statutory Auditors' special report on the share capital transactions	32
Statutory Auditors' report on the issue of redeemable equity warrants (BSAAR) with no pre-emptive subscription rights (nineteenth resolution)	34
Request for additional documents	35

Shareholders are required to have an admission card or a share ownership certificate and proof of identity to be admitted to the General Shareholders' Meeting.

A shareholder, who has already cast a postal vote, appointed a proxy or requested an admission card or share ownership certificate to attend the General Shareholders' Meeting, may not select another option.

## *To access the Grand Auditorium at Palais Brongniart*

<b>Address</b>	Place de la Bourse — 75002 Paris
<b>Metro</b>	Line 3, Station Bourse
	Lines 8 and 9, Station Grands Boulevards
<b>Bus</b>	Lines 20-29-39-74-85, Stop Bourse
<b>Car park</b>	Bourse: Place de la Bourse — 75002 Paris

## *To contact PPR*

<b>Postal address</b>	PPR Service Relations Actionnaires (Investor Relations Department) — 10, avenue Hoche — 75381 Paris Cedex 08, France
<b>Telephone</b>	Investor hotline +33 (0)1 45 64 63 25
<b>Email</b>	actionnaire@ppr.com

For further information, visit the Group's website:  
[www.ppr.com](http://www.ppr.com) (in the Finance/AGM section)



# PPR in 2010



---

## 2010 HIGHLIGHTS

### Sale of Conforama

On December 9, 2010, PPR announced that it had received a firm offer from the South-African group Steinhoff International Holdings Ltd. to purchase Conforama. Under the terms of the offer, Steinhoff International would pay €1.2 billion to PPR as consideration for Conforama's shares and would also settle the current account loans owed by Conforama to PPR at the date the shares are transferred.

The transaction was approved by the employee representative bodies of PPR and Conforama in January 2011. It was completed during on March 18, 2011 once it had received approval from the relevant competition authorities and subsequently Steinhoff International's shareholders in a General Meeting.

For PPR, the sale constitutes another step forward in rolling out the strategy it has undertaken since 2006 which is aimed at gradually transforming PPR into an international group of global brands in the areas of Luxury Goods and Sport & Lifestyle.

In view of the major restrictions concerning the management operations of Conforama laid down in the agreement with Steinhoff, PPR no longer had the power to govern the financial and operating policies of Conforama, such as investment decisions, negotiating key new contracts or paying dividends. The signature of the agreement therefore led to a loss of control for PPR and as a result Conforama was only fully consolidated in the Group's financial statements until December 9, 2010.

In accordance with the requirements of IFRS 5, Conforama's net income up until December 9, 2010 as well as the gain arising on Conforama's disposal, are presented in the income statement under the line "Net income from discontinued operations". Income and expense and cash flow items for 2009 have been restated accordingly.

### Other changes in the Group's business portfolio

On April 8, 2010, Puma purchased a minority stake of 20.1% in Wilderness Holdings Limited, a company that operates in the ecotourism sector in South Africa and Botswana.

On April 16, 2010, Puma finalised the acquisition of Cobra, a golf equipment manufacturer. The acquisition included the Cobra brand, inventories, intellectual property rights and sponsorship agreements.

Lastly, on September 30, 2010, Fnac completed the sale of Fnac éveil & jeux to ID Group.

### Enhanced financial strength

In 2010, PPR further enhanced its financial strength by extending the average maturity of its debt and diversifying its sources of financing.

PPR carried out a €500 million issue of bonds under its EMTN programme maturing in April 2015 and paying interest at 3.75%.

### Other significant events

On October 25, 2010, PPR was informed of the findings of an audit performed by Puma AG which revealed fraud and irregularities committed within the Company's Greece-based joint venture, Puma Hellas SA. As a result, in accordance with IAS 8, the consolidated financial statements of the PPR Group have been restated proportionate to PPR's ownership interest in Puma AG (see Note 2.23 to the consolidated financial statements) as follows: consolidated equity as of January 1, 2009 has been restated by €58.0 million (of which €40.2 million attributable to owners of the parent) and 2009 net income has been restated by €48.6 million (of which €33.7 million attributable to owners of the parent), with the impact on 2010 net income amounting to €31.0 million (of which €22.2 million attributable to owners of the parent).



## 2010 BUSINESS REVIEW

The main financial indicators taken from PPR's consolidated financial statements for 2010 reflect the Group's very satisfactory performance during the year.

(in € millions)	2010	2009	Change
Revenue	14,605.1	13,584.3	+7.5%
Recurring operating income	1,531.3	1,239.6	+23.5%
<i>as a % of revenue</i>	10.5%	9.1%	+1.4 pt
EBITDA	1,860.6	1,574.4	+18.2%
<i>as a % of revenue</i>	12.7%	11.6%	+1.1 pt
Net income attributable to owners of the parent	964.5	950.9	+1.4%
Net income from continuing operations (excluding non-recurring items) attributable to owners of the parent	931.9	598.0	+55.8%
Gross operating investments	342.6	279.7	+22.5%
Free cash flow from operations	1,081.4	1,191.8	-9.3%
Total equity	11,651.2	10,946.8	+6.4%
<i>o/w attributable to owners of the parent</i>	10,599.2	9,880.6	+7.3%
Net debt	3,780.6	4,367.4	-13.4%
Average headcount	50,245	51,493	-2.4%

### Operating performance

Revenue in the **fourth quarter of 2010** climbed 9.6% as reported and 5.4% on a comparable basis (constant Group structure and exchange rates) versus 2009. On a comparable basis, the year-on-year increases in consolidated revenue were 1.1% in the first quarter of 2010, 1.4% in the second quarter and 7.8% in the third quarter. The Luxury Business Group delivered a stellar performance in the fourth quarter of 2010, particularly in the US.

The main financial indicators **for 2010** reflect the Group's highly satisfactory performance during the year. **Consolidated revenue** from continuing operations amounted to €14,605 million, up 7.5% on 2009 as reported and up 4.0% on a comparable basis.

The proportion of revenue generated outside France continued to grow in 2010, accounting for 66.6% of the Group total, versus 65.2% the previous year (on a comparable basis).

During the year, PPR continued its expansion in emerging countries, with these markets reporting 15.5% growth and representing 18.1% of total Group revenue, up 180 basis points on 2009 on a comparable basis.

In 2010, revenue from online sales came in at €2.3 billion, up 14.3% on 2009 on a comparable basis. E-commerce accounted for 15.5% of total Group revenue, versus 14.1% in 2009 on a comparable basis.

With **recurring operating income** of €1,531 million in 2010, up 23.5% on 2009, PPR raised its operating margin by 140 basis points to 10.5%.

At comparable exchange rates, recurring operating income climbed 14.2% and operating margin improved by 100 basis points. All of the Group's activities contributed to the surge in recurring operating income.

**Gross margin** for 2010 amounted to €7,429 million, up €746 million or 11.2% on 2009 as reported and up 6.4% based on comparable exchange rates.

Operating expenses increased by 8.3% as reported, and by 4.5% based on comparable exchange rates. In particular, payroll expenses rose by 8.6% on a reported basis and by 2.4% at comparable exchange rates.

Group EBITDA posted by the Group advanced 18.2% year-on-year on a reported basis to €1,861 million. This led to a significant improvement in the EBITDA margin, which rose to 12.7% from 11.6% in 2009. At comparable exchange rates, EBITDA increased by 10.9% and the EBITDA margin was 80 basis points higher than in 2009.



### Financial performance

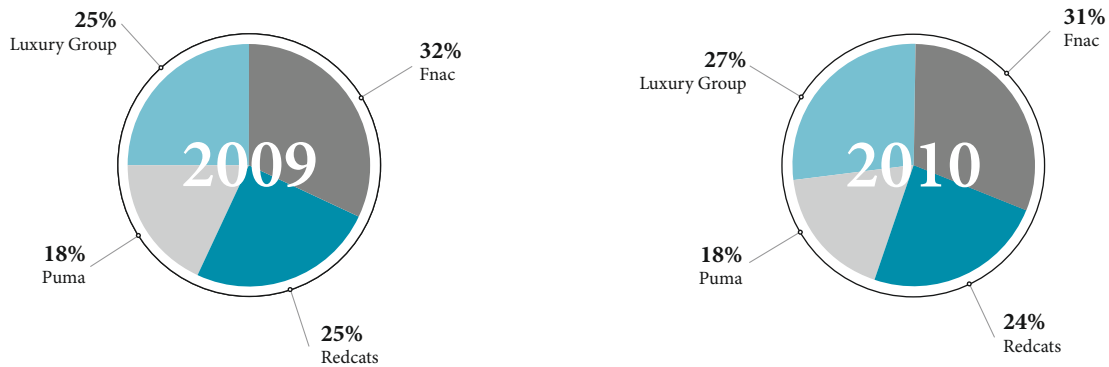
In 2010, **other non-recurring operating income and expenses** represented a net expense of €194 million, and included asset impairment charges of €122 million.

In 2010, the Group had net income of €200 million from discontinued or sold operations, including nearly €136 million in gains on disposals (net of taxes and expenses) and €64 million in net income generated by discontinued operations.

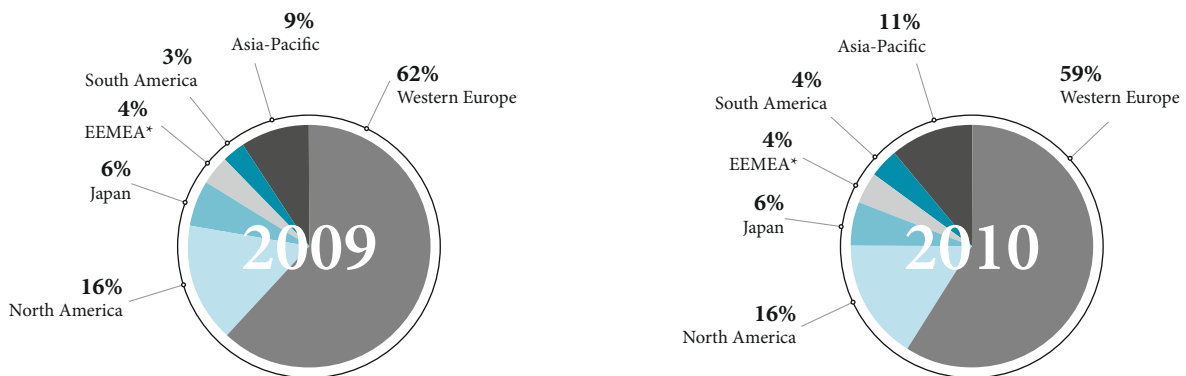
**Net income Group share** totaled nearly €965 million in 2010, up 1.4% on 2009. **Adjusted for the impact of non-recurring items, attributable net income from continuing operations** amounted to €932 million, representing a 55.8% increase on the previous year.

**Earnings per share** stood at €7.62, up 1.3% on 2009. Excluding non-recurring items, earnings per share from continuing operations amounted to €7.36, a 55.6% increase over 2009.

BREAKDOWN OF REVENUE BY SEGMENT

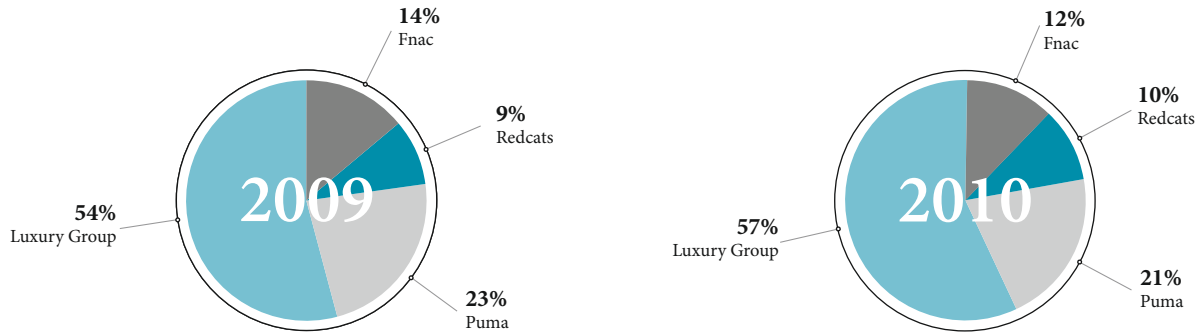


BREAKDOWN OF REVENUE BY REGION

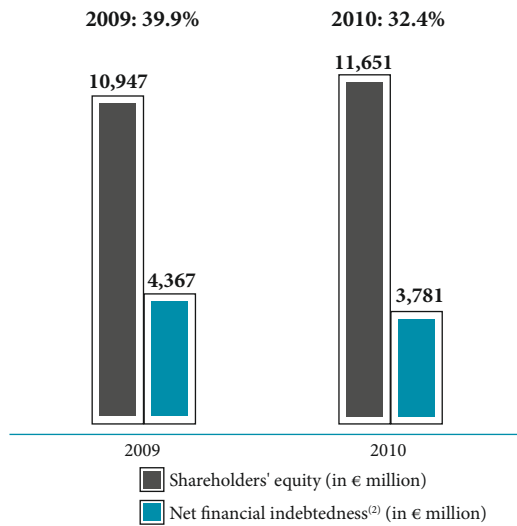


\* EEMEA: Eastern Europe, Middle East and Africa.

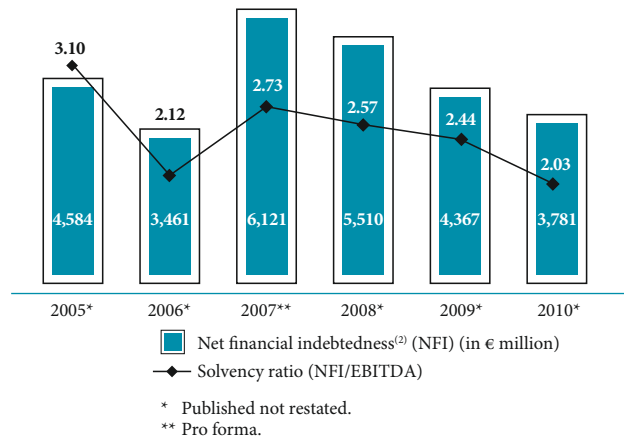
**BREAKDOWN OF RECURRING OPERATING INCOME BY SEGMENT**  
(excluding holding companies and others)



**FINANCIAL POSITION - DEBT - TO - EQUITY RATIO<sup>(1)</sup>**



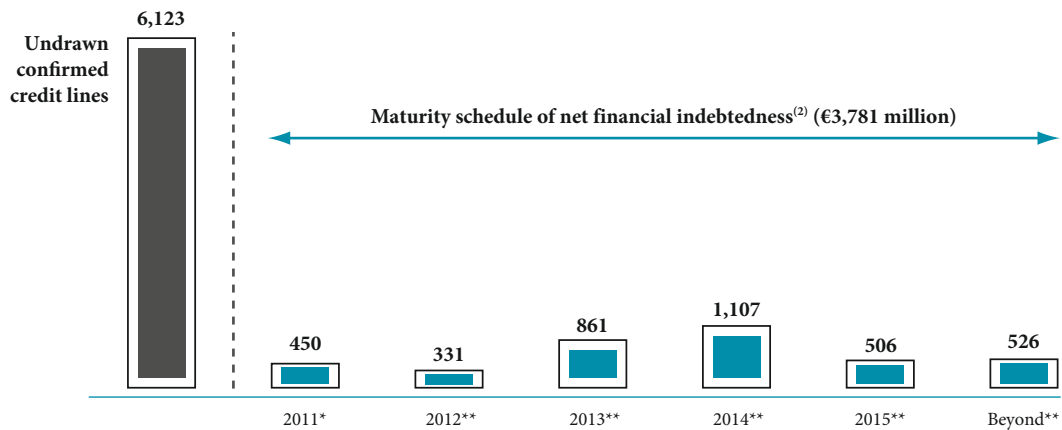
**SOLVENCY**



<sup>(1)</sup> Net financial debt as a percentage of shareholder's equity for the consolidated entity.

\* Published not restated.  
\*\* Pro forma.

**LIQUIDITY**



\* Gross borrowings after deduction of cash equivalents and financing of customer loans.  
\*\* Gross borrowings.

<sup>(2)</sup> Net financial indebtedness defined on page 134 of the 2010 Reference Document.

## DIVIDEND

The parent company ended 2010 with net income of €529 million, compared with €718 million in 2009.

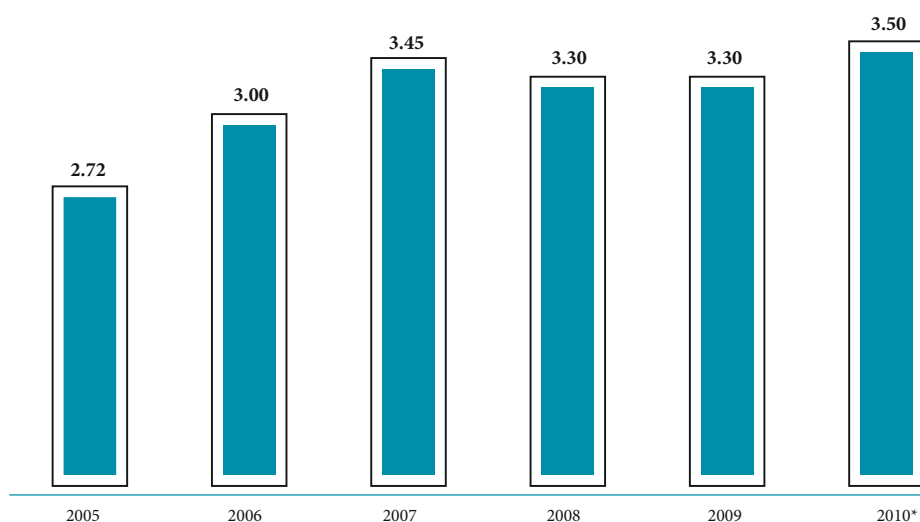
At the General Shareholders' Meeting scheduled for May 19, 2011, the Board of Directors will recommend a dividend payment of €3.50 per share, up 6.1% on the previous year. If this dividend is approved, the total dividend payout would amount to €444 million.

This recommended dividend reflects PPR's goal of maintaining well-balanced payout ratios bearing in mind, on the one hand, changes in net income from

continuing operations (excluding non-recurring items) attributable to owners of the parent and, on the other hand, the amount of available cash flow. PPR's payout ratios<sup>(1)</sup> are as follows:

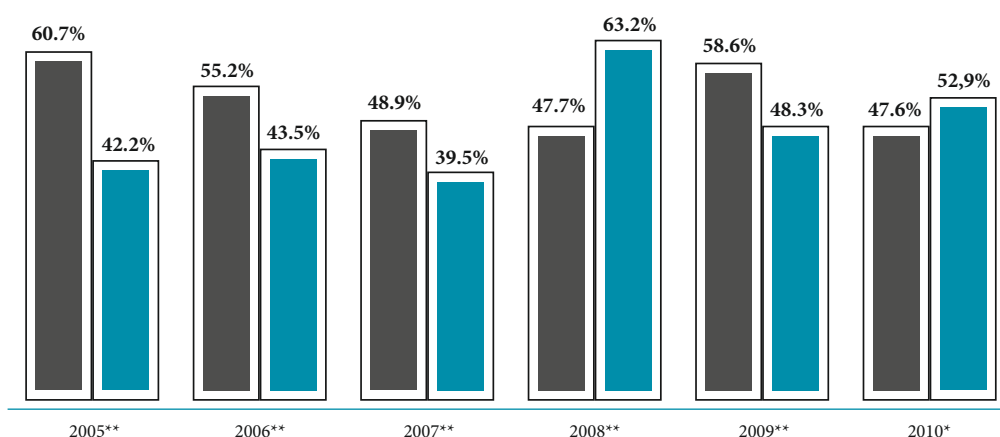
- ◆ 47.6% of net income from continuing operations (excluding non-recurring items) attributable to owners of the parent, versus 58.6% in 2009;
- ◆ 52.9% of available cash flow, compared with 48.3% in 2009.

DIVIDEND PER SHARE (IN €)



\* Subject to the approval of the General Shareholders' Meeting on May 19, 2011.

PAYOUT RATIOS



\* Subject to the approval of the General Shareholders' Meeting on May 19, 2011.

\*\* Published, not restated.

■ % of recurring operating income from continued activities.

■ % free cash flow

<sup>(1)</sup> For years prior to 2010, calculated based on reported accounting data (not restated for the impact of applying IFRS 5).

---

## SUBSEQUENT EVENTS

On January 14, 2011 PPR signed a €2.5 billion revolving credit facility, maturing in January 2016. This transaction, part of current Group liquidity management, will firstly enable PPR to refinance its €2.75 billion syndicated loan taken out on March 22, 2005, and the residual €1.5 billion of the syndicated loan taken out for the

acquisition of Puma on April 25, 2007, and secondly, to extend the maturity of its credit facilities and reinforce Group liquidity. Reflecting the improvement in market conditions, this credit facility has an initial margin of 80 basis points.

---

## OUTLOOK

As the pace of the worldwide economic recovery picks up in 2011, the Luxury Goods brands of PPR will continue to realize their considerable growth potential, thanks to their creativity, geographical expansion and sales momentum. Puma will achieve further growth through investment in its brand, aimed at supporting its activities

in core markets. The Group's retail businesses will once again outperform their respective segments, notably through their growing web presence. PPR is confident in its ability to achieve in 2011 another robust increase in sales and to deliver higher financial performances than in 2010.





# Parent company's results

## over the past five years



### FIVE-YEAR FINANCIAL SUMMARY

	2010	2009	2008	2007	2006
<b>Share capital at year-end</b>					
Share capital (in €)	507,316,736	506,314,352	506,221,508	512,327,756	513,549,096
Number of ordinary shares outstanding	126,829,184	126,578,588	126,555,377	128,081,939	128,387,274
Maximum number of potential shares to be issued	833,932	1,127,714	1,366,355	1,530,613	1,982,752
By conversion of bonds					
By exercise of share subscription options	833,932	1,127,714	1,366,355	1,530,613	1,982,752
<b>Operations and results for the year</b> (in € thousands)					
Income from operating activities	36,290	39,644	42,429	42,339	42,271
Net income before tax, employee profit-sharing, depreciation, amortisation and provisions	445,002	910,418	4,550	678,235	827,471
Income tax expense/(benefit)	63,554	111,193	102,620	67,544	78,893
Employee profit-sharing for the year	2,087	1,501	1,804	1,966	1,417
Net income after tax, employee profit-sharing, depreciation, amortisation and provisions	529,279	717,634	76,521	742,871	840,673
Dividend distribution	443,902 <sup>(1)</sup>	417,411	417,633	441,883	385,162
<b>Data per share (in €)</b>					
Net income after tax and employee profit-sharing but before depreciation, amortisation and provisions	3.99	8.06	0.83	5.81	7.05
Net income after tax, employee profit-sharing, depreciation, amortisation and provisions	4.17	5.67	0.60	5.80	6.55
Dividend:					
Net dividend per share <sup>(2)</sup>	3.50 <sup>(1)</sup>	3.30	3.30	3.45	3.00
<b>Employee data</b>					
Average number of employees during the year	112	110	111	112	109
Total annual payroll (in € thousands)	15,481	13,111	15,836	11,019	9,993
Total employee benefits paid during the year (social security, social works, etc.) (in € thousands)	6,389	13,549	6,654	4,742	4,373

<sup>(1)</sup> Subject to approval by the Ordinary Shareholders' Meeting of May 19, 2011.

<sup>(2)</sup> Pursuant to Article 243 bis of the French Tax Code (Code général des impôts), the full amount of the dividend paid to individuals, who are tax residents in France qualifies in full for the 40% tax credit provided for under Article 158-3 2 of the French Tax Code.



# How to participate in the General Shareholders' Meeting



Shareholders are required to have an admission card or a share ownership certificate and proof of identity to be admitted to the General Shareholders' Meeting.

## CONDITIONS FOR PARTICIPATION

- ◆ For holders of registered shares, your shares must be entered in the share register by **Monday, May 16, 2011 at 12 a.m. midnight**, Central European Time.
- ◆ For holders of bearer shares, you must have the financial intermediary who manages your PPR shares

draw up a share ownership certificate evidencing the entry of your shares in the bearer share accounts by **Monday, May 16, 2011 at 12 a.m. midnight**, Central European Time.

## HOW TO OBTAIN YOUR ADMISSION CARD IF YOU WISH TO ATTEND THE GENERAL SHAREHOLDERS' MEETING

- ◆ For holders of registered shares, please request your admission card directly from:

### **CACEIS Corporate Trust**

*"Assemblées générales centralisées"*  
14, rue Rouget de Lisle  
92862 Issy-les-Moulineaux Cedex 9, France

- ◆ For holders of bearer shares, please request your admission card from the financial intermediary who

manages your PPR shares. After having sent your share ownership certificate to **CACEIS Corporate Trust**, your financial intermediary will request that an admission card be sent to you.

If by Wednesday, May 18, 2010, 12 a.m. midnight, Central European Time, you have not received an admission card, the financial intermediary managing your PPR shares can directly issue you a share ownership certificate.

## HOW TO APPOINT A PROXY OR CAST A POSTAL VOTE

- ◆ For holders of registered shares, please return the proxy/postal vote form attached to this convening notice to:

### **CACEIS Corporate Trust**

*"Assemblées générales centralisées"*  
14, rue Rouget de Lisle  
92862 Issy-les-Moulineaux Cedex 9, France

- ◆ For holders of bearer shares, please request the proxy/postal vote form from the financial intermediary who manages your PPR shares and return the completed form to him/her. The financial intermediary will then send the form with your share ownership certificate to **CACEIS Corporate Trust**.

Proxy/postal vote forms must be received by **CACEIS Corporate Trust** by Wednesday, May 18, 2011 at the latest.

In accordance with the applicable regulations:

- ◆ you may not return a form both appointing a proxy and casting a postal vote;

- ◆ if you have already cast a postal vote, appointed a proxy or requested an admission card or share ownership certificate to attend the General Shareholders' Meeting, you may not select another option.

To receive a proxy/postal vote form, as well as the accompanying documents, your request should be submitted at least six days before the General Shareholders' Meeting.

Send your request to:

**PPR:** Service des relations actionnaires  
(Investor Relations Department)

10, avenue Hoche — 75381 Paris Cedex 08, France

Or

### **CACEIS Corporate Trust:**

*"Assemblées générales centralisées"*  
14, rue Rouget de Lisle —

92862 Issy-les-Moulineaux Cedex 9, France

In accordance with the applicable regulations, notifications of the appointment and cancellation of proxies can also be given electronically, by following the instructions given on the Company's website: [www.ppr.com](http://www.ppr.com) ( Finance/AGM section).



HOW TO FILL IN YOUR FORM

*If you wish to attend the General Shareholders' Meeting in person and require an admission card: tick box A.*

*If you are unable to attend the General Shareholders' Meeting and you wish to cast a postal vote or appoint a proxy: tick box B.*


*For holders of bearer shares, remember to attach the share ownership certificate provided by your financial intermediary.*

**IMPORTANT** : avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso / Before selecting please see instructions on reverse side

**A**  **QUELLE QUE SOIT L'OPTION CHOISIE, DATER ET SIGNER AU BAS DU FORMULAIRE / WHICHEVER OPTION IS USED, DATE AND SIGN AT THE BOTTOM OF THE FORM**

**B**  Je désire assister à cette assemblée et demande une carte d'admission : dater et signer au bas du formulaire // I wish to attend the shareholder's meeting and request an admission card : date and sign at the bottom of the form.

J'utilise le formulaire de vote par correspondance ou par procuration ci-dessous, selon l'une des 3 possibilités offertes // I prefer to use the postal voting form or the proxy form as specified below.



Société anonyme au capital de 507 316 736 €  
Siège social :  
**10, Avenue Hoche - 75008 PARIS**  
552 075 020 R.C.S. PARIS

**ASSEMBLÉE GÉNÉRALE MIXTE ORDINAIRE ET EXTRAORDINAIRE**  
du 19 mai 2011 à 16 heures  
**au Grand Auditorium du Palais Brongniart - Place de la Bourse**  
75002 PARIS

**ORDINARY AND EXTRAORDINARY GENERAL SHAREHOLDERS MEETING**  
on May 19, 2011 at 4:00 p.m.  
**at Grand Auditorium du Palais Brongniart - Place de la Bourse**  
75002 PARIS

**CADRE RESERVE / For Company's use only**

Identifiant / Account

Nombre d'actions / Number of shares

Porteur / Bearer

VS / single vote  
VD / double vote

Nombre de voix / Number of voting rights

**1**  **JE VOTE PAR CORRESPONDANCE / I VOTE BY POST**  
Cf. au verso renvoi (2) - See reverse (2)

**Je vote OUI** à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration, à l'EXCEPTION de ceux que je signale en noircissant comme ceci la case correspondante et pour lesquels je vote NON ou je m'abstiens.

*I vote FOR all the draft resolutions approved by the Board of Directors EXCEPT those indicated by a shaded box - like this 1, for which I vote against or I abstain.*

1	2	3	4	5	6	7	8	9	Oui/Yes	Non/No	Oui/Yes	Non/No
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A	<input type="checkbox"/>	F	<input type="checkbox"/>
10	11	12	13	14	15	16	17	18	B	<input type="checkbox"/>	G	<input type="checkbox"/>
19	20	21	22	23	24	25	26	27	C	<input type="checkbox"/>	H	<input type="checkbox"/>
									D	<input type="checkbox"/>	J	<input type="checkbox"/>
									E	<input type="checkbox"/>	K	<input type="checkbox"/>

Si des amendements ou des résolutions nouvelles étaient présentés en assemblée / In case amendments or new resolutions are proposed during the meeting

- Je donne pouvoir au Président de l'AG, de voter en mon nom. // I appoint the Chairman of the meeting to vote on my behalf. ....

- Je m'abstiens (l'abstention équivaut à un vote contre). // I abstain from voting (is equivalent to vote against) .....

- Je donne procuration (cf. au verso renvoi 3) à M, Mme ou Melle, Raison Sociale pour voter en mon nom // I appoint (see reverse (3)) Mr, Mrs or Miss, Corporate Name to vote on my behalf .....

Pour être prise en considération, toute formule doit parvenir au plus tard :  
In order to be considered, this completed form must be returned at the latest

sur 1<sup>ère</sup> convocation / on 1st notification      **16 mai 2011 / May 16, 2011**      sur 2<sup>ème</sup> convocation / on 2d notification

à la société / to the company      **16 mai 2011 / May 16, 2011**

à la Banque / to the bank      **18 mai 2011 / May 18, 2011**

**2**  **JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE**  
Cf. au verso renvoi (3) - See reverse (3)

**dater et signer au bas du formulaire, sans rien remplir**  
*I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE MEETING*  
*Date and sign at the bottom of the form without filling it*

**ATTENTION** : s'il s'agit de titres au porteur, les présentes instructions ne seront valides que si elles sont directement retournées à votre teneur de compte

**CAUTION** : if it is about bearer securities, the present instructions will be valid only if they are directly returned to your account-keepers.

Nom, Prénom, Adresse de l'actionnaire (si ces informations figurent déjà, les vérifier et les rectifier éventuellement) - Surname, first name, address of the shareholder (if this information is already supplied, please verify and correct if necessary)  
Cf. au verso renvoi (1) - See reverse (1)

**3**  **JE DONNE POUVOIR A :** cf. au verso renvoi (3),  
*I HEREBY GIVE MY PROXY TO :* See reverse (3).

M, Mme ou Melle, Raison Sociale / Mr, Mrs or Miss, Corporate Name

Adresse / Address

Date & signature

**1. To cast a postal vote: tick here.**

- To vote YES to a resolution, leave the box blank next to the resolution number concerned.
- To vote NO to or abstain from a resolution, fill in the box next to the resolution number concerned.

**2. To appoint the Chairman as proxy, tick here.**

Then date and sign at the bottom of the form.

**3. To appoint any individual or legal entity of your choice as proxy, to represent you at the General Shareholders' Meeting: tick here and complete the information pertaining to this person (or to the representative if you appoint a legal entity).**

2011 NOTICE OF MEETING - PPR 11

# Agenda for the Ordinary and Extraordinary Shareholders' Meeting



The shareholders are invited to attend an Ordinary and Extraordinary Shareholders' Meeting on **Thursday May 19, 2011 at 4 p.m., in the Grand Auditorium, Palais Brongniart — Place de la Bourse — Paris (2<sup>nd</sup> district)** in order to deliberate on the following agenda:

## ORDINARY SHAREHOLDERS' MEETING

1. Approval of the parent company financial statements for 2010
2. Approval of the consolidated financial statements for 2010
3. Appropriation of net income for 2010; setting of the dividend
4. Approval of the commitment governed by Articles L. 225-38 and L. 225-42-1 of the French Commercial Code (*Code de commerce*) relating to Jean-François Palus
5. Authorisation to be given to the Board of Directors, for 18 months, to enable the Company to trade in its own shares

## EXTRAORDINARY SHAREHOLDERS' MEETING

6. Authorisation to be given to the Board of Directors, for 24 months, to reduce the share capital by cancelling shares
7. Delegation of authority to the Board of Directors, for 26 months, to issue, with pre-emptive subscription rights, shares and/or securities
8. Delegation of authority to the Board of Directors, for 26 months, to increase the share capital by capitalising reserves, profits or additional paid-in capital
9. Delegation of authority to the Board of Directors, for 26 months, to issue, without pre-emptive subscription rights, shares and/or securities by public offering
10. Delegation of authority to the Board of Directors, for 26 months, to issue, without pre-emptive subscription rights, shares and/or securities via private placement
11. Authorisation to be given to the Board of Directors, for 26 months, to set the price of the shares and/or securities to be issued, limited to 10% of the capital per year
12. Authorisation to be given to the Board of Directors, for 26 months, to increase the number of shares and/or securities to be issued in the event of excess demand
13. Authorisation to increase the share capital in consideration for in-kind contributions in the form of shares and/or securities giving access to the share capital, for up to a maximum of 10% of the share capital
14. Delegation of authority to the Board of Directors, for 26 months, to increase the share capital by issuing shares reserved for members of a Company or Group employee savings plan
15. Delegation of authority to the Board of Directors, for 18 months, to issue, without pre-emptive subscription rights, redeemable equity warrants (*bons de souscription et/ou d'acquisition d'actions remboursables - BSAAR*) to employees and corporate officers of the Group

## ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

16. Powers for formalities



# Draft resolutions and objectives



## ORDINARY RESOLUTIONS

### Approval of the annual financial statements, appropriation of net income for 2010 and setting of the dividend

#### Purpose

The purpose of the **1<sup>st</sup> resolution** is to approve the reports of the Board of Directors and the Statutory Auditors on the parent company financial statements and to approve the parent company financial statements for the year ended December 31, 2010, showing net income of €529.3 million.

The purpose of the **2<sup>nd</sup> resolution** is to approve the reports of the Board of Directors and the Statutory Auditors on the consolidated financial statements and to approve the consolidated financial statements for the year ended December 31, 2010, showing net income attributable to owners of the parent company of €965 million.

Details of the parent company and consolidated financial statements are provided in the 2010 Reference Document.

The purpose of the **3<sup>rd</sup> resolution** is to approve the proposed appropriation of distributable net income. The Board of Directors proposes to the General Shareholders' Meeting a dividend of **€3.50** per share, 6% higher than the amount distributed during the previous year.

The ex-dividend date for the dividend for fiscal year 2010 will be May 23, 2011 and the dividend will be paid in cash as from May 26, 2011 on positions closed as of the evening of May 25, 2011.

#### First resolution

##### Approval of the parent company financial statements for 2010

Having reviewed:

- ♦ the management report of the Board of Directors for 2010;
- ♦ the report of the Chairman of the Board of Directors relating to the Board's work, and on internal control and risk management procedures implemented by the Company;
- ♦ the Statutory Auditors' report on the parent company financial statements for the year ended December 31, 2010;
- ♦ the Statutory Auditors' report on the report of the Chairman of the Board of Directors;

the General Shareholders' Meeting approves the parent company financial statements for 2010 as presented, as well as the transactions represented in those statements and summarised in those reports.

#### Second resolution

##### Approval of the consolidated financial statements for 2010

Having reviewed:

- ♦ the Board of Directors' report for the year ended December 31, 2010;

- ♦ the Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2010;

the General Shareholders' Meeting approves the consolidated financial statements for 2010 as presented, as well as the transactions represented in those statements and summarised in those reports.

#### Third resolution

##### Appropriation of net income and distribution of dividend

Having approved the parent company financial statements presented to it, showing:

net income of..... €529,279,123.78

increased by retained

earnings of..... €1,584,062,195.02

giving a balance of distributable

net income of..... €2,113,341,318.80

the General Shareholders' Meeting resolves to make the following appropriation:

♦ to reserves..... €0.00

♦ as a dividend ..... €443,902,144.00

♦ to retained earnings ..... €1,669,439,174.80

Total ..... €2,113,341,318.80



The General Shareholders' Meeting resolves to distribute a net amount of €3.50 per share carrying dividend rights, as of May 26, 2011. The ex-dividend date will be May 23, 2011 and the dividend will be paid in cash as from May 26, 2011 on positions closed as of the evening of May 25, 2011. The amount of dividends included in this distribution that relate to any shares held by the Company at the distribution date, or to shares that have been cancelled, will be credited to the retained earnings account.

Dividends paid to natural persons who are domiciled in France for tax purposes are subject to income tax at a progressive rate, and are fully eligible for the reduction provided for in Article 158-3-2 of the French Tax Code (*Code général des impôts*), unless those persons have opted, at the latest at the time of receipt of the dividends, or for the revenues received over the same year, for a flat rate of taxation applied at source (*prélèvement forfaitaire libératoire*) as provided in Article 117 *quater* of the French Tax Code.

The General Shareholders' Meeting notes that the dividend per share has been as follows for the last three fiscal years:

Year of payment	Net dividend	Fully qualifying for a tax credit of
2010	€3.30	40%
2009	€3.30	40%
2008	€3.45	40%

### Approval of related-party agreements – Statutory Auditors' special report

#### Purpose

Under the **4<sup>th</sup> resolution**, the shareholders are asked to approve, in compliance with Articles L. 255-38 and L. 225-42-1 of the French Commercial Code, the following commitment previously authorised by the Board of Directors:

Commitment made by the Company and its subsidiaries towards Jean-François Palus conferring a right under certain conditions to a pension benefit.

This commitment is referred to in the Statutory Auditors' special report on related-party agreements and commitments. The Board of Directors' decisions of January 22, and April 8, 2010 have been made public on the Company's website: [www.ppr.com](http://www.ppr.com).

#### Fourth resolution

##### Commitment governed by Articles L. 225-38 and L. 225-42-1 of the French Commercial Code relating to Jean-François Palus

Having reviewed the Statutory Auditors' special report on the commitment governed by Articles L. 225-38 and

L. 225-42-1 of the French Commercial Code made in favour of Jean-François Palus, the General Shareholders' Meeting approves the commitment authorised by the Board of Directors referred to in this report.



## Authorisation to be given to the Board of Directors to enable the Company to trade in its own shares

### Purpose

As the authorisation given by the General Shareholders' Meeting of May 19, 2010 is due to expire on November 19, 2011, the purpose of this **5<sup>th</sup> resolution** is to authorise the Board of Directors, with the possibility to sub-delegate such authorisation, to trade in the Company's shares, at a maximum purchase price which would be set at **€160** and within the limit of a number of shares representing a maximum of 10% of the total number of shares making up the Company's share capital.

For information purposes, at December 31, 2010, the Company's share capital consisted of 126,829,184 shares. On this basis, the maximum amount of the funds intended for implementation of this share buy-back programme would be €2,029,266,880 corresponding to the buy-back of 12,682,918 shares.

The objectives that could be pursued within the scope of these transactions involving the buy-back by the Company of its own shares are defined in the draft resolution and include, in particular, the cancellation by the Company of its own shares, the grant of shares to the Company's employees or corporate officers within the scope of free share plans or stock purchase option plans, ensuring liquidity and maintaining the Company's share price within the framework of a liquidity agreement or retaining the shares and where

applicable selling, transferring or exchanging them in external growth transactions, in accordance with accepted market practice.

These transactions may be carried out at any time, including during periods of public offers with regard to the Company's share capital, in compliance with the rules laid down by the French financial markets authority (*Autorité des marchés financiers* - AMF).

In 2010, the Company bought back a total of 1,109,186 shares at an average price of €104.43 for the following purposes:

- ◆ 38,287 shares to be granted to employees under free share plans;
- ◆ 38,713 shares to be granted under stock purchase option plans;
- ◆ 1,032,186 shares purchased under the liquidity agreement.

In 2010, the Company sold 962,186 shares at an average price of €102.27. Thus, at December 31, 2010, the Company held 70,000 of its own shares within the scope of the liquidity agreement and 12,039 shares directly (see pages 286-287 of the 2010 Reference Document).

This authorisation would be granted for a period of 18 months.

### Fifth resolution

#### Authorisation to trade in the Company's shares

Having reviewed the Board of Directors' report and the description of the share buy-back programme, the General Shareholders' Meeting authorises the Board of Directors, with the possibility to sub-delegate such authorisation, to purchase or have purchased, the Company's shares, on one or more occasions, at times that it shall determine, up to a limit of a number of shares representing 10% of the share capital at any time, in compliance with Articles L. 225-209 *et seq.* of the French Commercial Code. This percentage will apply to the capital adjusted to take into account transactions with regard to the capital carried out after this General Shareholders' Meeting (for information purposes, at December 31, 2010, this would represent 12,682,918 shares). The maximum percentage of shares bought back by the Company with the aim of keeping them and subsequently exchanging them or tendering them as payment in connection with a merger, demerger or contribution, will be limited to 5% of the share capital, in compliance with the legislation.

Acquisitions, disposals and transfers of shares may be made in any way, including through the use of all derivative products or in the form of blocks of shares,

on the stock market or over the counter, at any time, including at the time of a public takeover bid or public exchange offer, in order to:

- ◆ ensure liquidity or to maintain an active secondary share market, using an investment services provider acting independently under the terms of a liquidity agreement complying with the Ethics Charter recognised by the AMF; or
- ◆ use all or some of the shares acquired to cover stock purchase option plans or free share plans, to allot shares under the French statutory profit-sharing scheme and to set up company or Group savings plans for Group employees and corporate officers, and to transfer or allocate shares to them as defined in the legislation; or
- ◆ enable investment or financing by tendering shares either in a transaction aimed at external growth (a merger, demerger or contribution), or by issuing securities giving access to the Company's share capital through redemption, conversion, exchange, presentation of a warrant or negotiation in any other way; or
- ◆ cancel the shares acquired. This solution requires authorisation by an Extraordinary Shareholders' Meeting.



The shares acquired by the Company pursuant to this authorisation may be kept, disposed of or transferred by any means, including through the use of all derivative products, or in the form of blocks of shares, or they may be cancelled.

The maximum purchase price is set at €160 per share (or the exchange value of this amount on the same date in any other currency). In the event of an increase in capital by capitalisation of reserves, a bonus share issue, or a share split or reverse share split, this amount will be adjusted by multiplying by a factor equal to the ratio of the number of shares comprising the capital before the transaction to the number of shares after the transaction.

The maximum amount of the share buy-back programme, given the maximum purchase price that applies to the number of shares that may be acquired (based on the capital at December 31, 2010) is set at €2,029,266,880.

The General Shareholders' Meeting gives the Board of Directors full powers, with the possibility to sub-delegate such powers, to carry out these transactions, to determine their final terms and conditions, to enter into all agreements and to complete all formalities.

This authorisation cancels the unused part of the authorisation for the same purpose given to the Board of Directors by the General Shareholders' Meeting on May 19, 2010, and is given for a period of 18 months from the date of this General Shareholders' Meeting.

---

## EXTRAORDINARY RESOLUTIONS

### Share capital reduction by cancellation of shares bought back by the Company

#### Purpose

In line with the decisions of previous General Shareholders' Meetings, the **6<sup>th</sup> resolution** authorises the Board of Directors to cancel all or part of the shares bought back under the share buy-back programme

authorised by the General Shareholders' Meeting and to reduce the share capital under certain conditions.

This authorisation is given for a period of 24 months from the date of this General Shareholders' Meeting.

#### *Sixth resolution*

##### Authorisation to reduce the share capital by cancelling shares

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, the General Shareholders' Meeting authorises the Board of Directors, on its decisions alone, on one or more occasions, under the terms and conditions provided for by the provisions of the French Commercial Code, to reduce the share capital, for up to a maximum of 10% of the share capital per 24-month period, adjusted, where applicable, to take into account transactions with regard to the capital carried out after this General Meeting, by cancelling the shares that the Company holds or may hold following the purchases made under Article L. 225-209 of the French Commercial Code.

The General Shareholders' Meeting gives the Board of Directors full powers to carry out such transactions, in such proportions and at such times that it shall determine, to set their terms and conditions, to make all necessary deductions from the reserves, profits or additional paid-in capital, to record the completion thereof, to amend the Articles of Association accordingly and to perform any and all formalities.

This authorisation cancels the unused part of the authorisation for the same purpose given to the Board of Directors by the General Shareholders' Meeting on May 7, 2009, and is given for a period of 24 months from the date of this General Shareholders' Meeting.





## Delegations of financial authority in order to decide on the issue, with or without pre-emptive subscription rights, of shares and/or securities

### Purpose

The following resolutions (7<sup>th</sup> to 13<sup>th</sup>) relate to delegations of financial authority. In the past, the General Shareholders' Meeting authorised the Board of Directors to choose, at any time, from a broad range of securities giving access to the share capital or to debt securities, with or without pre-emptive subscription rights, the most appropriate financial product for the Group's development needs given the characteristics of the markets at the time under consideration.

In the event of a share capital increase, the Board of Directors would first choose a standard transaction with pre-emptive subscription rights.

However, circumstances may arise where the cancellation of pre-emptive subscription rights may be in the Company's and in its shareholders' interests and may optimise the use of complex financial instruments.

Overall delegations of authority were given to the Board of Directors by the General Shareholders' Meetings of May 7, 2009 and May 19, 2010 for periods of 26 months and 14 months, respectively, in order to issue, with or without pre-emptive subscription rights, shares and/or securities giving access to the share capital or to securities giving the right to the allocation of debt securities to the exclusion of an issue of preference shares.

The Board has not used these authorisations. It is proposed to the shareholders to renew these delegations of authority and financial authorisations for a period of 26 months to enable the Board of Directors to issue securities with a certain amount of flexibility depending on the market and the Group's development.

The purpose of the delegation of authority requested in the 7<sup>th</sup> resolution is to issue shares and securities giving access, immediately or in the future, to the share capital, with pre-emptive subscription rights, for a maximum nominal amount of €200 million and of €6 billion for debt securities or the exchange value of this amount in the event of issues in other currencies.

The purpose of the delegation of authority referred to in the 8<sup>th</sup> resolution is to authorise the Board of Directors to increase the share capital, on one or more occasions, through the capitalisation of additional paid-in capital, reserves, profits or any other sums.

The delegations of authority requested in the 9<sup>th</sup> and 10<sup>th</sup> resolutions relate to issues of shares and securities giving access to the share capital or entitling their holder to the allocation of debt securities without pre-emptive subscription rights. The maximum nominal amount of these issues is set at €75 million. The amount used will be deducted from the overall cap of €200 million set in the 7<sup>th</sup> resolution.

The 9<sup>th</sup> resolution proposes that the shareholders delegate to the Board the authority to carry out share

capital increases via the issue(s), without pre-emptive subscription rights, of shares and/or securities giving access to the share capital or to securities giving the right to the allocation of debt securities to the exclusion of an issue of preference shares, by public offering, while the 10<sup>th</sup> resolution proposes that the shareholders delegate to the Board the authority to issue the same types of instruments, via private placement to the categories of persons provided for in Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) namely (i) persons providing portfolio management investment services on behalf of third parties and (ii) qualified investors or a restricted circle of investors, on condition that these investors act on their own account.

This 10<sup>th</sup> resolution would give the Company easier access to the market by offering it the flexibility to gain rapid access to qualified investors.

In the event that the possibility provided for in the 9<sup>th</sup> resolution is used, the shareholders could benefit from a priority subscription right, for a period and in compliance with terms and conditions to be set by the Board of Directors on the basis of normal market practice.

The maximum nominal amount of debt securities that may be issued under these delegations of authority is also set in the 7<sup>th</sup> resolution, namely at an amount of €6 billion or the exchange value of this amount in the event of issues in other currencies. The amount used will be deducted from the overall cap of €6 billion.

The 11<sup>th</sup> resolution proposes that the shareholders authorise the Board of Directors, for the issues set out in the two previous resolutions, and limited to 10% of the share capital per year, to set the issue price as follows: the sum receivable, or that should be receivable, by the Company for each of the shares issued under this authorisation must be at least equal to 90% of the weighted average price for the last three trading sessions immediately preceding the date when the terms and conditions for the issue are set with the goal of facilitating the placement of these issues, in particular the implementation timeframes. In the event of the issue of standalone share subscription warrants, the issue price of said warrants will be taken into account in the calculation of the share issue price.

The purpose of the 12<sup>th</sup> resolution is to authorise the Board of Directors, in compliance with the provisions of Article L. 255-135-1 of the French Commercial Code, to increase, within the limit of 15% of the initial issue, the amount of the issues, with or without pre-emptive subscription rights for shareholders, authorised by the 7<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> resolutions in the event of excess demand by investors in respect of such issues.

Like the aforementioned authorisations, this authorisation is to be given for a period of 26 months as from this General Shareholders' Meeting.

The 13<sup>th</sup> resolution relates to issues in consideration for in-kind contributions capped at 10% of the share capital in accordance with the law.



### Seventh resolution

#### Delegation of authority to issue, with pre-emptive subscription rights, shares and/or securities giving access, either immediately and/or in the future, to the share capital and/or to securities giving the right to the allocation of debt securities

Having reviewed the Board of Directors' report and the Statutory Auditors' special report and in compliance with the provisions of the French Commercial Code (particularly Articles L. 225-129 to L. 225-129-2, L. 228-91 and L. 228-93), the General Shareholders' Meeting:

1. delegates its authority to the Board of Directors, with the possibility to sub-delegate such authority to any person authorised by the law, for a period of 26 months from the date of this General Shareholders' Meeting, to decide on and carry out an issue by the Company, with pre-emptive subscription rights, on one or more occasions, in France and other countries and/or on international exchanges, of shares and/or securities giving access, immediately and/or in the future (including standalone share subscription and/or share purchase warrants, with or without consideration, either in euros or in foreign currency, or in any other units of account defined with reference to a basket of currencies, by subscription in cash, in exchange for debt, by conversion, exchange, redemption, presentation of a warrant or in any other way) to existing or newly issued shares in the Company and/or (in compliance with Article L. 228-93 of the French Commercial Code), to shares in any company in which it holds (directly or indirectly) more than half of the capital; and/or (in compliance with Article L. 228-91 of the French Commercial Code) securities giving the right to the allocation of debt securities;

resolves that this delegation of authority shall expressly exclude issuing preference shares or any other securities giving access to preference shares;

2. resolves that the total nominal amount of the share capital increases that may be carried out immediately and/or in the future under this delegation of authority may not exceed €200 million or the exchange value of that amount on the date of the decision, to which will be added, if relevant, the nominal amount of the additional shares to be issued to preserve the rights of holders of securities granting entitlement to shares;
3. resolves that the total nominal amount of the debt securities that may be issued under the above delegation of authority may not exceed €6 billion or the exchange value of that amount on the date of the decision;
4. if the Board of Directors uses this delegation of authority:
  - ♦ resolves that the shareholders may exercise their pre-emptive subscription rights, under the conditions provided for by law to the shares to which they are entitled as of right,

- ♦ states that, in accordance with the law, the Board of Directors will be authorised to grant shareholders the right to subscribe for a number of securities in excess of the number to which they would be entitled to subscribe as of right, in proportion to their subscription rights and, in any event, subject to demand,
- ♦ formally notes that, in compliance with the provisions of Article L. 225-132 of the French Commercial Code, this delegation of authority *ipso facto* implies that shareholders waive, in favour of holders of securities giving access to shares in the Company that might be issued, their pre-emptive rights to subscribe for shares to which these securities confer a right;
- 5. resolves that the Board of Directors will have full powers, with the possibility to sub-delegate such powers under the terms and conditions provided for by law, to implement this delegation of authority, and in particular:
  - ♦ to determine the terms and conditions for the issue(s),
  - ♦ to determine the dates of the issue(s) and how they will be made, and also the nature, form and features of the securities to be created, which in particular may or may not take the form of subordinated instruments, and may or may not have a fixed term,
  - ♦ if debt instruments are issued, to decide whether or not they are subordinated (and if relevant, their subordination level, in compliance with the provisions of Article L. 228-97 of the French Commercial Code), to set their rate of interest, term, fixed or variable redemption price (with or without a premium), the other terms of issue (including whether to confer guarantees or other collateral on the instruments) and amortisation method based on market conditions and the circumstances under which the securities may give a right to shares in the Company,
  - ♦ to determine how the shares and/or securities issued or to be issued will be paid up,
  - ♦ to determine the price and conditions of the issues and set the amounts to be issued, and the amount of the premium which may be attached to the issue,
  - ♦ to set the terms and conditions under which the rights of holders of securities giving access to the share capital will be preserved, where applicable, in compliance with legal and regulatory provisions, and to set (possibly retroactively), the dividend entitlement date for the securities to be issued,
  - ♦ to set the terms and conditions in which the Company will have the possibility to purchase or exchange on the stock market, at any time or during specified periods, the securities issued or to be issued,
  - ♦ to provide for the possibility of suspending, if necessary, the exercise of rights to allotment, subscription and/or purchase of shares attached to securities or subscription options issued for a period which may not exceed three months,



- ♦ to make all necessary deductions from the additional paid-in capital account(s) and in particular those for costs incurred during the issue process,
  - ♦ to use, if subscriptions to which the shareholders are entitled as of right and possibly for any excess shares which they may wish to subscribe do not account for the entire issue of shares and/or securities as defined above, one or more of the following facilities, in the order that it deems appropriate:
    - restrict the issue to the amount of the subscriptions made subject to the condition that the subscriptions amount to at least three quarters of the issue as initially decided,
    - freely allocate all or some of the unsubscribed securities,
    - offer to the public all or some of the unsubscribed securities,
    - in general, to enter into any agreement, take all measures and carry out all appropriate formalities for the issue and completion of the planned issues and record the increase(s) in capital resulting from each issue, and amend the Articles of Association accordingly;
6. resolves to cancel the unused part of the delegation of authority for the same purpose given to the Board of Directors by the General Shareholders' Meeting of May 7, 2009.

### ***Eighth resolution***

#### **Delegation of authority to the Board of Directors to increase the share capital by capitalising reserves, profits or additional paid-in capital**

Deliberating in accordance with the rules of quorum and majority applicable to ordinary shareholders' meetings and having reviewed the Board of Directors' report, in compliance with Article L. 225-130 of the French Commercial Code, the General Shareholders' Meeting delegates its authority to the Board of Directors, with the possibility to sub-delegate such authority to any person authorised by the law and under the conditions provided for by law, for a period of 26 months from the date of this General Shareholders' Meeting, to increase the capital, on one or more occasions, in the proportion and at times it considers appropriate, through the capitalisation of reserves, profits, or additional paid-in capital, followed by the issue and allocation of free shares or an increase in the par value of existing shares or the combination of these two methods.

The Board of Directors may decide that fractional rights shall not be negotiable and that the corresponding shares shall be sold; the proceeds from the sale shall be distributed to the holders of rights no later than 30 days after the date of entry in their account of the whole number of shares allotted.

The amount of share capital increases that could be carried out under this resolution shall not exceed the total maximum amounts that can be capitalised and more generally shall not be higher than the overall cap set in the 7<sup>th</sup> resolution of this General Shareholders' Meeting or, where applicable, than the amount of the overall cap provided for by a resolution of the same kind which could follow on from that resolution during the period of validity of this delegation.

The General Shareholders' Meeting gives the Board of Directors full powers, with the possibility to sub-delegate such powers under the conditions provided for by law, to implement this resolution, and generally to take all measures and carry out all formalities necessary to complete each share capital increase.

The General Shareholders' Meeting resolves to cancel the unused part of the delegation of authority for the same purpose given to the Board of Directors by the General Shareholders' Meeting of May 7, 2009.

### ***Ninth resolution***

#### **Delegation of authority to the Board of Directors to issue, without pre-emptive subscription rights, by public offering, shares and/or securities giving access, either immediately and/or in the future, to the share capital and/or to securities giving the right to the allocation of debt securities**

Having reviewed the Board of Directors' report and the Statutory Auditors' special report and in compliance with the provisions of the French Commercial Code (particularly Articles L. 225-129 to L. 225-129-6, L. 225-136, L. 228-91 and L. 228-93), the General Shareholders' Meeting:

1. delegates its authority to the Board of Directors, with the possibility to sub-delegate such authority to any person authorised by the law and under the conditions provided for by law, for a period of 26 months from the date of this General Shareholders' Meeting, to decide on and carry out an issue by the Company, on one or more occasions, in France and other countries and/or on international exchanges, by public offering, of shares and/or securities giving access, immediately and/or in the future (including standalone share subscription and/or share purchase warrants, with or without consideration, either in euros or in foreign currency, or in any other units of account defined with reference to a basket of currencies, by subscription in cash, in exchange for debt, by conversion, exchange, redemption, presentation of a warrant or in any other way) to shares in the Company and/or (in compliance with Article L. 228-93 of the French Commercial Code), to shares in any company in which it holds (directly or indirectly) more than half of the capital; and/or (in compliance with Article L. 228-91 of the French Commercial Code) securities that confer the right to allocation of debt securities; states



that, in compliance with Article L. 225-148 of the French Commercial Code, the new shares may be issued as consideration for shares received by the Company in relation with a public exchange offer or a mixed public offer carried out in France or in any other country, pursuant to local rules, with regard to shares of another company of which the shares are admitted for trading on a regulated market of a State which is a party to the Agreement on the European Economic Area or a member of the Organisation for Economic Co-operation and Development; resolves that this delegation of authority shall expressly exclude issuing preference shares or any other securities giving access to preference shares;

2. resolves that the total nominal amount of the increases in share capital that may be carried out immediately and/or in the future under this delegation of authority may not exceed €75 million or the exchange value of that amount on the date of the decision, to which will be added, if relevant, the nominal amount of the additional shares to be issued to preserve the rights of holders of securities granting entitlement to shares;

states that the maximum nominal amount of capital increases that may be carried out immediately and/or in the future under this delegation of authority is an overall cap for all the capital increases decided under the 10<sup>th</sup>, 11<sup>th</sup> and 13<sup>th</sup> resolutions of this General Shareholders' Meeting and will be deducted from the amount of the overall cap set by the 7<sup>th</sup> resolution of this General Shareholders' Meeting or, where applicable, from the amount of the overall cap provided for by a resolution of the same kind which could follow on from that resolution during the period of validity of this delegation;

3. resolves that the total nominal amount of the debt securities that may be issued under the above delegation of authority may not exceed €6 billion or the exchange value of that amount on the date of the decision to issue debt securities; states that the maximum nominal amount of the issues of debt securities decided under this delegation of authority will be deducted from the amount of the overall cap set by the 7<sup>th</sup> resolution of this General Shareholders' Meeting or, where applicable, from the amount of the overall cap provided for by a resolution of the same kind which could follow on from that resolution during the period of validity of this delegation;
4. resolves, in compliance with Article L. 225-136 of the French Commercial Code, to cancel shareholders' pre-emptive subscription rights to the securities to be issued, on the understanding that the Board of Directors may provide for the capital increase to include a complete or partial priority subscription period for the shareholders, without this creating negotiable rights;
5. resolves that if subscriptions from shareholders and the public do not account for the entire issue of shares and/or securities as defined above, then the

Board of Directors may make use of one or more of the following facilities, in the order that it deems appropriate:

- ♦ restrict the issue to the amount of the subscriptions made, where applicable, subject to the condition that the subscriptions amount to at least three quarters of the issue as initially decided,
  - ♦ freely allocate all or some of the unsubscribed securities;
6. formally notes that, in compliance with the provisions of Article L. 225-132 of the French Commercial Code, this delegation of authority *ipso facto* implies that shareholders waive, in favour of holders of securities giving access to shares in the Company that might be issued, their pre-emptive rights to subscribe for shares to which these securities confer a right. (This includes the case where shares relating to securities giving access to the Company's share capital are issued in compliance with Article L. 228-93 of the French Commercial Code, by a company of which the Company holds directly or indirectly over half the capital);
  7. formally notes that, in compliance with the first paragraph of Article L. 225-136-1 of the French Commercial Code:
    - ♦ the issue price of the shares issued directly will be at least equal to the minimum provided for by the regulatory provisions applicable on the date of the share issue (currently, the weighted average price over the three trading sessions on the Euronext Paris regulated stock market immediately prior to the date when the subscription price is set for the capital increase minus 5%), after adjustment of this average where applicable in the event of a difference between dividend entitlement dates,
    - ♦ the issue price of the securities giving access to the share capital and the number of shares to which the conversion, redemption or generally the transformation of each security giving access to the share capital may give a right will be such as to ensure that the amount received immediately by the Company, plus, where applicable, any amount that it may subsequently receive is, for each share issued as a result of the issue of such securities, at least equal to the minimum subscription price defined in the foregoing sub-paragraph;
  8. resolves that the Board of Directors will have full powers, with the possibility to sub-delegate such powers under the terms and conditions provided for by law, to implement this delegation of authority, and in particular:
    - ♦ to determine the terms and conditions for the issue(s),
    - ♦ to determine, in the event of a priority subscription period, the conditions for subscription of securities to which the shareholders are entitled by way of right and possibly for any excess shares which they may wish to subscribe,



- to determine the dates of the issue(s) and how they will be made, and also the nature, form and features of the securities to be created, which in particular may or may not take the form of subordinated instruments (and if relevant, their subordination level, in compliance with the provisions of Article L. 228-97 of the French Commercial Code), and may or may not have a fixed term,
- to determine the price and conditions of the issues and set the amounts to be issued,
- to determine how the shares and/or securities issued or to be issued will be paid up,
- to set (possibly retroactively) the dividend entitlement date for the securities to be issued; and if relevant, the terms and conditions for their purchase or exchange on the stock market; to suspend, if necessary, the exercise of rights to allotment, subscription and/or purchase of shares attached to securities issued for a period which may not exceed three months,
- where securities are issued as consideration for securities received in the scope of a public exchange offer or a mixed public offer, to set the exchange ratio and, where applicable, the amount of the cash adjustment to be paid; to record the number of securities tendered in the exchange; to determine the issue dates and terms and conditions of issue, particularly the price and the dividend entitlement date of new shares, or, where applicable, those of the securities giving access, immediately or in the future, to the Company's capital; to set the terms and conditions of issue; and to record the difference between the issue price of the new shares and their par value in a contribution premium account in balance sheet liabilities, to which all shareholders shall have rights,
- to make all necessary deductions from the additional paid-in capital account(s) and in particular those for costs incurred during the issue process,
- to set and make all adjustments intended to take into account the impact of transactions with regard to the Company's capital, particularly a change in the par value of shares, an increase in capital by capitalisation of reserves, a bonus share issue, share split or reverse share split, distribution of reserves or any other assets, redemption of the share capital, or any other transaction with regard to equity or capital (including by way of a public offering and/or in the event of a change of control), and set the terms and conditions under which the rights of holders of securities giving access to the share capital will be preserved, where applicable,
- generally to make all appropriate arrangements and to enter into all agreements in order to complete the planned issues satisfactorily, to complete all necessary formalities and to record the increase(s) in capital resulting from each issue made under this delegation of authority, and to amend the Articles of Association accordingly; states that if debt instruments are issued, the Board of Directors

will have full powers, with the possibility to sub-delegate such powers to any person authorised by law, in particular, to decide whether or not they are subordinated (and if relevant, their subordination level, in compliance with the provisions of Article L. 228-97 of the French Commercial Code), to set their rate of interest, term, fixed or variable redemption price (with or without a premium) and amortisation method (based on market conditions and the circumstances under which the securities will give a right to shares in the Company), and in general to determine all applicable terms and conditions;

9. resolves to cancel the unused part of the delegation of authority for the same purpose given to the Board of Directors by the General Shareholders' Meeting of May 19, 2010.

### **Tenth resolution**

**Delegation of authority to decide on a share capital increase via the issue(s), without pre-emptive subscription rights and via an offering referred to in Article L. 411-2 II of the French Monetary and Financial Code notably to qualified investors or a restricted circle of investors, of shares and/or securities giving access to the share capital and/or the issue of securities giving the right to the allocation of debt securities**

Having reviewed the Board of Directors' report and the Statutory Auditors' special report and in compliance with the provisions of the French Commercial Code (particularly Articles L. 225-129 to L. 225-129-2, L. 225-136, L. 228-91 and L. 228-93), the General Shareholders' Meeting:

1. delegates its authority to the Board of Directors, with the possibility to sub-delegate such authority to any person authorised by the law and under the conditions provided for by law, for a period of 26 months from the date of this General Shareholders' Meeting, to decide on and carry out an issue by the Company, on one or more occasions, in France and in other countries and/or on international exchanges, by an offering as defined in Article L. 411-2 II of the French Monetary and Financial Code, of shares and/or securities giving access, immediately and/or in the future (including standalone share subscription and/or share purchase warrants, with or without consideration, either in euros or in foreign currency, or in any other units of account defined with reference to a basket of currencies, by subscription in cash, in exchange for debt, by conversion, exchange, redemption, presentation of a warrant or in any other way) to shares in the Company and/or (in compliance with Article L. 228-93 of the French Commercial Code), to shares in any company in which it holds (directly or indirectly) more than half of the capital; and/or (in compliance with Article L. 228-91 of the French Commercial Code) securities that confer the right to allocation of debt securities; resolves that this delegation of authority shall expressly exclude issuing preference shares or any other securities giving access to preference shares;



2. resolves that the total nominal amount of the increases in capital that may be carried out immediately and/or in the future under this delegation of authority may not exceed €75 million or the exchange value of that amount, to which will be added, if relevant, the nominal amount of the additional shares to be issued to preserve the rights of holders of securities giving the right to shares. It is explicitly stated that the nominal amount of the increases in capital carried out due to an offering, as defined in Article L. 411-2 II of the French Monetary and Financial Code, may not in any event exceed 20% of the share capital per year in compliance with the third paragraph of Article L. 225-136 of the French Commercial Code; states that the maximum nominal amount of the share capital increases that may be carried out immediately and/or in the future under this delegation of authority will be deducted from the overall caps set by the 7<sup>th</sup> and 9<sup>th</sup> resolutions of this General Shareholders' Meeting or, where applicable, from the amount of the overall caps provided for by a resolution of the same kind which could follow on from that resolution during the period of validity of this delegation;
3. resolves that the total nominal amount of the debt securities that may be issued under the above delegation of authority may not exceed €6 billion or the exchange value of that amount; states that the maximum nominal amount of the issues of debt securities decided under this delegation of authority will be deducted from the amount of the overall cap set by the 7<sup>th</sup> resolution of this General Shareholders' Meeting or, where applicable, from the amount of the overall cap provided for by a resolution of the same kind which could follow on from that resolution during the period of validity of this delegation;
4. resolves, in compliance with Article L. 225-136 of the French Commercial Code, to cancel shareholders' pre-emptive subscription rights to the securities to be issued;
5. resolves that if subscriptions do not account for the entire issue of shares and/or securities as defined above, then the Board of Directors may restrict the issue to the amount of the subscriptions made, where applicable, subject to the condition that the subscriptions amount to at least three quarters of the issue as initially decided;
6. formally notes that, in compliance with the provisions of Article L. 225-132 of the French Commercial Code, this delegation of authority *ipso facto* implies that shareholders waive, in favour of holders of securities giving access to shares in the Company that might be issued, their pre-emptive rights to subscribe for shares to which these securities confer a right. (This includes the case where shares relating to securities giving access to the Company's share capital are issued in compliance with Article L. 228-93 of the French Commercial Code, by a company of which the Company holds directly or indirectly over half the capital);
7. formally notes that, in compliance with the first paragraph of Article L. 225-136-1 of the French Commercial Code:
  - ♦ the issue price of the shares issued directly will be at least equal to the minimum provided for by the regulatory provisions applicable on the date of the share issue (currently, the weighted average price over the three trading sessions on the Euronext Paris regulated stock market immediately prior to the date when the subscription price is set for the capital increase minus 5%), after adjustment of this average where applicable in the event of a difference between dividend entitlement dates,
  - ♦ the issue price of the securities giving access to the share capital and the number of shares to which the conversion, redemption or generally the transformation of each security giving access to the share capital may give a right will be such as to ensure that the amount received immediately by the Company, plus, where applicable, any amount that it may subsequently receive is, for each share issued as a result of the issue of such securities, at least equal to the minimum subscription price defined in the foregoing sub-paragraph;
8. resolves that the Board of Directors will have full powers, with the possibility to sub-delegate such powers under the terms and conditions provided for by law, to implement this delegation of authority, and in particular:
  - ♦ to determine the terms and conditions for the issue(s),
  - ♦ to determine the dates of the issue(s) and how they will be made, and also the nature, form and features of the securities to be created, which in particular may or may not take the form of subordinated instruments (and if relevant, their subordination level, in compliance with the provisions of Article L. 228-97 of the French Commercial Code), and may or may not have a fixed term,
  - ♦ to determine the price and conditions of the issues and set the amounts to be issued,
  - ♦ to determine how the shares and/or securities issued or to be issued will be paid up,
  - ♦ to set (possibly retroactively) the dividend entitlement date for the securities to be issued; and if relevant, the terms and conditions for their purchase or exchange on the stock market; to suspend, if necessary, the exercise of rights to allotment, subscription and/or purchase of shares attached to securities issued for a period which may not exceed three months,
  - ♦ to make all necessary deductions from the additional paid-in capital account(s) and in particular those for costs incurred during the issue process,
  - ♦ to set and make all adjustments intended to take into account the impact of transactions with regard to the Company's capital, particularly a change in the par value of shares, an increase in capital by capitalisation of reserves, a bonus share issue, share



split or reverse share split, distribution of reserves or any other assets, redemption of the share capital, or any other transaction with regard to equity or capital (including by way of a public offering and/or in the event of a change of control), and set the terms and conditions under which the rights of holders of securities giving access to the share capital will be preserved, where applicable,

- to set the terms and conditions in which the Company will have the possibility, where applicable, to purchase or exchange on the stock market, at any time or during specified periods, the securities issued or to be issued immediately or in the future whether or not with a view to cancelling them, in accordance with legal provisions,
  - generally to make all appropriate arrangements and to enter into all agreements in order to complete the planned issues satisfactorily, to complete all necessary formalities and to record the increase(s) in capital resulting from each issue made under this delegation of authority, and to amend the Articles of Association accordingly; states that if debt instruments are issued, the Board of Directors will have full powers, with the possibility to sub-delegate such powers to any person authorised by law, in particular, to decide whether or not they are subordinated (and if relevant, their subordination level, in compliance with the provisions of Article L. 228-97 of the French Commercial Code), to set their rate of interest, term, fixed or variable redemption price (with or without a premium) and amortisation method (based on market conditions and the circumstances under which the securities will give a right to shares in the Company), and in general to determine all applicable terms and conditions;
9. resolves to cancel the unused part of the delegation of authority for the same purpose given to the Board of Directors by the General Shareholders' Meeting of May 19, 2010.

#### **Eleventh resolution**

**Authorisation to set the issue price of shares and/or securities giving access to the share capital under certain terms and conditions, limited to 10% of the share capital per year, in the context of an increase in capital by issuing shares without pre-emptive subscription rights**

Having reviewed the Board of Directors' report and the Statutory Auditors' special report and in compliance with the provisions of Article L. 225-129-2 and the second paragraph of Article L. 225-136-1 of the French Commercial Code, the General Shareholders' Meeting delegates its authority to the Board of Directors, with the possibility to sub-delegate such authority under the terms and conditions provided by law, in order to set the issue price for the issues decided under the 9<sup>th</sup> and 10<sup>th</sup> resolutions limited to 10% of the share capital per year (as assessed on the issue date), under the

following terms and conditions: the sum receivable, or that should be receivable, by the Company for each of the shares issued under this authorisation (after taking into account the issue price of any standalone share subscription warrants issued), must be equal to at least 90% of the weighted average price for the last three trading sessions immediately preceding the date when the terms and conditions for the issue are set.

#### **Twelfth resolution**

**Authorisation to increase the number of shares and/or securities to be issued in the event of a share capital increase, with or without pre-emptive subscription rights**

Having reviewed the Board of Directors' report and the Statutory Auditors' special report and in compliance with the provisions of Article L. 225-135-1 of the French Commercial Code, the General Shareholders' Meeting:

1. authorises the Board of Directors, with the possibility to sub-delegate such authority under the terms and conditions provided for by law, to decide, in the event of an issue of shares and/or securities carried out under the 7<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> resolutions of this General Shareholders' Meeting, to increase the number of shares to be issued, within 30 days of the end of the subscription period and limited to 15% of the initial issue, at the same price as that of the initial issue, and subject to the overall cap(s) provided for in the resolution according to which the issue is decided;
2. set at 26 months from the date of this General Shareholders' Meeting, the term of validity of this delegation of authority, which cancels the unused part of any prior delegation for the same purpose.

#### **Thirteenth resolution**

**Authorisation to increase the share capital in consideration for in-kind contributions in the form of shares and/or securities giving access to the share capital, for up to a maximum of 10% of the share capital**

Having reviewed the Board of Directors' report and the Statutory Auditors' special report and in compliance with the provisions of Article L. 225-147 of the French Commercial Code, the General Shareholders' Meeting delegates the necessary powers to the Board of Directors to decide on and carry out an issue by the Company on one or more occasions of shares and/or securities giving access, immediately and/or in the future to shares in the Company, without pre-emptive subscription rights, for up to a maximum of 10% of the share capital at the time of the issue; this cap being deducted from the caps set by the 7<sup>th</sup> and 9<sup>th</sup> resolutions of this General Shareholders' Meeting, in consideration for in-kind contributions granted to the Company in the form of shares or securities giving access to share capital, when the conditions of contributions under a public exchange offer as defined in Article L. 225-148 of the French Commercial Code do not apply.



The Board of Directors shall decide on the report of the Statutory Auditor or Statutory Auditors in compliance with the provisions of Article L. 225-147 of the French Commercial Code.

The General Shareholders' Meeting gives full powers to the Board of Directors to approve or reduce the assessed in-kind contributions, record the completion

thereof, increase the share capital and amend the Articles of Association accordingly.

This authorisation is granted for a period of 26 months from the date of this General Shareholders' Meeting.

## Access to the capital for employees

### Purpose

At the time of any authorisation to increase the share capital by a cash contribution and save for the exceptions provided for by law, the Extraordinary Shareholders' Meeting is required to make a decision with regard to a proposed resolution aimed at carrying out an increase in capital reserved for employees who are members of an employee savings plan (Article L. 225-129-6, paragraph 1, of the French Commercial Code).

The General Shareholders' Meeting is therefore requested, in the **14<sup>th</sup> resolution**, to renew the authorisation given to the Board of Directors to issue shares and/or other securities that are reserved

for employees who are members of an employee savings plan. The total number of shares that may be issued pursuant to the authorisation requested from the General Shareholders' Meeting is capped at 1,268,291 shares, representing a share capital increase of a maximum amount of €5,073,164. The ratio of this cap to the share capital as recorded at the close of this General Shareholders' Meeting remains unchanged as compared to that authorised by the General Shareholders' Meeting of May 7, 2009.

This authorisation is given for a period of 26 months from the date of this General Shareholders' Meeting. It immediately cancels the authorisation granted by the General Shareholders' Meeting of May 7, 2009 in its 14<sup>th</sup> resolution.

## Fourteenth resolution

### Authorisation to increase the share capital by issuing, without pre-emptive subscription rights, shares or other securities giving access to the share capital, that are reserved for employees and former employees who belong to an employee savings plan

Having reviewed the Board of Directors' report and the Statutory Auditors' special report, the General Shareholders' Meeting authorises the Board of Directors, for a period of 26 months, on its decisions alone, on one or more occasions, under the terms and conditions provided for by law, and particularly Articles L. 225-138-1 and L. 225-129-6 of the French Commercial Code, and Articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*), to increase the share capital by a maximum nominal amount of €5,073,167, by issuing shares or other securities giving access to the share capital that are reserved for employees and former employees of the Company and of companies or groups associated with it, under the conditions defined in Article L. 233-16 of the French Commercial Code, who are members of a savings plan set up for that purpose.

The total number of shares that may be subscribed under this authorisation may therefore not exceed 1,268,291 shares.

The General Shareholders' Meeting resolves that the shareholders' pre-emptive subscription right is cancelled in respect of the shares issued pursuant to this authorisation, and in respect of other securities giving access to the share capital, or to those securities to which they will grant entitlement, in favour of the

employees and former employees mentioned above, for whom they are reserved.

The subscription price for the shares will be set at a minimum of 80% of the average opening market price of the Company's shares on Euronext Paris during the 20 trading sessions immediately preceding the date on which the Board of Directors decides to set the start date of the subscription period.

The General Shareholders' Meeting also resolves that the Board of Directors may, pursuant to Articles L. 3332-18 *et seq.* of the French Labour Code, grant free shares or other securities giving access to the Company's share capital under the terms and conditions provided for by the laws and regulations.

No increase in capital may exceed the amount of the shares subscribed for by employees and former employees, individually or via an employee investment fund (*fonds commun de placement d'entreprise*) or via an investment fund where the fund itself is an investment company (*société d'investissement à capital variable – SICAV*) governed by Article L. 214-40-1 of the French Monetary and Financial Code.

The General Shareholders' Meeting gives full powers to the Board of Directors, with the possibility to sub-delegate such powers, in particular to:

- ◆ set the subscription price(s) and the dividend entitlement date(s) for the shares to be issued;
- ◆ determine the companies and the employees and former employees concerned;





- ◆ determine the features of securities giving access to the share capital, and the terms and conditions of issuance;
- ◆ decide if employees and former employees who belong to an employee savings plan may subscribe directly for the shares, or if they should do so via an employee investment fund or a SICAV governed by Article L. 214-40-1 of the French Monetary and Financial Code;
- ◆ set the dates, timescales and other terms and conditions of the projected issues;
- ◆ record the completion of the share capital increase(s) as it/they occur(s);
- ◆ deduct all costs of the increases in share capital from the amount of the related additional paid-in capital;
- ◆ amend the Articles of Association accordingly, apply for the issued shares to be listed, and generally take all decisions, enter into all agreements and complete all formalities.

The General Shareholders' Meeting resolves to cancel the unused part of the delegation of authority for the same purpose given to the Board of Directors by the General Shareholders' Meeting of May 7, 2009.

### **Redeemable equity warrants (*bons de souscription et/ou d'acquisition d'actions remboursables – BSAAR*)**

#### **Purpose**

Instruments which give access to the capital of the Company are an essential tool for motivating Group employees and Executive Corporate Officers and aligning their interests with those of the shareholders. For this purpose, it appears to be appropriate to adopt an approach that is both diversified in terms of tools and specifically targeted in terms of categories of beneficiaries.

The Group's overall remuneration policy was re-defined in 2005 leading to the gradual replacement of the system of allocation of stock options by a policy of free share grants reserved for executives whether resident or not resident in France and to some employees who the Group wants to reward for their performances and commitment.

Senior executives and corporate officers are also given a financial interest in the Group's success, essentially within the framework of the policy of allotment of performance shares but also, where applicable, through the stock option allocation policy.

To involve its senior executives and managers in the Group's development, the shareholders are

requested under the **15<sup>th</sup> resolution** to authorise the Board to issue redeemable equity warrants to Group employees and corporate officers.

The implementation of this authorisation – with a term of 18 months as from the General Shareholders' Meeting – is subject to an overall cap of 0.5% of the share capital on the date of the Board of Directors' decision.

The Board of Directors will determine, at the required time, the list of the persons authorised to subscribe for the redeemable equity warrants and decide the number of redeemable equity warrants that may be subscribed by each of them, the exercise price(s) of the redeemable equity warrants to be issued (it being specified that the exercise price(s) will be at least equal to 120% of the benchmark share price) and the other features of the instrument and the terms and conditions of the issue contract. Furthermore, the Board will set the subscription price for the redeemable equity warrants after obtaining the opinion of an independent expert, on the basis of the usual factors that influence its value.

#### **Fifteenth resolution**

##### **Delegation of authority to the Board of Directors to issue redeemable equity warrants (BSAAR) to Group employees and corporate officers, without pre-emptive subscription rights for shareholders**

Having reviewed the Board of Directors' report and the Statutory Auditors' special report and in compliance with the provisions of Articles L. 228-91 *et seq.*, L. 225-129 *et seq.* and L. 225-138 of the French Commercial Code, the General Shareholders' Meeting:

1. delegates its authority to the Board of Directors, with the possibility to sub-delegate such authority, to decide on the issue of redeemable equity warrants, on one or more occasions;
2. resolves that the total number of shares that may be subscribed or purchased pursuant to this delegation of authority may not represent over 0.5% of the share capital on the date of the Board of Directors' decision, it being specified that the amount of the share capital increases resulting from any additional shares to be issued, where applicable, in the event of new financial transactions to preserve the rights of holders of securities giving access to the share capital, will be added to this cap where applicable;
3. sets at 18 months, from the date of this General Shareholders' Meeting, the term of validity of the delegation of authority which is the subject of this resolution;



4. resolves, in compliance with the provisions of Article L. 225-138 of the French Commercial Code, to cancel the shareholders' pre-emptive subscription rights to the redeemable equity warrants in favour of employees and corporate officers of the Company and its French and foreign subsidiaries. The Board of Directors will determine the list of persons authorised to subscribe for the redeemable equity warrants (the "beneficiaries") as well as the maximum number of redeemable equity warrants that may be subscribed by each of them;
5. formally notes that this delegation of authority *ipso facto* implies the waiver by the shareholders – in favour of the holders of redeemable equity warrants – of their pre-emptive subscription rights in respect of the shares to be issued by exercising the redeemable equity warrants;
6. resolves that the Board of Directors will have full powers, with the possibility to sub-delegate such powers under the terms and conditions provided for by law, to implement this delegation of authority, and in particular to:
  - ♦ determine all the features of the redeemable equity warrants, and in particular their subscription price which will be determined after obtaining the opinion of an independent expert, on the basis of the factors influencing their value (namely, primarily: the exercise price, non-transferability period, exercise period, trigger price and redemption period, rate of interest, dividend distribution policy, trading price and volatility of the Company's share) and the methods of the share issue and the terms and conditions of the issue contract,
  - ♦ set the subscription or purchase price of the shares resulting from exercising the redeemable equity warrants, it being specified that each redeemable equity warrant will entitle its holder to subscribe for (or purchase) one share of the Company at a price equal to at least 120% of the average closing prices for the Company's share for the 20 trading sessions immediately preceding the date on which all the terms and conditions of the redeemable equity warrants and the methods of their issue are determined,
  - ♦ provide for the possibility, where applicable, of suspending the exercise of the rights attached to the redeemable equity warrants in compliance with the provisions of the laws and regulations,
  - ♦ on its initiative alone, deduct the costs of the share capital increases from the amount of the related premiums and deduct from such amount the sums required to be allocated to the legal reserve,
  - ♦ set and make all adjustments intended to take into account the impact of transactions with regard to the Company's capital, particularly a change in the par value of the shares, an increase in capital by capitalisation of reserves, a bonus share issue, share split or reverse share split, distribution of reserves or any other assets, redemption of the share capital, or any other transaction with regard to equity or capital (including by way of a public offering and/or in the event of a change of control), and set the terms and conditions under which the rights of holders of redeemable equity warrants will be preserved, where applicable,
  - ♦ record the completion of each increase in capital and make the corresponding amendments to the Articles of Association,
  - ♦ amend, if it considers it necessary (and subject to the agreement of the holders of the redeemable equity warrants), the issue contract in respect of the redeemable equity warrants, and have a further independent expert appraisal carried out with regard to the consequences of this amendment and, in particular, with regard to the amount of the resulting benefit for holders,
  - ♦ in general, enter into any agreement, in particular to complete the planned issues satisfactorily, take all measures and carry out all appropriate formalities for the issue, the listing and the financial service of the redeemable equity warrants issued pursuant to this delegation of authority and the exercise of the attached rights;
7. formally notes that, in the event that the Board of Directors were to use the delegation of authority granted to it under this resolution, the Board of Directors will report to the next Ordinary Shareholders' Meeting, in compliance with the law and the regulations, on the use made thereof.

The General Shareholders' Meeting resolves to cancel the unused part of the delegation of authority for the same purpose given to the Board of Directors by the General Shareholders' Meeting of May 19, 2010.



---

## ORDINARY AND EXTRAORDINARY RESOLUTION

### **Powers for formalities**

#### **Purpose**

This resolution is intended to grant the necessary powers for carrying out all the formalities following the holding of the General Shareholders' Meeting.

### ***Sixteenth resolution***

#### **Powers for formalities**

The General Shareholders' Meeting gives full powers to the bearer of a copy or extract of the minutes of this Meeting to carry out all formalities prescribed by law.



## SUMMARY OF THE AUTHORISATIONS REQUESTED FROM THIS GENERAL SHAREHOLDERS' MEETING

Description of authorisation	Date of General Shareholders' Meeting (resolution no.)	Term of validity (Expiry date)	Maximum authorised nominal amount
<b>Share capital increase with pre-emptive subscription rights</b>			
Share capital increase via the issue(s), with pre-emptive subscription rights, of shares, warrants and/or securities giving access, either immediately or in the future, to shares in the Company or to debt securities	7 <sup>th</sup>	26 months (July 2013)	€200 million <sup>(1)</sup> €6 billion <sup>(2)</sup>
Share capital increase via the capitalisation of reserves, profits or additional paid-in capital	8 <sup>th</sup>	26 months (July 2013)	€200 million <sup>(1)</sup>
<b>Share capital increase without pre-emptive subscription rights</b>			
Share capital increase via the issue(s), without pre-emptive subscription rights, by public offering, of shares, warrants and/or securities giving access, either immediately or in the future, to shares in the Company, including as consideration for shares tendered to a public exchange offer, or to debt securities	9 <sup>th</sup>	26 months (July 2013)	€75 million <sup>(3)</sup> €6 billion <sup>(2)</sup>
Share capital increase via the issue(s), without pre-emptive subscription rights, via private placement, of shares, warrants and/or securities giving access, either immediately or in the future, to shares in the Company or to debt securities	10 <sup>th</sup>	26 months (July 2013)	€75 million <sup>(3)</sup> €6 billion <sup>(2)</sup>
Authorisation to set the issue price for a share capital increase, without pre-emptive subscription rights, via public offering or private placement, limited to 10% of the share capital per year	11 <sup>th</sup> (related to the 9 <sup>th</sup> and 10 <sup>th</sup> resolutions above)	26 months (July 2013)	€50.7 million per year <sup>(3)</sup>
Share capital increase in consideration for in-kind contributions, for up to a maximum of 10% of the share capital	13 <sup>th</sup>	26 months (July 2013)	€50.7 million <sup>(3)</sup>
<b>Share capital increase with or without pre-emptive subscription rights</b>			
Increase in the number of shares or securities to be issued within the scope of a share capital increase, with or without pre-emptive subscription rights, in the event of excess demand	12 <sup>th</sup>	26 months (July 2013)	15% of the amount of the initial issue
<b>Restricted share issues</b>			
Share issues reserved for Group employees	14 <sup>th</sup>	26 months (July 2013)	€5.07 million
<b>Reduction of share capital by cancelling shares</b>			
Authorisation to reduce the share capital by cancelling shares	6 <sup>th</sup>	24 months (May 2013)	10% of the share capital per 24-month period
<b>Redeemable equity warrants</b>			
Issue of redeemable equity warrants (BSAAR) to employees and corporate officers, without pre-emptive subscription rights	15 <sup>th</sup>	18 months (November 2012)	0.5% of the share capital at the grant date

<sup>(1)</sup> This amount will be deducted from the overall €200 million cap for issues of shares and/or securities giving access to the share capital set by the 7<sup>th</sup> resolution.

<sup>(2)</sup> This amount will be deducted from the overall €6 billion cap for issues of debt securities set by the 7<sup>th</sup> resolution.

<sup>(3)</sup> The amount of the issues of shares or securities giving access to the share capital will be deducted from the €200 million and €75 million caps set by the 7<sup>th</sup> and 9<sup>th</sup> resolutions respectively.

<sup>(4)</sup> Limited to 20% of the share capital per year in all cases.



## CURRENT AUTHORISATIONS GRANTED BY THE GENERAL SHAREHOLDERS' MEETING TO THE BOARD OF DIRECTORS

Description of authorisation	Date of General Shareholders' Meeting (resolution no.)	Term of validity (Expiry date)	Maximum authorised nominal amount	Current use
<b>Share capital increase with pre-emptive subscription rights</b>				
Share capital increase via the issue(s), with pre-emptive subscription rights, of shares, warrants and/or securities giving access, either immediately or in the future, to shares in the Company or to debt securities	May 7, 2009 (7 <sup>th</sup> )	26 months (July 2011)	€200 million <sup>(1)</sup> €6 billion <sup>(2)</sup>	Unused
Share capital increase via the capitalisation of reserves, profits or additional paid-in capital	May 7, 2009 (9 <sup>th</sup> )	26 months (July 2011)	€200 million <sup>(1)</sup>	Unused
Increase in the number of shares or securities to be issued within the scope of a capital increase, with pre-emptive subscription rights, in the event of excess demand	May 7, 2009 (11 <sup>th</sup> )	26 months (July 2011)	15% of the amount of the initial issue <sup>(1)</sup>	Unused
<b>Share capital increase without pre-emptive subscription rights</b>				
Share capital increase via the issue(s), without pre-emptive subscription rights, by public offering, of shares, warrants and/or securities giving access, either immediately or in the future, to shares in the Company, including as consideration for shares tendered to a public exchange offer, or to debt securities	May 19, 2010 (12 <sup>th</sup> )	14 months (July 2011)	€200 million <sup>(1)</sup> €6 billion <sup>(2)</sup>	Unused
Share capital increase via the issue(s), without pre-emptive subscription rights, via private placement, of shares, warrants and/or securities giving access, either immediately or in the future, to shares in the Company or to debt securities	May 19, 2010 (13 <sup>th</sup> )	14 months (July 2011)	€100 million <sup>(1)(3)</sup> €6 billion <sup>(2)</sup>	Unused
Authorisation to set the issue price for a share capital increase, without pre-emptive subscription rights, via public offering or private placement, limited to 10% of the share capital per year	May 19, 2010 (14 <sup>th</sup> ) (related to the 12 <sup>th</sup> and 13 <sup>th</sup> resolutions above)	14 months (July 2011)	€50.6 million per year <sup>(1)</sup>	Unused
Increase in the number of shares or securities to be issued within the scope of a capital increase, without pre-emptive subscription rights, in the event of excess demand	May 19, 2010 (15 <sup>th</sup> )	14 months (July 2011)	15% of the amount of the initial issue <sup>(1)</sup>	Unused
Share capital increase in consideration for in-kind contributions, for up to a maximum of 10% of the share capital	May 7, 2009 (13 <sup>th</sup> )	26 months (July 2011)	€50.6 million <sup>(1)</sup>	Unused
<b>Restricted share issues</b>				
Share issues reserved for Group employees	May 7, 2009 (14 <sup>th</sup> )	26 months (July 2011)	€5.06 million	Unused
<b>Reduction of share capital by cancelling shares</b>				
Authorisation to reduce the share capital by cancelling shares	May 7, 2009 (6 <sup>th</sup> )	26 months (July 2011)	10% of the share capital per 24-month period	Unused
<b>Stock options, free share grants and redeemable equity warrants</b>				
Stock option plans	May 19, 2010 (17 <sup>th</sup> )	38 months (July 2013)	2% of the share capital at the grant date	Unused
Free grant of existing shares or shares to be issued reserved for employees and corporate officers	May 19, 2010 (18 <sup>th</sup> )	38 months (July 2013)	0.5% of the share capital at the grant date	Unused
Issue of redeemable equity warrants (BSAAR) to employees and corporate officers, without pre-emptive subscription rights	May 19, 2010 (19 <sup>th</sup> )	18 months (November 2011)	0.5% of the share capital at the grant date	Unused

<sup>(1)</sup> This amount will be deducted from the overall €200 million cap for issues of shares or securities giving access to the share capital set by the 12<sup>th</sup> resolution of the General Shareholders' Meeting held on May 7, 2009.

<sup>(2)</sup> This amount will be deducted from the overall €6 billion cap for issues of debt securities set by the 12<sup>th</sup> resolution of the General Shareholders' Meeting held on May 7, 2009.

<sup>(3)</sup> Limited to 20% of the share capital per year in all cases.

# Statutory Auditors' special report

## on related-party agreements and commitments

### (year ended December 31, 2010)



*This is a free translation of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report on related-party agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

In our capacity as Statutory Auditors of your Company, we hereby report to you on related-party agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information provided for in Article R. 225-31 of the French Commercial Code in respect of the performance of the agreements and commitments, already authorized by the Shareholders' Meeting and having continuing effect during the year, if any.

We conducted our procedures in accordance with French professional standards applicable to such engagements. These standards require that we verify that the information provided to us is consistent with the relevant source documents.

### **Agreements and commitments authorized during 2010**

Pursuant to Article L. 225-40 of the French Commercial Code, the following agreements and commitments, which were previously authorized by your Board of Directors, have been brought to our attention.

#### **Retirement commitment in favour of Mr. Jean-François Palus**

On January 22 and April 8, 2010, your Board of Directors authorised PPR and the companies controlled by it within the meaning set forth in Article L. 233-16 of the French Commercial Code to grant retirement benefits to Mr. Jean-François Palus, Director and Deputy CEO of PPR, due to his exceptional contribution to the business development of the Luxury Group. This authorisation resulted in the allocation of €3,568,000 (this capital will be managed by PPR or a company controlled by it, or invested in a top-tier management company) to fund his retirement benefits (with reversion rights to his beneficiaries in the event of death) payable as from the legal retirement age. His presence in the Group is not a requirement at that date, provided that he has not left the Group before December 31, 2014 for personal reasons.

The appropriation of these retirement benefits by Mr. Jean-François Palus is subject to his meeting the performance conditions attached to his variable compensation, for fiscal years 2009 and 2010, in his capacity as Deputy CEO of PPR. On April 8, 2010 and February 16, 2011, your Board of Directors duly noted that the performance conditions were met for fiscal years 2009 and 2010, respectively.

In consideration of these authorisations of your Board of Directors, the Supervisory Board of Gucci Group NV (held 99.9% directly and indirectly by PPR SA) decided, on December 10, 2010, to grant Mr. Jean-François Palus, in his capacity as a member of the Supervisory Board of Gucci Group NV since May 30, 2006, an irrevocable pension right in respect of retirement benefits, in accordance with the terms and conditions provided for in the authorisation of your Board of Directors, based on a capital of €3,568,000, inasmuch as PPR acknowledges, at a given date, that this right is no longer subject to the fulfilment of any conditions.



## Agreements and commitments authorised in previous years and which remained in force during 2010

Pursuant to Article R. 225-30 of the French Commercial Code, we have been advised that the following agreements and commitments authorized in previous years by the Shareholders' Meeting, remained in force during 2010.

### Payment for services provided by Artémis

Pursuant to the terms of a support agreement between PPR and Artémis signed on September 27, 1993, Artémis carries out research and advisory work for PPR in the following areas:

- ♦ strategy and development of the PPR Group and support in carrying out complex legal, tax, financial and real estate transactions;
- ♦ sourcing opportunities for business development in France and abroad or cost-cutting measures.

At its meeting of March 10, 1999, the PPR Supervisory Board authorised payment for these services amounting to 0.037% of consolidated net revenue (excluding VAT).

In line with the appropriate modifications of PPR's corporate governance rules, the PPR Board of Directors resolved on July 6, 2005, without amending the agreement in force since September 27, 1993, that the PPR Audit Committee would perform, in addition to the usual annual review of the substance of the support provided by Artemis to PPR, an annual assessment of the services and their fair price given the benefits provided and the economies of means realized in the common interest.

The methods for assessing the contractually-agreed amount were reviewed by the Audit Committee, which, at its meeting of February 14, 2011, noted that PPR had continued to benefit, during 2010, from the advice and assistance of Artémis on recurring issues including communications, public and institutional relations as well as with regard to the development strategy and its implementation.

At its February 16, 2011 meeting, the Board of Directors duly noted remuneration of €4,402,519 (excluding VAT) in respect of 2010, it being specified that the revenue of the Puma group was excluded from the calculation of this fee, as was the case in previous years.

Paris La Défense and Neuilly-sur-Seine, March 17, 2011  
The Statutory Auditors

KPMG Audit  
*Division of KPMG SA*

Deloitte & Associés

Jean-Luc Decornoy

Hervé Chopin

Jean-Paul Picard

# Statutory Auditors' special report

on the share capital transactions proposed in the 6<sup>th</sup>, 7<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup>, 12<sup>th</sup>, 13<sup>th</sup> and 14<sup>th</sup>  
resolutions of the Ordinary and Extraordinary Shareholders' Meeting of May 19, 2011



*This is a free translation into English of the Statutory Auditors' special report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of PPR SA, and pursuant to the provisions of the French Commercial Code (*Code de commerce*), we hereby report to you on the transactions submitted for your approval.

## **Authorisation to be given to the Board of Directors to reduce the share capital by cancelling shares (6<sup>th</sup> resolution)**

In compliance with the provisions of Article L. 225-209 of the French Commercial Code applicable in the event of a share capital reduction by cancellation of shares, we prepared this report to inform you of our assessment of the reasons for and conditions of the planned share capital reduction.

The shareholders are requested to grant to the Board of Directors, for a period of 24 months, as from the General Shareholders' Meeting, full powers to cancel, for up to a maximum of 10% of the share capital per 24-month period, the shares bought back by the Company pursuant to an authorisation to buy back its own shares in accordance with the provisions of the aforementioned article.

We performed the procedures we deemed necessary in accordance with French professional standards applicable to such engagements. Those standards require that we ensure that the reasons for and conditions of the planned share capital reduction, which is not considered to affect shareholder equality, comply with the applicable legal provisions.

We have no matters to report on the reasons for and conditions of the planned share capital reduction.

## **Delegation of authority to be given to the Board of Directors to decide on the issue, with or without pre-emptive subscription rights, of shares and/or securities (7<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup> resolutions)**

In accordance with the provisions of the French Commercial Code, and in particular Articles L. 225-135, L. 225-136, L. 225-138 and L. 228-92, we hereby report to you on the proposed delegations of authority to be given to the Board of Directors regarding various issues of shares and/or securities, which are submitted for your approval.

On the basis of the Board of Directors' report, shareholders are requested to:

- ♦ delegate authority to the Board of Directors, for a period of 26 months, with the possibility to sub-delegate such authority, to decide on the following transactions and to set the final terms and conditions thereof, with cancellation of shareholders' pre-emptive subscription rights where applicable:
  - an issue, with pre-emptive subscription rights, of shares and/or securities giving access, either immediately and/or in the future, to the share capital and/or to securities giving the right to the allocation of debt securities (7<sup>th</sup> resolution),
  - an issue, without pre-emptive subscription rights, of shares and/or securities giving access, either immediately and/or in the future, to the share capital and/or to securities giving the right to the allocation of debt securities, it being specified that such shares and/or securities may be issued as consideration for shares received by the Company in relation with a public exchange offer, within the meaning of Article L. 225-148 of the French Commercial Code (9<sup>th</sup> resolution),
  - an issue, without pre-emptive subscription rights and via an offering referred to in Article L. 411-2 II of the French Monetary and Financial Code (*Code monétaire et financier*) of shares and/or securities giving access to the share capital and/or the issue of securities giving the right to the allocation of debt securities (10<sup>th</sup> resolution);
- ♦ authorise the Board of Directors, by adopting the 11<sup>th</sup> resolution, to set the issue price of the shares and or securities issued pursuant to the delegation of authority proposed in the 9<sup>th</sup> and 10<sup>th</sup> resolutions, limited to 10% of the share capital per year (Article L. 225-136-1, paragraph 2 of the French Commercial Code);
- ♦ delegate to the Board of Directors, for a period of 26 months, the power to determine the terms and conditions of an issue of shares and/or securities giving access to the share capital, either immediately and/or in the future, in consideration for in-kind contributions (Article L. 225-147 of the French Commercial Code) granted to the Company in the form of shares or securities giving access to share capital (13<sup>th</sup> resolution), for up to a maximum of 10% of the share capital and within the limit of the overall cap set by the 7<sup>th</sup> resolution of this General Shareholders' Meeting.

The total nominal amount of the share capital increases that may be carried out immediately and/or in the future may not exceed €200 million under the 7<sup>th</sup> resolution and €75 million under the 9<sup>th</sup> resolution, representing the cap common to all the share capital increases decided under the 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup> and 13<sup>th</sup> resolutions of this General Shareholders' Meeting which will be deducted from the amount of the overall cap set by the 7<sup>th</sup> resolution of this General Shareholders' Meeting.

The total nominal amount of the share capital increases that may be carried out via an offering as defined in Article L. 411-2 II of the French Monetary and Financial Code may not exceed €75 million, and under no circumstances 20% of the share capital per year, in compliance with the provisions of the third paragraph of Article L. 225-136 of the French Commercial Code (10<sup>th</sup> resolution).





The total nominal amount of debt securities that may be issued under the 7<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> resolutions may not exceed €6 billion, within the limit of the overall cap set by the 7<sup>th</sup> resolution of this General Shareholders' Meeting.

The number of shares to be created in the context of the delegations of authority proposed in the 7<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> resolutions may be increased under the conditions defined in Article L. 225-135-1 of the French Commercial Code, if the shareholders vote in favour of the 12<sup>th</sup> resolution.

It is the responsibility of the Board of Directors to prepare a report that complies with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the financial information taken from the financial statements, on the proposal to cancel shareholders' pre-emptive subscription rights, and on other information regarding these transactions that is contained in this report.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. Those standards require us to perform procedures to verify the content of the Board of Directors' report relating to the transactions and the methods used to determine the issue price for new shares.

Subject to a subsequent examination of the issuance conditions once they have been decided, we have no matters to report as regards the methods used to determine the issue price for new shares described in the Board of Directors' report regarding the 9<sup>th</sup> and 10<sup>th</sup> resolutions.

In addition, as this report does not stipulate the methods to be used to determine the issue price for new shares in the context of the 9<sup>th</sup> and 13<sup>th</sup> resolutions, we do not express an opinion on the choice of factors used to calculate the issue price.

Since the issue price for new shares has not been set, we do not express an opinion on the final terms and conditions under which the issues will be carried out, and consequently, on the cancellation of pre-emptive subscription rights, as proposed in the 9<sup>th</sup> and 10<sup>th</sup> resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report if and when the Board of Directors uses these authorisations to issue ordinary shares without pre-emptive subscription rights, or to issue securities giving access to the share capital and/or giving the right to the allocation of debt securities.

#### **Issue of shares or other securities giving access to the share capital that are reserved for employees and former employees who belong to an employee savings plan (14<sup>th</sup> resolution)**

In accordance with the provisions of Articles L. 225-135 *et seq.* of the French Commercial Code, we hereby report to you on the proposal to increase the capital, on one or more occasions, by issuing, without pre-emptive subscription rights, shares or securities giving access to share capital, for a maximum nominal amount of €5,073,167, reserved for employees and former employees of the Company and of companies or groups associated with it (as defined in Article L. 233-16 of the French Commercial Code), who are members of an employee savings plan, which is submitted for your approval. The total number of shares that may be subscribed under this authorisation may not exceed 1,268,291 shares.

These share capital increases are submitted for your approval, pursuant to Article L. 225-129-6 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labour Code (*Code du travail*).

On the basis of the Board of Directors' report, the shareholders are requested to authorise the Board of Directors, for a period of 26 months, to set the terms and conditions of this transaction, with the cancellation of shareholders' pre-emptive subscription rights.

It is the responsibility of the Board of Directors to prepare a report that complies with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the financial information taken from the financial statements, on the proposal to cancel shareholders' pre-emptive subscription rights, and on other information regarding the issue that is contained in this report.

We performed the procedures we deemed necessary in accordance with French professional standards applicable to such engagements. Those standards require us to perform procedures to verify the content of the Board of Directors' report relating to this transaction, and the methods used to determine the issue price for new shares.

Subject to a subsequent examination of the conditions of the capital increases once they have been decided, we have no matters to report as regards the methods used to determine the issue price for new shares described in the Board of Directors' report.

Since the issue price for new shares has not been set, we do not express an opinion on the final terms and conditions under which any increases in capital will be carried out, and consequently, on the cancellation of pre-emptive subscription rights submitted for your approval.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report if and when the Board of Directors uses this authorisation.

Paris La Défense and Neuilly-sur-Seine, March 30, 2011  
The Statutory Auditors

KPMG Audit  
Division of KPMG SA

Deloitte & Associés

Jean-Luc Decornoy

Hervé Chopin

Jean-Paul Picard

# Statutory Auditors' report

## on the issue of redeemable equity warrants (BSAAR) without pre-emptive subscription rights (15<sup>th</sup> resolution)



*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of PPR SA, and in accordance with the provisions of the French Commercial Code (*Code de Commerce*), in particular Articles L. 225-135, L. 225-138 and L. 228-92, we hereby report to you on the proposed delegation of authority to be given to the Board of Directors to decide on the issue of redeemable equity warrants (*bons de souscription et/ou d'acquisition d'actions remboursables* — BSAAR) reserved for employees and corporate officers of the Company and its French and foreign subsidiaries, which is submitted to you for approval.

On the basis of the Board of Directors' report, shareholders are requested to authorise it, for a period of 18 months, with the possibility to sub-delegate, to decide on the issue and set the terms and conditions thereof. The Board proposes that the shareholders' pre-emptive subscription rights be cancelled.

It is specified that:

- the Board of Directors will set the features of the redeemable equity warrants, in particular the subscription price, after obtaining the opinion of an independent expert, on the basis of factors influencing their value;
- each redeemable equity warrant will entitle its holder to subscribe for (or purchase) one Company share at a price equal to at least 120% of the average closing prices for the Company's share for the 20 trading sessions immediately preceding the date on which all the terms and conditions of the redeemable equity warrants and the methods of their issue are determined;
- the total number of shares that may be subscribed or purchased may not represent over 0.5% of the share capital on the date of the decision of the Board of Directors' decision.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the financial information taken from the financial statements, on the proposal to cancel the pre-emptive subscription right, and on other information regarding these transactions that is given in this report.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. Those standards require us to perform procedures to verify the content of the Board of Directors' report relating to the transactions and the methods used to determine the share issue price.

Subject to a subsequent examination of the issuance conditions once they have been decided, we have no matters to report as regards the methods used to set the issue price given in the Board of Directors' report.

Since the issue price for the new shares has not been set, we cannot express an opinion on the final terms and conditions under which any issues will be made, and consequently, on the proposal to cancel the pre-emptive subscription right.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report if and when the Board of Directors uses this authorisation.

Paris La Défense and Neuilly-sur-Seine, March 30, 2011  
The Statutory Auditors

KPMG Audit  
Division of KPMG SA

Deloitte & Associés

Jean-Luc Decornoy

Hervé Chopin

Jean-Paul Picard



PPR

## Request for additional documents and information



In accordance with Article R. 225-88 of the French Commercial Code, from the date of the convening notice and until the fifth day before the meeting, any shareholder owning registered shares or shareholder proving ownership of bearer shares may fill in the following form to request that the Company send him/her the documents and information provided for in Articles R. 225-81 and R. 225-83 of the French Commercial Code.

**FORM TO BE SENT EXCLUSIVELY TO:**

**PPR – Direction juridique (Legal Department)**

**10, avenue Hoche — 75381 Paris Cedex 08 — France**

Mr, Mrs, Ms: .....  
(written in capital letters)

Full address: .....  
.....

Owner of: .....

registered shares, recorded in the account

bearer shares, recorded in the account held with<sup>(1)</sup> .....

After having reviewed the documents attached to this form relating to the General Shareholders' Meeting of May 19, 2011, I hereby request that the documents and information provided for in Article R. 225-83 of the French Commercial Code be sent to me at the above address.

Signed in (city) ..... on (date) ..... 2011

**NB:**

- The Reference Document comprises the parent company financial statements, the consolidated financial statements, the table of appropriation of net income, the management report by the Board of Directors, the report by the Chairman of the Board of Directors and the Statutory Auditor's reports. These documents complemented by the information contained in this brochure constitute the information provided for in Articles R. 225-81 and R. 225-83 of the French Commercial Code and are available on the Company's website: [www.ppr.com](http://www.ppr.com) (in the Finance/AGM section).
- In accordance with paragraph 3 of Article R. 225-88 of the French Commercial Code, shareholders owning registered shares may, via a single request, have the Company send them the documents provided for above at the time of each subsequent General Shareholders' Meeting. To benefit from this option, tick this box:

<sup>(1)</sup> Name and address of the financial intermediary managing the account.

PPR

A French corporation (*société anonyme*) with share capital of €507,316,736

Registered office: 10, avenue Hoche — 75381 Paris Cedex 08 — France

Paris Trade and Companies Registry: 552 075 020

SIRET 552 075 020 00 545



PPR