PPR

Fundamentals 2011

PPR

TABLE OF CONTENTS

Gucci celebrated 90 years of craftsmanship. To mark the occasion, the brand rolled out a new advertising campaign, created a new collection and renewed its connection to the equestrian world.

Milan fashion week culminated with the opening of Gucci Museo in Florence, the crowning event in its 90th year.

Boucheron has achieved Responsible Jewellery Council (RJC) certification, meeting the ethical, human rights, social and environmental standards established by the RJC.

Bottega Veneta marked ten years under the creative direction of Tomas Maier. During his first collection in September 2001, he introduced the Cabat, which has since become one of the brand's most iconic styles.

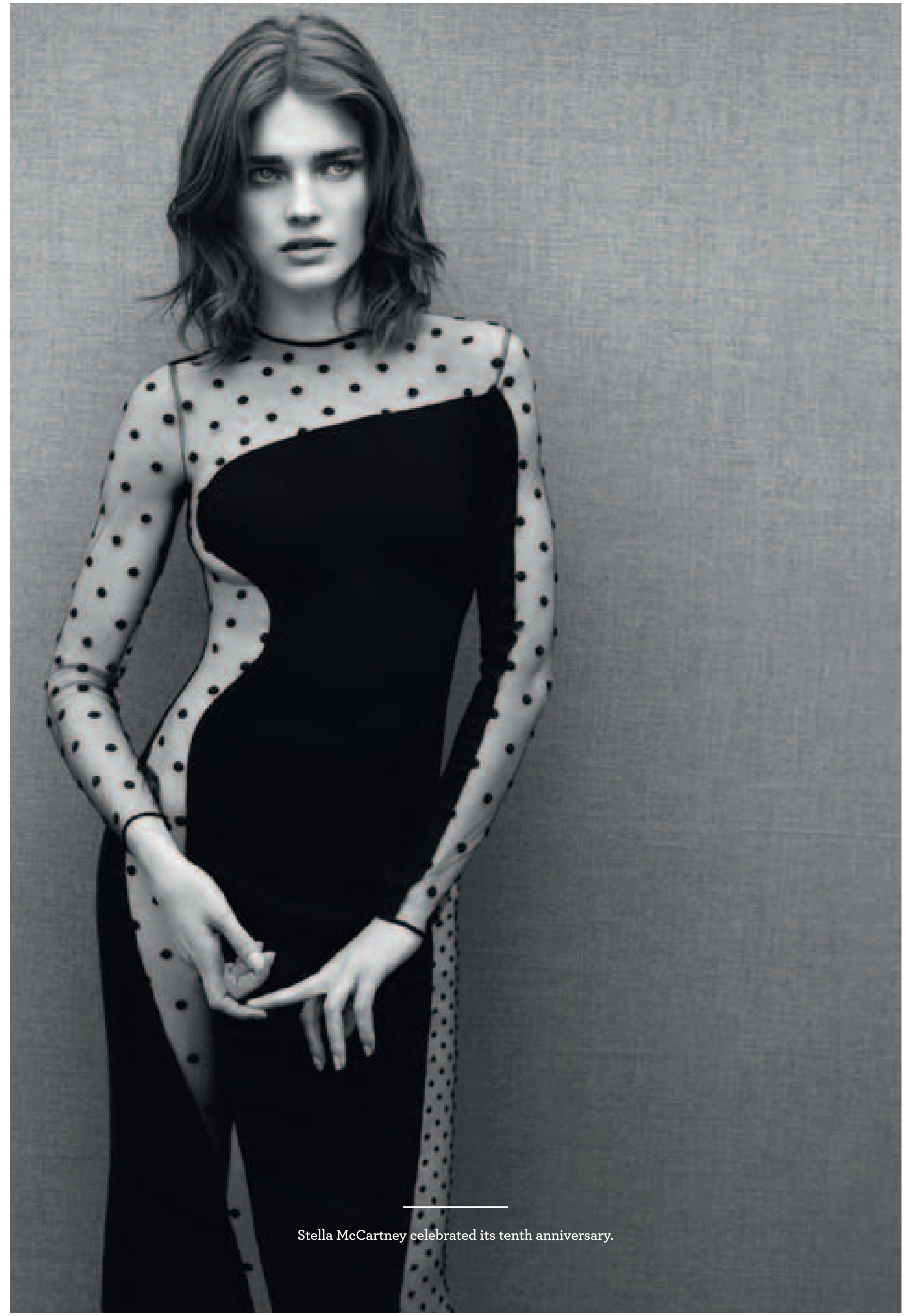
As of December 2011, Yves Saint Laurent was followed by more than 700 000 people on Twitter. The house remains the second most popular luxury brand on Twitter.

In 2011 the exhibition 'Balenciaga and Spain' at the De Young Fine Art Museum of San Francisco, examined of the profound and enduring influence of Spain on the work of haute couture master Cristóbal Balenciaga. Hamish Bowles, the European editor at large for *Vogue*, was guest curator. Nearly 120 haute couture ensembles were drawn from museums and private collections.

Lee Alexander McQueen's remarkable vision and extraordinary contributions to fashion were on display at the Metropolitan Museum of Art's Costume Institute in spring with an exhibition entitled, *Alexander McQueen: Savage Beauty*.

PPR became the majority shareholder of Sowind Group and welcomed the brands Girard-Perregaux and JeanRichard. This operation allows PPR to strengthen its presence in the Haute Horlogerie segment.

In 2011, Sergio Rossi celebrated the re-opening of its London flagship, with a collection that pays tribute to femininity. The black and white suede and leather polka dot ankle ruffle Dalia bootie underlines the art of seduction.



Stella McCartney celebrated its tenth anniversary.

PPR signed an agreement to acquire
the Italian luxury brand Brioni.

Volcom joined PPR to complement Puma within
the Group's Sport & Lifestyle division.

'Less weight. More faas'.
The new FAAS running shoe collection was inspired by Usain Bolt, the fastest athlete in the world.

Puma's worldwide Social campaign allows consumers to truly experience the fun of the Puma brand by capturing the joyful, active moments of life. Targeting the After Hours Athlete, Puma Social is a campaign about a distinct lifestyle with other sporting activities in mind.

2011 was the 120th anniversary of Tretorn,
the modern outdoor brand.

December 2011 marked the close of a successful year for Cobra Golf, with wins from Cobra Golf Tour Professional Ian Poulter and Cobra Puma's Lexi Thompson. Ian won the JBWere Australian Masters by three strokes with the new Cobra ZL Encore Driver in his bag, while 16-year-old Lexi earned a win at the Omega Dubai Ladies Masters ahead of her rookie year on the LPGA Tour in 2012.

VISION

A BETTER WORLD THAT IS MORE SUSTAINABLE – ECONOMICALLY, SOCIALLY AND ECOLOGICALLY – THAN THE WORLD WE KNOW AND LIVE IN TODAY.

MISSION

TO GUIDE PPR'S CONTRIBUTION TO A BETTER WORLD THROUGH NOVEL, MORE SUSTAINABLE APPROACHES TO BUSINESS THAT CAPTURE OUR IMAGINATION, INFLUENCE OUR LIFESTYLES AND INSPIRE OTHERS TO FOLLOW... FOR THE LONG RUN.

PPR HOME... FOR THE LONG RUN

AFTER MORE THAN TEN YEARS OF ITS ENVIRONMENTAL AND SOCIAL EFFORTS ACROSS ITS GLOBAL BRANDS, PPR HAS MOVED BEYOND THE TRADITIONAL CORPORATE SOCIAL RESPONSIBILITY MODEL BY ESTABLISHING PPR HOME. PLACED AT THE HEART OF THE GROUP, PPR HOME TAKES OUR SUSTAINABILITY EFFORTS TO ANOTHER LEVEL AND CENTRES ON FOUR INTERCONNECTED THEMES – LEADERSHIP, HUMANITY, ECOLOGY AND CREATIVITY.

LEADERSHIP

LEADING A CORPORATE PARADIGM SHIFT BOTH EXTERNALLY AND INTERNALLY.

HUMANITY

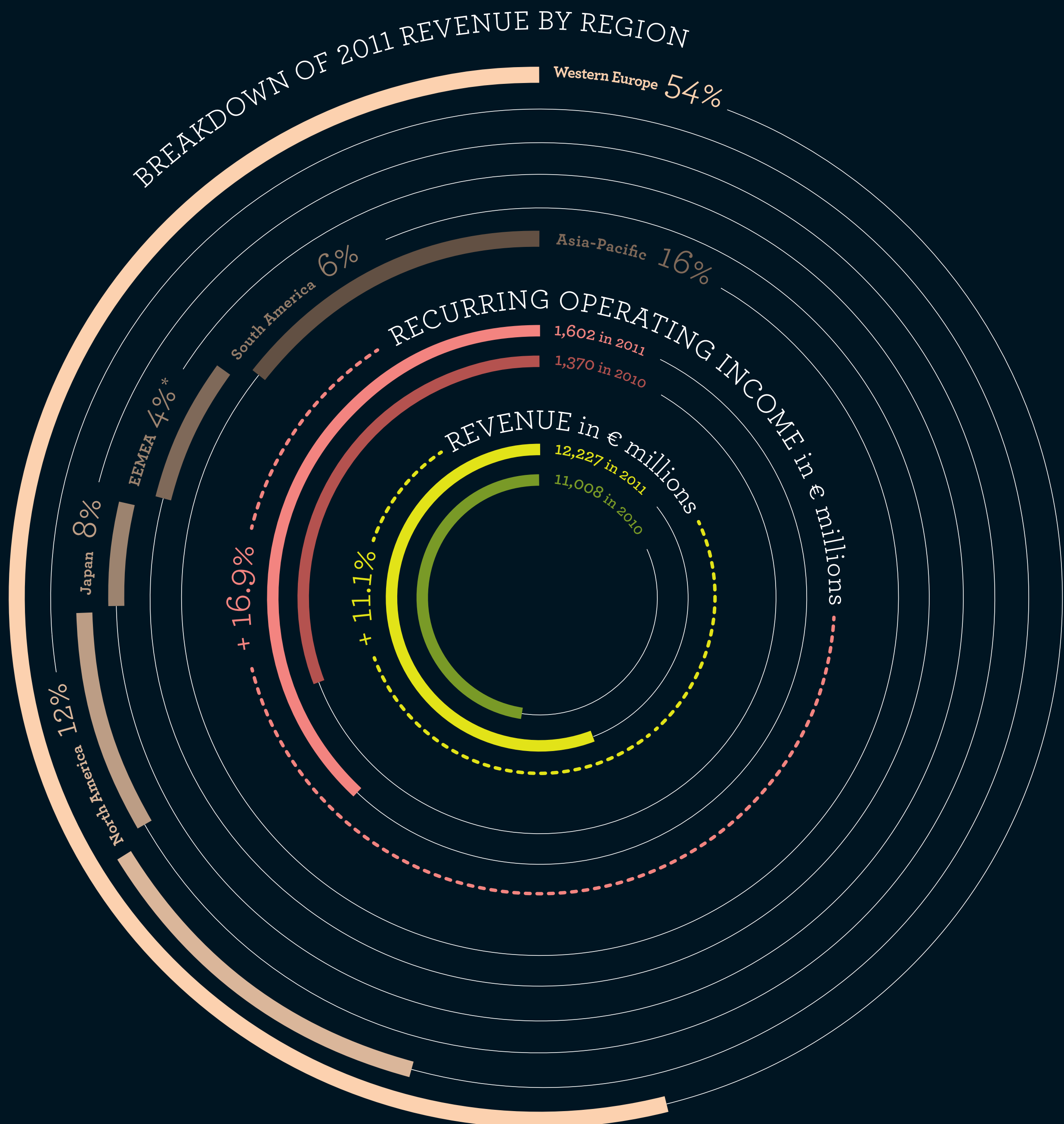
ENHANCING THE SOCIAL, ECONOMIC AND ENVIRONMENTAL WELL-BEING OF COMMUNITIES IN PPR'S SPHERES OF OPERATION.

ECOLOGY

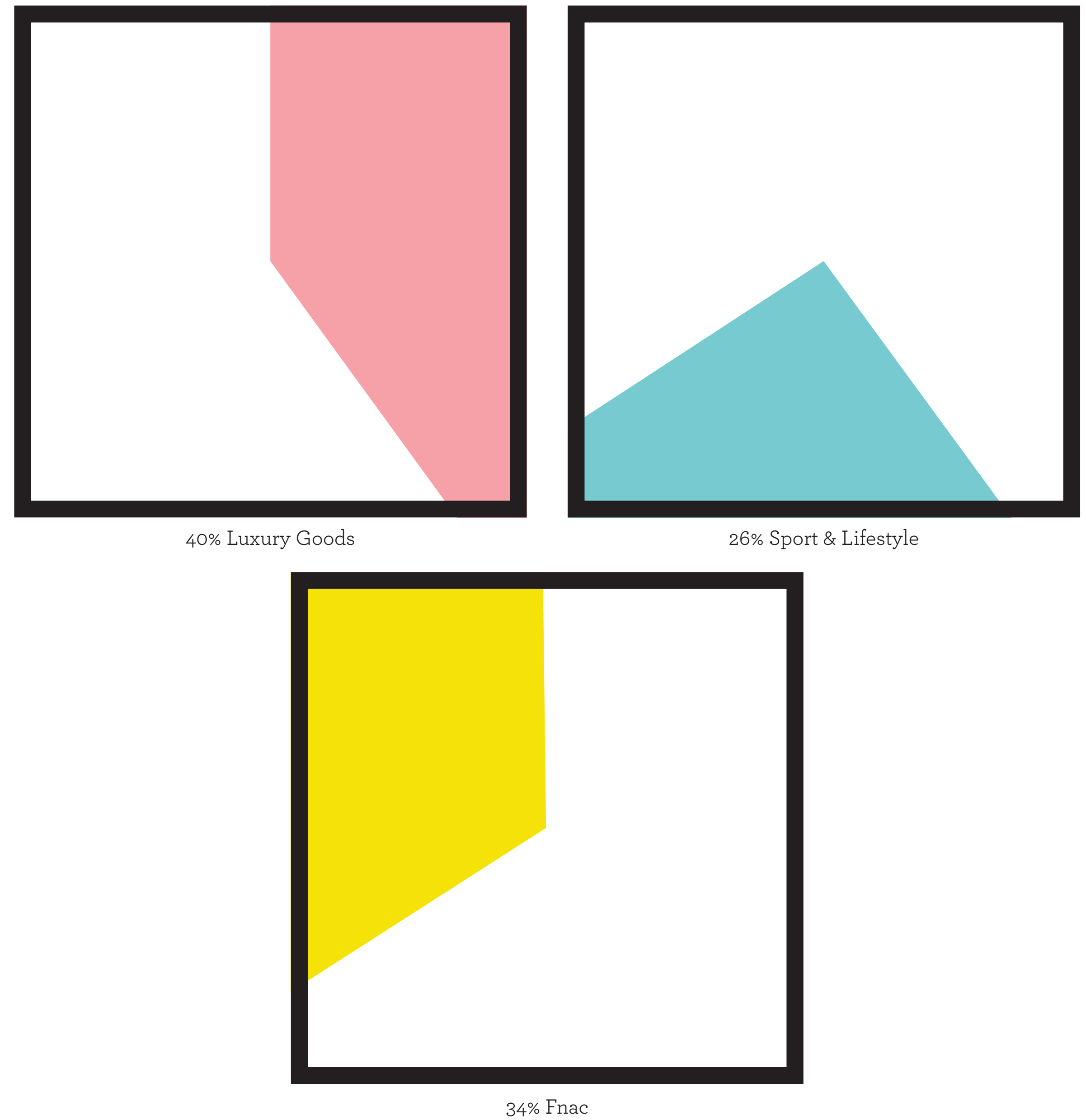
MITIGATING THE IMPACT OF PPR'S FOOTPRINT VIA REDUCTION, OFFSETS AND INVESTING IN THE ENVIRONMENT.

CREATIVITY

CREATING SOLUTIONS TO SUPPORT GLOBAL SUSTAINABILITY.



*EEMEA : Eastern Europe, Middle East and Africa.



BREAKDOWN OF 2011 REVENUE
BY SEGMENT

All figures in this document exclude Redcats, which has been reclassified according to IFRS 5 standards.

PPR GROUP

Revenue generated in

74%

MATURE MARKETS

26%

EMERGING MARKETS

Distributed in more than 120 countries, the PPR Group generated revenue of € 12.2 billion in 2011. In emerging markets, it posted

+23.4%

growth in revenue.

LUXURY DIVISION

Revenue generated in

62%

MATURE MARKETS

38%

EMERGING MARKETS

In emerging markets, the Luxury division posted

+29.1%

growth in revenue in 2011.

All figures in this document exclude Redcats, which has been reclassified according to IFRS 5 standards.

SPORT & LIFESTYLE DIVISION

Revenue generated in

65%

MATURE MARKETS

35%

EMERGING MARKETS

In emerging markets, the Sport & Lifestyle division posted

+19.2%

growth in revenue in 2011.

FNAC

Revenue generated

69%

IN FRANCE

31%

OUTSIDE FRANCE

In 2011, Fnac posted

+17.5%

growth in online revenue.

AN EXCELLENT YEAR FOR PPR

Interview with Francois-Henri Pinault, Chairman and Chief Executive Officer of PPR

HOW WOULD YOU DESCRIBE PPR'S 2011 PERFORMANCE?

2011 was an excellent year for the Group. Our combined operating and financial performance was quite outstanding. The results reflect the power of our brands, the excellence of our products and the commitment of our people. Annual revenue rose by more than 11% at the consolidated level, that is for the Luxury and Sport & Lifestyle divisions, as well as Fnac. Profitability reached a historic high of 13%. Thanks to outstanding growth in net income from continuing operations excluding non-recurring items, 26%, we are now a member of the exclusive band of companies that make more than a billion euros in profit. We have again reduced our net financial debt.

These figures exclude Redcats whose sale was begun in 2011 and whose performance is represented in a separate accounting line.

The Luxury and Sport & Lifestyle divisions benefited from favourable market conditions, and have shown strong revenue growth: 17.3%. Their geographical reach, especially with the presence we have built in emerging markets, has enabled them to withstand difficult consumer conditions in other markets. They achieved spectacular growth in all regions except Japan, which despite tragic events recorded a remarkable increase in turnover.

The year 2011 was also marked by the continued implementation of our Group's strategic transformation, focusing on Luxury and Sport & Lifestyle brands specialized in apparel and accessories. Our brand portfolio was thus complemented by taking control of Girard-Perregaux and the acquisition of Volcom and Brioni.

HOW IS THE GROUP'S TRANSFORMATION GOING?

We are right on track. PPR's mission is to create value through maximizing the organic-growth potential of all our brands. This potential is considerable given their exclusive presence in the most dynamic segments of this sector: luxury and sport & lifestyle. These segments are carried along by structural demographic and social trends.

On focusing on the coherent consumer apparel and accessories sector, we are now making use of the Group's expertise for the benefit of all business activities. This will enable us to accelerate the realization of synergies within each division. We are increasingly bringing the complementary skills and resources of our brands into play, enabling them to be more agile and to perform better. That is the power of our Group – the 'PPR effect'.

"Our brands are strong and have huge potential for growth."

In 2011, we transformed the organization of the Group. We combined the PPR corporate and Gucci Group teams into a single simplified structure to bring the brands closer and to get them to work together more effectively. We have recently modified the executive committee to regroup the principal functional managers with the operational managers, that is the chief executives of the principal brands. Lastly, the creation of PPR Asia-Pacific and PPR Americas enables us to take our functional expertise as close to the ground as possible and to cater to the development needs of the brands.

Our entrepreneurial culture is a driving force in our transformation. It translates into giving our brands and Group staff responsibility, an appetite for concrete achievement and a taste for daring and imagination.

With regard to our Luxury division, the growth factors and continuous profitability improvement are based on the exceptional quality of our products, the talent of our artistic, marketing, merchandizing and sales teams, together with the rigour with which we control our distribution network and communications policy.

Our Sport & Lifestyle division is expanding around Puma with the inclusion of Volcom and Electric, which allows us to keep pace in the action-sports segment.

Expansion into new markets and the development of their distribution networks remain a priority. These brands are also able to expand their territories through the penetration of new product categories. Further, numerous synergies can be achieved, particularly in sourcing and sharing know-how in product development, distribution and marketing. We also intend to become a major player in the outdoor segment, which is growing strongly around the world.

WHAT IS YOUR OUTLOOK?

Our solid fundamentals have supported excellent performance in 2011 and underlie our confidence for years to come. Our brands are strong and hold huge potential for organic growth, for they are in step with today's underlying consumer trends – self-fulfilment, the desire to look and feel good, consumer responsibility in relation to his or her choices, and the convergence of tastes, lifestyle and age-group behaviour from country to country. Further, our brands are stronger because they are geographically balanced, because we meticulously steer the growth of their introduction and because their cost structures are flexible so they can respond swiftly to changing market conditions.

These fundamentals also support our more short-term vision, so we are confident of our ability once again in 2012 to generate steady growth in revenue and improve our operating and financial performance.

To accompany our transformation, we have engaged in a long-term forecast exercise for each of our brands. Our ambition is to triple sales turnover by 2020 for the ensemble of our brands in the two divisions, with 60% coming from Luxury and 40% from Sport & Lifestyle. We also aim to maintain our lead in sustainability and social responsibility across all brands.

"Our entrepreneurial culture is a driving force in our transformation."

EXECUTIVE COMMITTEE – May 2012

François-Henri Pinault
PPR CHAIRMAN & CEO
F-H. P.

Jean-François Palus
PPR GROUP MANAGING DIRECTOR
J.-F. P.

Alexis Babeau
MANAGING DIRECTOR, PPR LUXURY DIVISION
A. B.

Louise Beveridge
PPR SENIOR VICE-PRESIDENT, COMMUNICATIONS
L. B.

Marco Bizzarri
CHAIRMAN & CEO, BOTTEGA VENETA
M. B.

Alexandre Bompard
CHAIRMAN & CEO, FNAC
A. B.

Jean-Marc Duplaix
PPR CHIEF FINANCIAL OFFICER
J.-M. D.

Belén Essioux Trujillo
PPR SENIOR VICE-PRESIDENT, HUMAN RESOURCES
B. E. T.

Franz Koch,
CEO, PUMA
F. K.

Patrizio di Marco
CHAIRMAN & CEO, GUCCI
P. D. M.

Jean-Michel Noir
CHAIRMAN & CEO, REDCATS
J.-M. N.

Jochen Zeitz
CEO, PPR SPORT & LIFESTYLE DIVISION, AND PPR CHIEF SUSTAINABILITY OFFICER
J. Z.

GUCCI

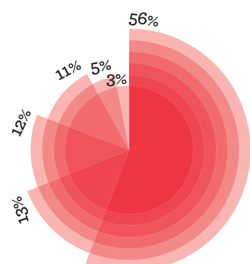
gucci.com

IN STAYING TRUE to the core values of the brand, Gucci's mission is the pursuit of excellence, both in terms of product offering as well as customer experience, while maintaining high standards of social responsibility. Today, Gucci is a brand looking to the future, with a deep respect for its past. A brand with a very defined and strong soul, a soul that has evolved over 90 years. The house is built upon the values of innovation, passion, heritage and craftsmanship. In the last three years, under the leadership of Patrizio di Marco, the top management team has been able to give new life to the long-lasting values of the brand – including Made in Italy, outstanding quality and superior craftsmanship – while perfectly combining them with its fashion authority and versatility. Today the brand has reached a higher-level positioning and exclusivity, recapturing the more knowledgeable client as it continues to attract aspirational customers especially from the newer markets.

2011. For its 90th anniversary, Gucci once again achieved excellent results, not only in terms of revenue and profit, but also in terms of brand status and recognition, which continue to grow strongly around the world. The year culminated with the official public opening of the Gucci Museo inside the historic Palazzo della Mercatanzia located in Florence's Piazza Signoria. As a company with strong Italian roots and a Florentine success story, the Museo was conceived by Creative Director Frida Giannini as a living space that encapsulates the house's *Forever Now* philosophy. In the area of corporate social responsibility, Gucci further reinforced its commitment to promote sustainable values across the brand, through the adoption and application of key principles governing health and safety at work, professional skills, equal opportunities, respect for human rights, diversity, business ethics and the environment. Meanwhile, the brand's partnership with Unicef entered its 7th year with a continuing focus on education through a further contribution to *Unicef's Schools for Africa* initiative, bringing the total funds donated to over USD 10 million since 2005. During the year, the brand also reinforced its commitment to the value of Made in Italy and the region of Tuscany (about 45,000 people are now working directly or indirectly for Gucci in Italy, with more than 7,000 working in Tuscany in the leather goods sector) through a series of joint ventures with local partners, for the protection of both the local supply chain and the *savoir-faire* of its skilled artisans.

OUTLOOK. For the year 2012, Gucci's management team remains mindful of – and prepared for – any local or global uncertainties as it drives the brand for long-term sustainable growth. The key drivers continue to be found in an increasingly sophisticated approach to the segmentation of customers (focusing on a global offer, yet tailored and customized in each market), a more controlled direct presence in the marketplace and the exploitation of existing and new, yet contiguous product categories, always maintaining the authenticity and desirability of the brand.

BREAKDOWN OF 2011 REVENUE BY PRODUCT CATEGORY



56% Leather goods
13% Shoes
12% Ready-to-wear
5% Watches
3% Jewellery
11% Other

€3,143 MILLION IN 2011 REVENUE

€948 MILLION IN 2011 RECURRING OPERATING INCOME

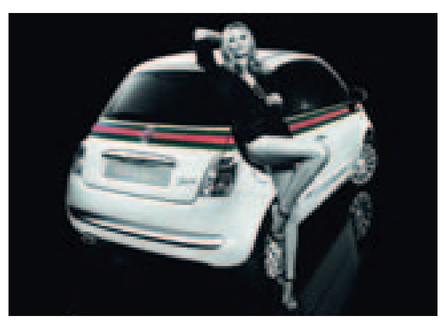
8,249 AVERAGE NUMBER OF EMPLOYEES

376 DIRECTLY OPERATED STORES

Gucci store in Chengdu

< On the occasion of Gucci's 90th anniversary, Frida Giannini introduced the 1921 women's and men's full collection.

Gucci and Fiat unveiled the *500 by Gucci.* >



< Gucci partnered with Italian yacht maker, Riva, to create the glamorous *Aquariva by Gucci.*

Gucci launched its *Gucci Style* app, a pioneering interactive magazine that gives unprecedented access to the world of Gucci. >

BOTTEGA VENETA

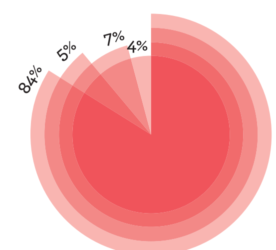
bottegaveneta.com

THE ESSENCE of understated luxury, Bottega Veneta is rooted in the meticulous craftsmanship of its Venetian artisans. Famous for its signature *intrecciato* leather-weaving technique, Bottega Veneta embodies modernity and timeless elegance by combining traditional luxury values – exclusivity, craftsmanship and the highest quality – with innovation. The brand appeals to sophisticated customers with a discerning eye for quality and exclusivity. The brand's motto, 'When your own initials are enough' expresses a philosophy of individuality and confidence that applies to a range of products including leather goods such as handbags, accessories and luggage, as well as women's and men's ready to wear, shoes, jewellery, furniture and more. Over the years, the brand has engaged in collaborations with key strategic partners who share the same values and commitment to quality and craftsmanship, such as Poltrona Frau (furniture), KPM (porcelain), Victor Mayer (fine jewellery), Girard-Perregaux (watches), Safilo (eyewear) and Coty Prestige (fragrance).
Bottega Veneta's products are sold exclusively through a distribution network of directly operated stores, complemented by franchise stores, and select department and specialty stores around the world. Bottega Veneta also operates online shops in the US, UK and Japan.

2011. Bottega Veneta continued to expand its directly operated retail network with selective openings worldwide. These included a second shop in New York on Madison Avenue, measuring 2,000 sq ft. This is a new type of specialized store, developed for cities in which the house has an established presence and offering a precise selection of products; it is specially tailored to specific customers and particular neighbourhoods. The brand also opened its first dedicated Home Stores in collaboration with partners, to showcase its home collection.
2011 has been an important year for Bottega Veneta to further reinforce its positioning as a luxury lifestyle brand. Aligned with this strategy, the house debuted a short film on the subject of travel, *Viaggio Notturno*, directed by Christian Weber, launched its first women's fragrance, opened a suite at the St. Regis Hotel Florence and unveiled *Intreccio Uno*, a special edition album of the brand's favourite music resulting from an ongoing collaboration with Michel Gaubert.
The brand's online presence continued to boost awareness in complete synergy with physical shops, with initiatives taken to maximize traffic and further enhance user experience. A new e-commerce section dedicated to fragrance was launched to support the new category. At the end of 2011, the brand also launched bottegaveneta.cn, a website dedicated to the Chinese customer.
To strengthen its production force and support Italy's Veneto region, Bottega Veneta announced its backing for a socio-economic project, the Montana Women's Cooperative. The innovative programme is a response to the area's high unemployment among women and involves the creation of an artisan's workshop run by – and for – women.

OUTLOOK. Under the creative direction of Tomas Maier and the leadership of President and CEO Marco Bizzarri, Bottega Veneta will continue to build on its accomplishments and positioning, supported by further strategic openings worldwide. The brand will continue to selectively enlarge its store base in every market as it aims to reinforce its overall brand awareness and regional balance.

BREAKDOWN
OF 2011 REVENUE
BY PRODUCT CATEGORY



84% Leather goods
5% Shoes
7% Ready-to-wear
4% Other

€683 MILLION IN 2011 REVENUE

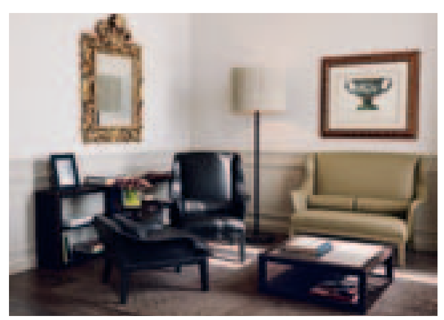
€205 MILLION IN 2011 RECURRING OPERATING INCOME

1,845 AVERAGE NUMBER OF EMPLOYEES

170 DIRECTLY OPERATED STORES

< The brand launched its first women's fragrance in June 2011. Composed by renowned master perfumer Michel Almairac, the Bottega Veneta fragrance reveals its signature character from the start.

The Bottega Veneta suite in the St. Regis Florence opened in October 2011. It is a unique and expansive environment created for those who appreciate quiet luxury, unparalleled service and refined sensibility. >



Autumn-winter 2011-2012 advertising campaign

< Bottega Veneta opened its second New York City store in November 2011 on Madison Avenue.

Bottega Veneta donated a sum of €250,000 to the Japanese earthquake and tsunami recovery programme. Revenues generated by the Japanese e-commerce website from March to mid-June 2011 and by the sale of a special key chain were also donated to the Japanese Red Cross. >

YVES SAINT LAURENT

yvessaintlaurent.com

FOUNDED 50 YEARS AGO, Yves Saint Laurent is one of the most prominent fashion houses of the twentieth century. A couture house at its inception, Yves Saint Laurent revolutionized modern fashion through the introduction of luxury ready to wear in 1966 under the name 'Rive Gauche'. Over the years, the house's groundbreaking designs have assumed iconic cultural and artistic status and its founder, the couturier Yves Saint Laurent, has secured a reputation as one of the twentieth century's most important and celebrated designers and personalities. The house remains a treasure of French heritage and a striking force in contemporary, international luxury fashion and high material culture.

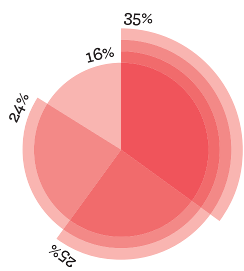
Under the management of Paul Deneve, CEO, and Stefano Pilati, Creative Director, Yves Saint Laurent has breathed new life into the spirit of revolution and democracy in fashion, while remaining true to the essence of timeless style and inimitable French elegance and chic. The house currently designs and markets a broad range of men's and women's ready to wear, leather goods, shoes and jewellery.

Yves Saint Laurent's primary objective is to create and market highly desirable products, which, through innovation and unparalleled quality and design embody the core values of the brand. Central to the house's approach is the leveraging of its historical and present-day prominence in ready to wear to support strong-growth categories such as leather goods and accessories.

Equally critical to the brand strategy is the house's development of synergistic partnerships in the fragrance and cosmetic sectors, through licensing agreements with L'Oréal.

The brand's products are distributed via a worldwide network of 83 directly operated stores, department stores and multi-brand shops.

BREAKDOWN
OF 2011 REVENUE
BY PRODUCT CATEGORY



35% Leather goods
25% Shoes
24% Ready-to-wear
16% Other

€354 MILLION IN 2011 REVENUE

€41
MILLION IN 2011 RECURRING OPERATING INCOME

1,084
AVERAGE NUMBER OF EMPLOYEES

83
DIRECTLY OPERATED STORES

< Yves Saint Laurent's iconic *Cabas Chyc*.

In December 2011, Yves Saint Laurent announced its continued support of UN Women, the United Nations Entity for Gender Equality and the Empowerment of Women, and its programming that benefits women in the developing world. A donation was made in the names of top clients and close associates from around the world. >

2011. Leather goods and shoes in particular continued to post significant gains in 2011, supported by sustained demand for classic styles that have turned iconic, such as the *Muse* and *Muse2* handbags, *Belle de Jour* small leather goods and the best-selling *Tribute* and *Trib2* shoes.

The latest menswear collections were enthusiastically received and show excellent prospects for development.

The house's social media programme was fully integrated into global communications practice and strategy. As of December 2011, Yves Saint Laurent counted almost 700,000 fans on Facebook and was the most popular luxury brand on Twitter with over 700,000 followers.

Ysl.com was relaunched in August 2011 to optimize user experience and enhance e-business functionalities. E-commerce was introduced in the United Kingdom and in 25 countries in continental Europe in the second half of the year, joining the United States.

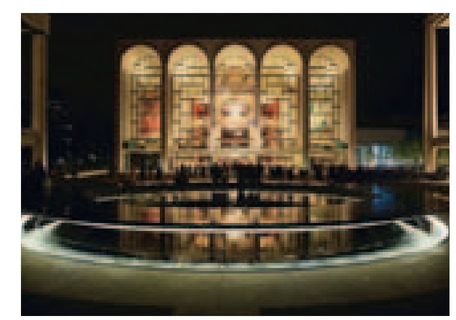
OUTLOOK. The focused expansion of the Yves Saint Laurent global retail network is in line with the house's key product positioning strategy is. A new boutique concept and key regional and flagship openings and re-openings in 2012, along with significant development in mainland China, will mark the debut of a graduated phase in renewing and rebalancing the house's retail footprint. 2012 will also see the re-introduction of a dedicated menswear advertising campaign and media plan to support this robust category.

Hedi Slimane will be taking over from Stefano Pilati as Creative and Image Director of Yves Saint Laurent in March 2012.

Automn-winter 2011-2012 fashion show

< Stefano Pilati styled the costumes of dramatist Harold Pinter's 'Betrayal', starring Kristin Scott Thomas. Directed by Ian Rickson, this West End production premiered on 11 May at the Comedy Theatre in London.

Yves Saint Laurent continued its support of the Metropolitan Opera, one of the world's most prestigious opera houses. On March 24, 2011, Yves Saint Laurent forwarded its multi-year commitment to the Met in acting as the exclusive corporate sponsor of the gala premiere of Rossini's Le Comte Ory. >



ALEXANDER McQUEEN

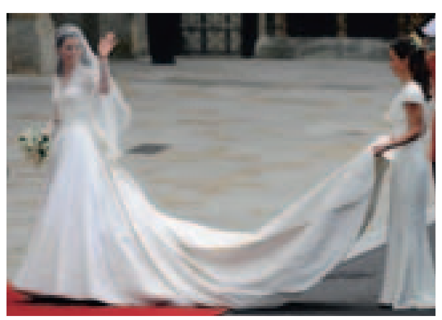
alexandermcqueen.com

INNOVATIVE, emotional, uncompromising – all words that describe the romantic and provocative fashion of Alexander McQueen. Thanks to the elegance, impeccable tailoring and high level of craftsmanship of the ready-to-wear range and recently introduced cutting-edge line of shoes, bags and accessories, McQueen is one of the world's most captivating houses.

2011. The brand continued to enjoy the strong momentum of 2010 following the appointment of Sarah Burton as Creative Director. Under the leadership of CEO Jonathan Akeroyd, this performance was highlighted by outstanding sales performance coupled with critically acclaimed fashion shows and a number of high profile awards. The carefully selected network of franchises also grew, to five, with the opening in Beijing in October. The brand gained unparalleled exposure to new audiences through iconic events in London and New York with the wedding of the Duke and Duchess of Cambridge in April where Sarah Burton designed both the bride's and the bridesmaid's dresses. New York's Metropolitan Museum of Art retrospective exhibition *Alexander McQueen: Savage Beauty,* was one of the museum's most critically acclaimed and attended shows ever. McQ, a contemporary line from Alexander McQueen, was taken back in-house and it enjoyed a successful year via the wholesale channel with retail concessions in department stores in Japan.

OUTLOOK. The brand will further develop its distribution footprint in 2012, for example by building its directly owned stores network, particularly in China. Alexander McQueen will also extend e-commerce services to 28 European countries and launch a parallel e-commerce site for sister brand McQ. The house will continue strategic licences that enable the international marketing of its creations to a wider public (Safilo SpA, Puma).

Exhibition *Alexander McQueen: Savage Beauty*



< Kate Middleton wearing the wedding dress designed by Sarah Burton.

On October 31, Alexander McQueen opened its first boutique in China, in partnership with luxury retail pioneer Joyce. To mark the event, Alexander McQueen and Joyce offered a comprehensive restaging of the autumn-winter 2011 fashion show inspired by The Ice Queen and Her Court at the 798 Space in the heart of the city's vibrant art district. >

BALENCIAGA

balenciaga.com

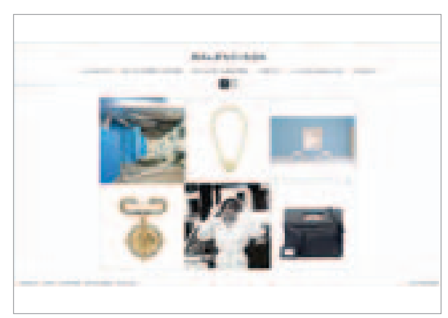
A MASTERFUL designer and fashion visionary, Cristóbal Balenciaga represents the fashion industry's vanguard, having defined many of the greatest movements from the 1930s. Since joining the house as Creative Director Nicolas Ghesquière has been true to these credentials. Through radical design and vision, the mastery of cut and technique, combined with constant innovation in fabrics, he continues to renew the founder's heritage.

2011. Under the leadership of CEO Isabelle Guichot, Balenciaga has been carrying out a programme of selective international growth. Starting with exclusive distribution channels, the brand has now shifted focus to ensure it is represented in an environment that respects its spirit, not only in directly operated stores and e-commerce, but also through franchises and points of sale in leading multi-brand shops. This led to 12 additional openings worldwide in 2011 – including stores in Italy (Milan), Japan, the US (Miami), mainland China (Harbin, Shenyang, Wuhan), Taiwan and Hong Kong. There is now a total network of 54 stores worldwide, plus three online stores that were opened in the US, the UK and France.

The franchise network continued to expand thanks to leading partners in key markets such as Singapore, Thailand, Indonesia, South Korea, Russia and the Middle East.

OUTLOOK. Balenciaga plans additional store openings in both mature markets and China in 2012. New e-commerce sites will also be rolled out in European countries.

Autumn-winter 2011-2012 fashion show



< Launch of new balenciaga.com in July 2011.

Balenciaga launched its second fragrance called *L'Essence.* >

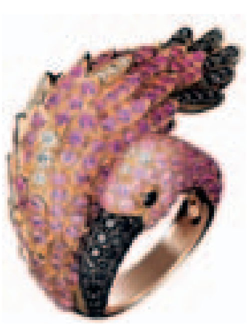
BOUCHERON

boucheron.com

A PIONEER in the French jewellery tradition, Boucheron holds a prominent position in the jewellery and watch markets worldwide. Founded in 1858, the house is known for the exquisite, innovative and audacious design of its pieces. Favoured from its earliest days by aristocrats, the house continues to appeal to those unwilling to compromise on wearable art. Boucheron's growth strategy includes the continued creation of artistic fine jewellery and watch collections, and the expansion of its distribution footprint into key markets around the world, through directly operated stores, shop-in-shops in selective department stores and its european e-commerce website.

2011. From the second half of the year, Boucheron has developed under the guidance of new Creative Director, Claire Choisne and new CEO Pierre Bouissou. There have been openings in Osaka, Beijing (flagship) and Doha, as well as the renovation of the London flagship, as Boucheron continues to expand its international network. The *Quatre White Edition* ring introduced hyceramic, the first ceramic that can be sculpted and embellished by hand. Girard-Perregaux and Boucheron pursued their collaboration by creating the *Hera Three Gold Bridges Tourbillon* watch, based on the former's renowned movement technology. The house also complemented the Cabinet of Curiosities collection by creating additional animal pieces.
Boucheron achieved Responsible Jewellery Council certification by meeting the RJC's ethical, human rights, social and environmental standards.

OUTLOOK. 2012 will be an exciting year for Boucheron with its participation at the Biennale des Antiquaires of Paris, the return of the brand in the fragrance segment, as well as the pursuit of its international development.



< The Cabinet of Curiosities collection, a marvellous and evocative world filled with creatures and animals in the form of jewellery and timepieces launched at the beginning of 2011.

Hera Three Gold Bridges Tourbillon created by Boucheron and Girard-Perregaux embodies the best of high watchmaking and high jewellery. >

GIRARD-PERREGAUX and JEANRICHARD

girard-perregaux.com | jeanrichard.com

GIRARD-PERREGAUX AND JEANRICHARD brands make up Swiss Haute Horlogerie Sowind group.
The group includes Sowind Manufacture, which develops and produces a complete portfolio of high-end watch movements – in more than a hundred variants – and collections of mechanical watches. The research & development centre is the cornerstone of the group and concentrates a large part of investment. Tracing its origins back to 1791, Girard-Perregaux's history is marked by inventions combining design and new technology, such as the iconic *Tourbillon with Three Gold Bridges*. Its sister brand, JeanRichard, dedicated to Daniel Jeanrichard who pioneered watchmaking in the Swiss Jura mountains during the 17th century, presents an audacious and innovative interpretation of traditional watchmaking.

2011. In July, PPR became majority shareholder of Sowind. Michele Sofisti, Gucci Group Watches CEO, was appointed CEO of Sowind in August. Girard-Perregaux watch distribution is strictly controlled, as befits such a prestigious offer. It is now present in 60 countries (especially in Asia, Europe, the US and the Middle East) and in more than 500 prestigious department and specialties stores.

OUTLOOK. The new management is focusing on further expansion of the two brands in key markets such as the US and Latin America, continuing growth in Asia and strong development in the Middle East, a market with great potential. In addition, Girard-Perregaux has been implementing a 360° communications programme aimed at creating a close connection between the brand's rich heritage and the future, characterized by technological advances and creativity.

< Girard-Perregaux celebrated its 220th anniversary. The brand organized a travelling exhibition of collectibles and contemporary pieces. The show is the most important collection of Girard-Perregaux timepieces ever to be displayed outside Switzerland.

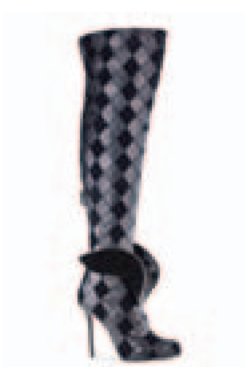
Girard-Perregaux presented an exceptional limited edition as part of its WW.TC world time collection for Thomas Erber's second *Cabinet de Curiosités*. >

SERGIO ROSSI

sergiorossi.com

CREATED IN 1966, Sergio Rossi has quickly become a world reference for women's luxury footwear.
The house has always been synonymous with glamour and style, acclaimed for its unique creativity and perfect fit.
Under the creative direction of Francesco Russo, shoes are designed with alluring shapes, elegant lines and sensual materials to enhance the female silhouette, becoming powerful instruments in the modern art of seduction. They are designed as an extension of the body and crafted by artisans in the house's Italian workshop.

2011. Under the leadership of CEO Christophe Mélard, Sergio Rossi footwear and accessories are sold through directly operated stores and franchise boutiques, as well as in selected department stores and specialty shops. This year saw the integration of part of the China retail network in a successful buy-back of five stores, a development that strengthens the Sergio Rossi image as luxury shoe specialist.
Since 2010, the brand has been rolling out 29 of its new concept stores, conceived by Francesco Russo and London-based design company Studioilse, as part of a global renovation plan.
This year the brand launched its London concept store, which pays homage to cinema legends.



< Sergio Rossi is also expanding in China as the brand bought back five boutiques in Shanghai, Beijing, Ningbo and Shenzhen from its local franchisee partner – and the idea is to go further, with new openings in the years to come.

The new London concept store pays homage to legends of the silver screen, including Sophia Loren. >

STELLA McCARTNEY

stellamccartney.com

IN ONLY TEN YEARS Stella McCartney has become a global designer-lifestyle brand.
Thanks to its successful ready-to-wear and accessories collections, Stella McCartney continues to see exponential growth with a presence in over 60 countries. Under Creative Director Stella McCartney and the leadership of CEO Frederick Lukoff, the house's strong ethical values resonate throughout the business, in particular the use of non-leather in all accessories, which have more than doubled in revenue, as well as reinforcing the brands desirability and must-have status.
Brand extensions include a successful line of lingerie, sunglasses and fragrances developed through selective licensing partners, as well as the sports performance collaboration with adidas. Such product extensions continue to enhance the lifestyle appeal and provide a diverse price point and strong entry into the brand.

2011. Stella McCartney opened two new stores in Rome and Dallas. The brand also launched a number of dedicated shop-in-shops with key partners such as Saks and Neiman Marcus.
2011 saw the launch of its first iPad app and the further expansion of its online store resulting in fulfilment in 30 countries, with a further roll out planned for 2012. A re-launched online shop enhances the digital retail experience through improved customer interaction.

OUTLOOK. 2012 promises to be an exciting year. Stella McCartney has been appointed adidas creative director for Team GB for the 2012 Olympics, and there will be the brand's presentation of a one-off capsule collection with a focus on evening wear during London Fashion Week. Further, a second fragrance *L.i.l.y* will be launched.
Retail development will continue with new flagship stores opening in London, including the first Stella McCartney Kids store and adidas by Stella McCartney store.

< The brand launched a second-generation app as well as a more global online shop, which now serves a total of 30 countries.

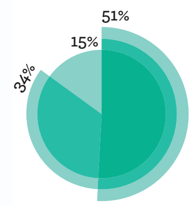
Stella McCartney launched an environmentally friendly sunglass collection. >

PUMA

puma.com | tretorn.com | cobragolf.com

PUMA is one of the world's leading sportlifestyle companies that designs and develops footwear, apparel and accessories. Founded in 1948, it distributes its products in more than 120 countries. Puma's mission is to become the most desirable and sustainable sportlifestyle company. It aims to reach €4 billion in sales by 2015, in line with the Back on the Attack strategy plan. This is to be achieved by focusing on its core categories (Teamsport, Running, Motorsport and Lifestyle) and top 12 mature and emerging markets. The non-Puma brands, Tretorn and Cobra Golf, are to account for 10% of all growth though to 2015. Puma is committed to working in ways that contribute to the world by supporting Creativity, Sustainability and Peace, and by staying true to the principles of being Fair, Honest, Positive and Creative in decisions made and actions taken.

BREAKDOWN OF 2011 REVENUE BY PRODUCT CATEGORY



€3,009

MILLION IN 2011 REVENUE

€333

MILLION IN 2011 RECURRING OPERATING INCOME

10,043

AVERAGE NUMBER OF EMPLOYEES

2011 saw Puma starting to implement its Back on the Attack growth plan. This included the conversion of Puma into a European Corporation, trading under the name of Puma SE. Following this, Franz Koch succeeded Jochen Zeitz as CEO. In 2011, Puma – in line with its strategy – made some impressive moves in sports performance. The brand underlined its commitment to football by signing three of the biggest names in world football – Sergio 'Kun' Agüero, Falcao and Cesc Fàbregas. Puma also added German champions Borussia Dortmund to the portfolio of outstanding Football assets. For the second time, the brand is participating in the Volvo Ocean Race with its own sailing yacht, the Mar Mostro. The brand also gained recognition in the golf field thanks to its cooperation with leading athletes such as Lexi Thompson and Rickie Fowler.

OUTLOOK. Puma will play a central role in sponsoring major athletes and teams in several global sporting events in 2012, including the African Cup of Nations (lead sponsor in Africa with 12 national football teams), the European Championships in Poland and Ukraine (endorsing Italy and the Czech Republic) and the Olympics (sponsoring Usain Bolt and the Jamaican team). Puma Social was the anthem campaign for the lifestyle category in 2011 and was so successful that it will continue into 2012. Puma Social is where fans of recreational sports can come together online and offline to share in social exchange and friendly competition. It honors the After-Hours Athletes of darts, bowling, pool and ping pong. There will be a continuing focus on desirable retail locations and e-commerce.

< For the second time, Puma is taking part in the Volvo Ocean Race with its own crew and yacht, the Mar Mostro. The Volvo Ocean Race started on its journey around the world in early November 2011, and will finish in Galway, Ireland in July 2012. >

< Puma announced its new partnership with the South African Football Association.

Puma took one of the brand's best known and iconic shoes, The Suede, and re-tooled each component with the highest degree of recycled materials. The result: The Puma Re-Suede. >

VOLCOM

volcom.com | electricvisual.com

VOLCOM is an action sports-based modern-lifestyle brand that embodies the creative spirit of youth culture. The company was founded in the nineties on the tenets of liberation, innovation and experimentation, while remaining dedicated to the breakdown of established traditions. It is the only company of its kind with authentic roots in all three board sports: skate, surf and snow. More recently, Volcom added motocross to its roster of riding sports.
With a broad array of products for men, women and boys, and key categories in denim, boardshorts, swim, sandals and outerwear, Volcom is well on its way to becoming one of the world's premier brands in action Sport & Lifestyle apparel.
Electric is a premium sunglass and snow goggle brand that joined the Volcom family in 2008. Over the past decade, Electric has produced innovative sunglass designs, and more recently has developed a growing collection of apparel, accessories and luggage.

€147

MILLION IN 2011 REVENUE (1)

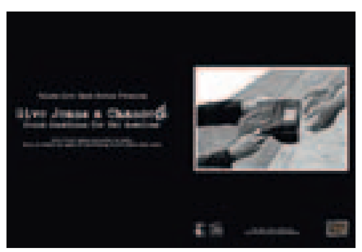
€14

MILLION IN 2011 RECURRING OPERATING INCOME (1)

898

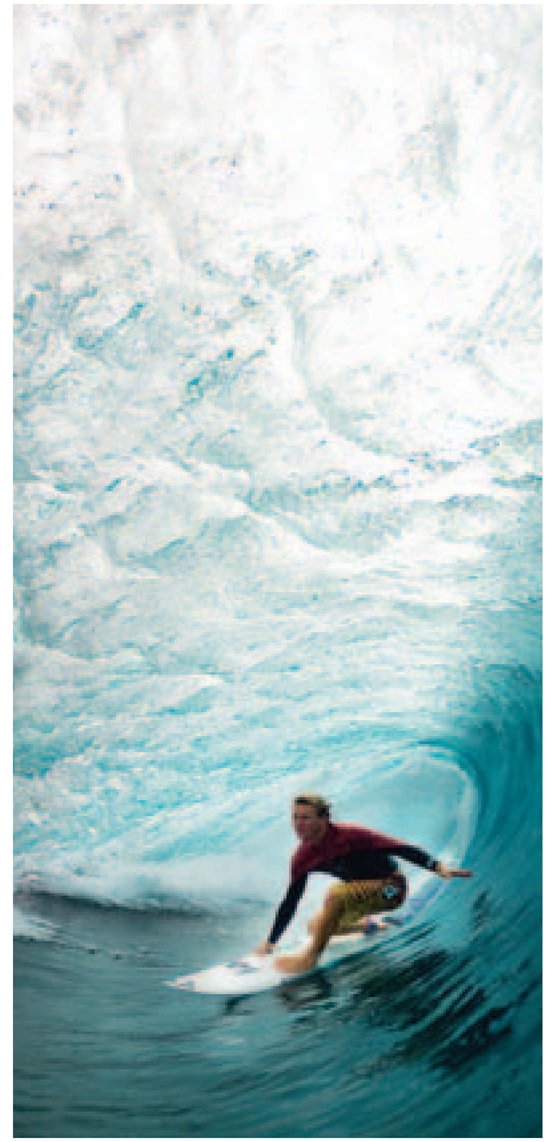
NUMBER OF EMPLOYEES (at the end of 2011)

(1) Volcom was consolidated in PPR's financial statements as from 1 July 2011, consolidated on 6 months.



< Volcom's New Future programme focuses on a variety of cause-related and philanthropic projects aimed at promoting community and employee engagement in a wide range of environmental and social issues. Projects include the Give Back Series for a variety of causes, the V.Co-logical Series supporting environmental NGOs, campaigns such as 'Give Jeans a Chance', and events including Earth Day picnics, consciousness movie screenings and beach clean-ups. >

2011 was a year of continued growth for both the Volcom and Electric brands. As the competitive environment has increased over the past few years, the company has intensified its attention to every aspect of its business to remain a leader in action sports. Key initiatives for the year included a focus on continuing to gain market share, while strengthening the foundation of the business to drive operational excellence at every level.
Branded international retail was a priority for Volcom in 2011, with new store openings in France, Germany, Canada, Malaysia and Australia. These were joined by new company offices in Spain. The brand also completed its first year of operating shop.volcom.com, Volcom's e-commerce initiative. And the company acquired its US-based outlet business, bringing its global retail footprint to 29 wholly owned stores.
For Electric, highlights included new products such as the EG2 and EG2.5 snow goggle series, which were well received and further reinforced the brand as a true innovator.



OUTLOOK. PPR's acquisition in 2011 presents Volcom with new opportunities to better compete in a consolidating industry and attain continued worldwide growth. This includes the potential to tap emerging markets such as Latin America, India and China, as well as achieve sourcing and operational synergies with the Group's complementary brands. Volcom is working with Puma to develop a new closed-toe lifestyle footwear line to round out its Creedler sandal range.
In 2012, Volcom will host its first Association of Surfing Professionals World Tour contest in Fiji as part of its integrated programme to sponsor top riders and events, further consolidating the brand's authenticity.
Global branded retail will also be a key focus for Volcom, and e-commerce activity will be further enhanced and streamlined to take advantage of global digital sales growth opportunities.

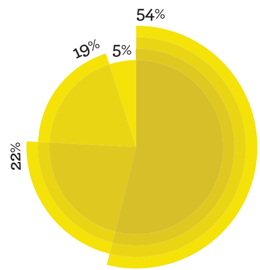
< Volcomunity.com. A global community of influential girls defining the Volcom lifestyle through their unique perspectives and personal style.

In November, Electric Visual partnered with the Movember Foundation and raised more than $40,000 to help change the face of men's health by increasing vital awareness for cancers affecting men. >

FNAC

fnac.com

BREAKDOWN
OF 2011 REVENUE
BY PRODUCT CATEGORY



54% Home electronics
22% CD-DVD & gaming
19% Books & Stationery
5% Other

€4,165 MILLION IN 2011 REVENUE

€103 MILLION IN 2011 RECURRING OPERATING INCOME

14,082 AVERAGE NUMBER OF EMPLOYEES

154* DIRECTLY OPERATED STORES
* including 6 airport and railway station stores.

FNAC REPRESENTS an original store concept bringing cultural, entertainment and technology products under one roof. The products and services on offer reflect Fnac's selective and impartial approach, as well as the independence of its buyers and sales force and the work of its testing laboratory. Fnac is renowned for its unrivalled ability to guide and inform its customers. Boasting a network of 154 stores including 63 outside France, and a strong online presence, Fnac operates in six European countries where it is generally the leading distributor of books, music and electronic equipment. Fnac.com is one of the top e-commerce sites in France by visitor numbers.

2011. As part of its *Fnac 2015* strategic plan, the company introduced a host of pioneering products and services in the year. These included its first *Kids World* areas which offer a comprehensive range of educational games and toys.
Within the scope of its partnership with SFR, Fnac opened ten in-store telephony areas and strengthened its position on the fast-growing telephony and multimedia services market. During the year, Fnac launched *Kobo by Fnac*, an innovative e-reader developed in partnership with Kobo, the leader on the Canadian e-reader market. Kobo by Fnac is able to access a catalogue of more than two million titles, including some 200,000 titles in French. Fnac opened five new stores and refurbished another three in Paris and the Paris area during the year. Three new stores were also opened in Spain.

OUTLOOK. Fnac will continue to develop its brand, consolidate its online leadership and expand its services and footprint in France and further afield. It will improve network density by opening new-look, smaller stores targeting customers in mid-sized towns and cities. In parallel, it will continue to work towards achieving greater integration between its bricks-and-mortar and online stores.

2011 Key consolidated figures

	2011	2010	Change
REVENUE in € millions	12,227	11,008	+11.1%
o/w generated outside of France (as a % of revenue)	72.6 %	69.1 %	+3.5 pts
EBITDA in € millions	1,911	1,649	+15.9%
RECURRING OPERATING INCOME in € millions	1,602	1,370	+16.9%
Recurring operating margin (as a % of revenue)	13.1%	12.4%	+0.7 pt
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT from continuing operations excluding non-recurring items in € millions	1,055	835	+26.4%
FREE CASH FLOW FROM OPERATIONS (1) in € millions	934	930	+0.5%
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT o/w continuing operations ecluding non-recurring items in €	8.36	6.59	+26.9%
DIVIDEND PER SHARE (2) in €	3.50	3.50	–
NET FINANCIAL INDEBTEDNESS (3) in € millions	3,396	3,781	-10.2%

(1) Net cash flow from operating activities - net acquisitions of property, plant and equipment and intangible assets.
(2) Subject to the approval of the Annual General Meeting on 27 April, 2012.
(3) Net financial indebtedness defined in part 5 of the 2011 Reference Document available on ppr.com.
All figures in this document exclude Redcats, which has been reclassified according to IFRS 5 standards.

SUSTAINABLE DEVELOPMENT

PPR HOME

1

GROUP ENVIRONMENTAL PROFIT & LOSS ACCOUNT COMMITMENT FOR ALL LUXURY AND SPORT & LIFESTYLE BRANDS BY 2015.

98,729

TONS OF GLOBAL CO_2 EMISSIONS PPR OFFSET TO ACHIEVE CARBON NEUTRALITY FOR 2010*.

Carbon credits were purchased from Wildlife Works, a Reduced Emissions from Deforestation & Degradation (REDD) project in Kenya that benefits the needs of the local communities and the conservation of biodiversity.

9.2 %

INCREASE OF SOCIAL AUDITS CARRIED OUT AMONG GROUP CORPORATE SUPPLIERS .

MORE THAN 55,000

WOMEN RECEIVED SUPPORT FROM THE PPR FOUNDATION FOR WOMEN'S DIGNITY & RIGHTS WHICH IS A PART OF PPR HOME.

*Luxury division, PUMA and PPR's HQ in Scopes 1 and 2 of the Greenhouse Gas Protocol.

PPR HAS AN OPPORTUNITY TO RECONSIDER PRODUCTS AND SERVICES AND A MEANS TO CHALLENGE THE PRESENT WAY OF DOING THINGS. WE ARE MOTIVATING OURSELVES AND OUR CUSTOMERS TO BE AWARE OF THE PLANET'S FRAGILITY THEREBY SETTING THE PACE FOR A NEW, MORE SUSTAINABLE CONSUMERISM, HELPING GOOD BUSINESS BECOME SYNONYMOUS WITH GOOD CONSERVATION, REDEFINING SUSTAINABLE SHAREHOLDER VALUE, AND BUILDING BUSINESSES THAT MEET THE NEEDS OF AN EVOLVING SOCIETY.

LUXURY DIVISION

Through inspired creation and commitment, the Luxury brands made progress towards developing more sustainable products and initiatives in 2011. **Balenciaga** celebrated the continued success of its annual limited-edition leather bag, re-using leather that is 'recycled' from past collection production cycles, and created another 'must have' for its customers. **Yves Saint Laurent**'s limited edition 'Muse Two Artisanal Recycled' bag was a demonstration of combining sustainability and social benefits with quality and desirability. The bag was an outcome of an alliance with a non-profit women's organization - the women of the Gafreh Association, with support from 'Les Filles du Facteur' – who had developed a technique to create a textile composed of recycled plastic bags and woven cotton. **Gucci** launched a range of sunglasses made from an acetate containing a much higher percentage of natural materials than its traditional counterpart. **Stella McCartney** re-envisioned retail by fusing recyclable materials with the brand's design language for its popup shops. Efforts in knowledge building and training for young people were a central focus in 2011 for Luxury. The protection of Italian, French and Swiss traditional *savoir-faire* was demonstrated by supporting schools of craftsmanship: **Boucheron** with 'École de la Bijouterie Joaillerie' in Paris; **Bottega Veneta** and its school *Scuola Della Pelletteria*; and **Girard-Perregaux** and **JeanRichard** working closely with schools and troubled youth to maintain the complex skills required for watchmaking.

SPORT & LIFESTYLE DIVISION

The Sport & Lifestyle brands continued to embed sustainability into their day-to-day business operations and developed internationally leading sustainable solutions in 2011. **Puma** and PPR HOME introduced a ground-breaking initiative with the first-ever Environmental Profit & Loss Account (E P&L) and published the full Puma E P&L analysis. This reflected the environmental impact for the key areas of greenhouse gas emissions (GHG), water use, land use, air pollution and waste, generated through Puma's operations and supply chain. Subsequently, PPR committed to a Group E P&L across Luxury and Sport & Lifestyle brands by 2015. Puma continued to develop sustainable product innovation and as an example, introduced its iconic *Puma Suede* trainer to sustainability, creating the *Puma Re-Suede*. **Volcom** demonstrated its focus on sustainability and social responsibility in its products and throughout its operations. The brand teamed with I:CO to launch a take-back programme where customers were able to bring in shoes or clothes for second life or recycling. Under the *New Future* programme, the V.Co-Logical Series of jeans are based on three principles: the use of organic cotton; the reduction of water consumption and elimination of chemicals; and 100% manufactured in the USA.

Fnac's commitment to sustainable development continued across the company in 2011. It stepped up its environmental labelling initiative and increased collection points for customer recycling at retail locations.

PPR FOUNDATION

PPR HOME

MORE THAN 55,000
WOMEN BENEFITED FROM THE FOUNDATION'S SUPPORT IN 2011

30
PARTNERSHIPS WITH LOCAL AND INTERNATIONAL NGOs IN 2011

1 CHARTER
FOR THE PREVENTION AND FIGHT AGAINST DOMESTIC VIOLENCE SIGNED BY FRANÇOIS-HENRI PINAULT

The PPR Corporate Foundation for Women's Dignity and Rights, launched in 2009 and incorporated into PPR Home in 2011, pursues two main objectives – fighting violence against women and supporting women's empowerment – by developing partnerships with local and international NGOs and mobilising PPR employees. Based on one of the eight Millennium Development Goals set by the UN, the Foundation has galvanised support within the Group for a major issue that is consistent with PPR's values and activities, and in which it can play a decisive role based on five main lines of action over the long term.

SUPPORTING PROJECTS IMPLEMENTED BY LOCAL AND INTERNATIONAL NGOs

The Foundation supports projects directly proposed by organisations or sponsored by Group employees. In 2011, over 55,000 women benefited from the Foundation's support. Its partnership with Médecins du Monde in Pakistan, for example, helped bolster assistance, provided shelter and supplied training to women suffering from domestic violence. In addition, Group employees volunteered by taking part in two-week solidarity missions.

SOCIAL ENTREPRENEUR AWARDS

Every two years, the Foundation rewards three social entrepreneurs, offering a €15,000 grant and mentoring by a Group manager. In 2011, Sakina M'Sa was mentored by an HR manager and benefited from the support from volunteer employees of the Group with her 'beauty and work-based integration social workshop'. This support included an audit by senior executives as part of PPR's UniverCité training programme, advice on prototypes, and the joint creation of the Puma Grip Bag by Sakina M'Sa.

ACCESS TO MICROCREDIT

The Foundation is helping female micro-entrepreneurs of southern countries to develop their revenue-generating activities by providing loans via the Microworld.org online microcredit platform and is motivating employees to get committed alongside.

AWARENESS-RAISING AND PREVENTION CAMPAIGNS

The PPR Foundation encourages actions that inform Group employees about violence against women. As part of the Charter for the Prevention and Fight against Domestic Violence, the association *Solidarité Femmes* (Fédération nationale), which provides the national helpline number for information and counselling on domestic violence (3919), had the opportunity to raise awareness of 30,000 employees on this issue in France.

PROJECTS IN ASSOCIATION WITH PPR BRANDS

The Foundation partners with and mobilizes the Group's brands, encouraging them to set up projects for the benefit of women. In 2011, for example, the Foundation joined up with Gucci and the Tribeca Film Institute to support documentary film projects portraying the courage, strength of character and commitment of women worldwide and granted three 'Spotlighting Women Awards' to the films: *Justice for Sale, Barefoot Engineers* and *The World Before Her.*

For more information: www.fondationppr.org

DIVERSITY

HUMAN RESOURCES

IN ADDITION TO ITS COMMITMENT TO BEING A SOCIALLY RESPONSIBLE BUSINESS, PPR IS CONVINCED THAT DIVERSITY IS A RICH SOURCE OF CREATIVITY, INNOVATION AND FINANCIAL SUCCESS. PPR'S DIVERSITY POLICY HAS BEEN ROLLED OUT TO ALL OF ITS BRANDS, WITH A PARTICULAR EMPHASIS ON ITS 'LEADERSHIP AND GENDER DIVERSITY' PROGRAMME, ENSURING DIVERSITY AT EVERY LEVEL OF THE ORGANISATION.

ACTING UP FOR DIVERSITY

PPR has long been committed to diversity and was among the first to sign up to the French Corporate Diversity Charter in 2004. An equivalent charter was signed by Puma in Germany in 2010 and by Gucci in Italy in 2011.

The equal opportunities policy at PPR is anchored in the Human Resources' processes and close monitoring throughout each individual's career.

Training aimed at raising managers' awareness of diversity is another lynchpin of PPR's diversity policy. Managers are a key means of ensuring diversity, since they are involved in both recruitment and career development. Management training on diversity issues is also a key priority for PPR's brands.

Although the Group is concerned with diversity in its widest sense, since 2010 it has paid particular attention to ensuring that a gender balance exists at all levels of its organisation.

The 'Leadership and gender diversity' programme has been launched, promoting a culture of equality. The programme was designed to help identify high-performing female employees and ensure the highest levels of management are available to them. This initiative also specifies the target percentages of women that should sit on PPR's managing and governing bodies by 2015.

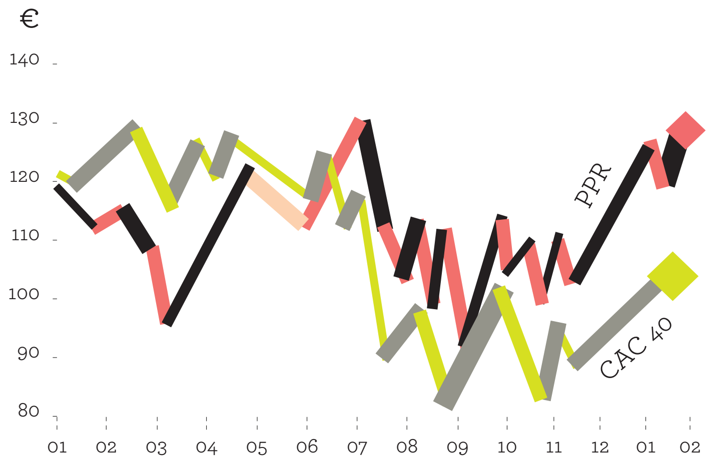
To meet these objectives, a roadmap was drawn up with around 50 of the Group's senior executives, which will be used as a basis to implement various action plans. The roadmap was validated in 2011 by Group management committees and is based around four main strategies: guaranteeing equal opportunities throughout employment, developing diverse leadership profiles and supporting high-performing female employees, setting up practices promoting a healthy work-life balance, and evaluating and rolling out the diversity policy.

A host of initiatives have already been launched by the Group's brands, aimed particularly at improving the work-life balance and developing female assertiveness. These pilot initiatives will be rolled out to a broader population across the Group in 2012.

SHAREHOLDERS

PERFORMANCE OF THE PPR SHARE COMPARED WITH THE CAC 40 INDEX (between 1 January 2011 and 29 February 2012)

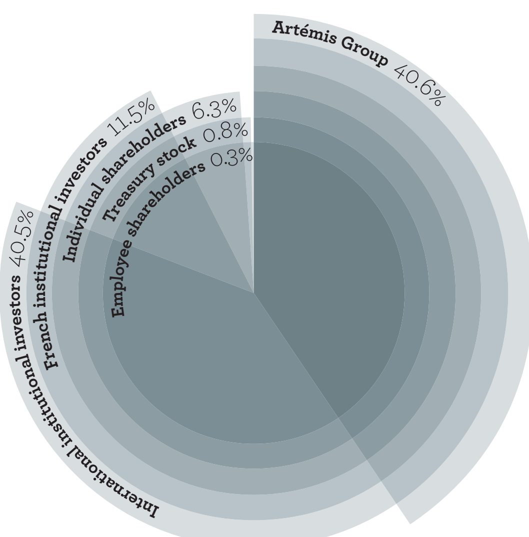
The financial markets proved extremely volatile in 2011, with a string of geopolitical and economic events and natural disasters compounding the sovereign debt crisis in the eurozone.
The PPR share held up well, down only 7% at the end of the year and 'outperforming' the CAC 40, its benchmark index, which ended the year down 19%. This resilient performance underlines the strength of PPR's business model, with an overriding focus on organic brands' growth as well as on tactical acquisitions, such as Volcom in May, Sowind Group in July, and Brioni in November.



Source: Euronext Paris SA.

BREAKDOWN OF SHARE CAPITAL (as of 31 December 2011)

As of 31 December 2011, individual shareholders held 6.3% of the Group's share capital. Institutional investors owned 52%, with 11.5% held by French companies and 40.5% by non-French companies.
Among the international institutional investors, UK shareholders held 16.3% and US shareholders 14.3%. Continental European investors (excluding France) held 7.4% of the share capital, in particular Norway (1.8%), Germany (1.7%), Netherlands (1.4%) and Switzerland (1.1%). The main changes in shareholdings in 2011 compared with 2010 are the 0.6-point increase in shares held by French institutional investors, the 1.9-point decrease in shares held by individual shareholders, and the increase in treasury shares.



Source: Identifiable Bearer Security (Titre au Porteur Identifiable) as of 31 December, 2011.

CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS IS PPR'S MAIN GOVERNING BODY AND COLLECTIVELY REPRESENTS ALL SHAREHOLDERS.
THE BOARD IS RESPONSIBLE FOR SETTING THE GROUP'S BUSINESS STRATEGY AND OVERSEEING ITS IMPLEMENTATION.

Directors are appointed by shareholders at Annual General Meetings for terms of four years. PPR's Board of directors currently has 12 members of French, American, Italian and Indian nationality. Six are independent Directors as defined by the Afep-Medef Code.

Board of Directors (1)
François-Henri Pinault
Patricia Barbizet
Laurence Boone
Luca Cordero di Montezemolo
Yseulys Costes
Jean-Pierre Denis
Philippe Lagayette
Aditya Mittal
Jean-François Palus
Baudouin Prot
Caroline Puel
Jochen Zeitz

(1) Subject to the approval of the Annual General Meeting on 27 April, 2012.

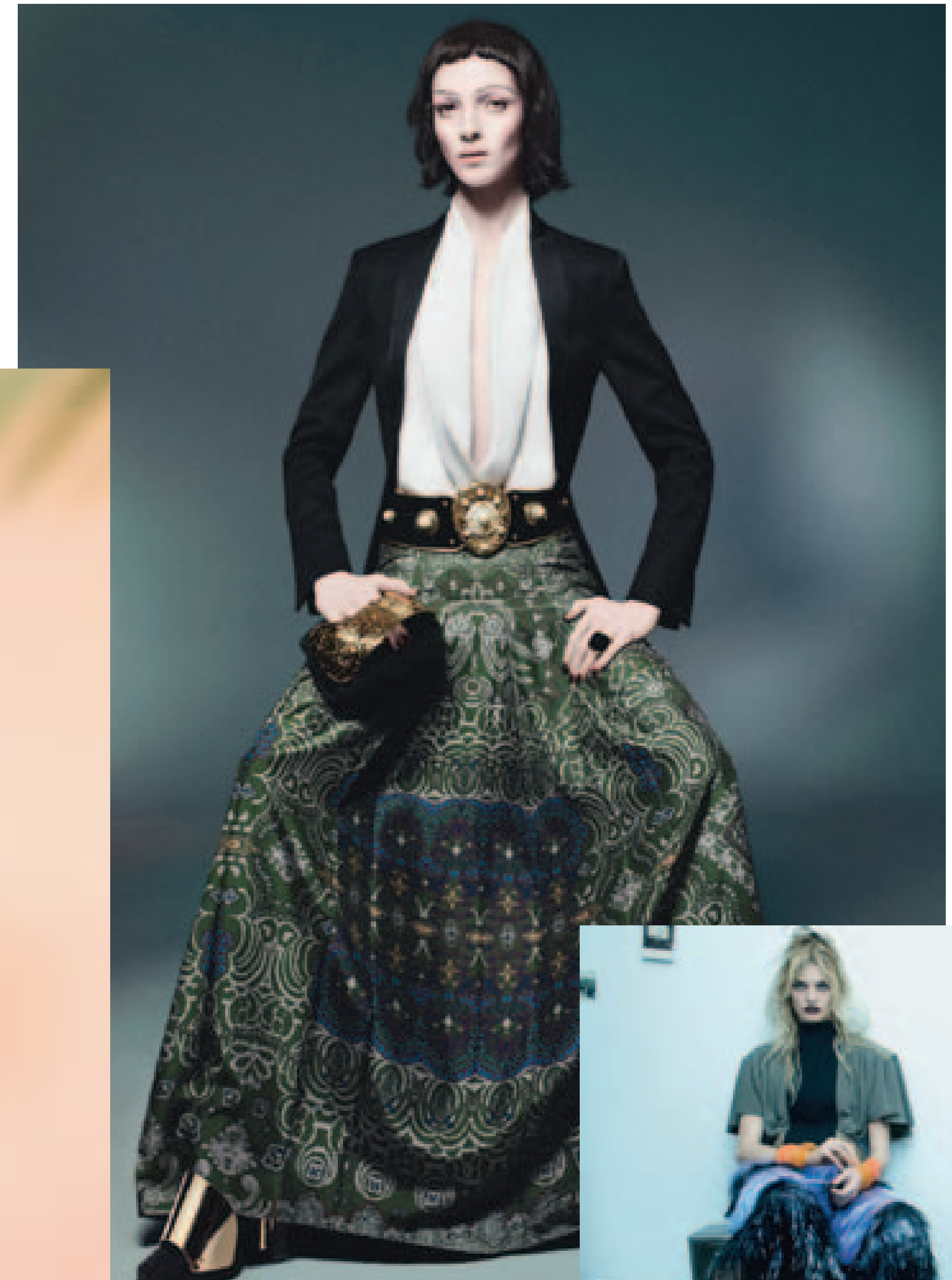
PPR bases its corporate governance policy on the Afep-Medef Corporate Governance Code of Listed Corporations (Afep-Medef Code), as the **Board of Directors** considers that the recommendations of the code correspond to PPR's corporate governance approach. After the Ordinary and Extraordinary General Meeting of 27 April, 2012, the Board of Directors will have 12 members, 4 women and 8 men of different nationalities, six of whom will be independent within the meaning of the AFEP-MEDEF Code. The new directors will be Jochen Zeitz. Jean-Philippe Thierry decided to terminate his term of office as director at the end of this Annual General Meeting. The Board of directors meets at least five times a year and whenever circumstances require, including at short notice if necessary. The Board met on eight occasions in 2011.

The Board has set up four specialist corporate governance committees: the **Audit Committee,** the **Remuneration Committee,** the **Appointments Committee,** and the **Strategy and Development Committee.** The Board of directors also approved the Creation of a **Sustainability Committee.**

The **Executive Committee** meets on a monthly basis. It comprises the Chairman and CEO, the Group Managing Director, the CEOs of the Group's divisions and Subsidiaries, and the heads of PPR's main functions. The Executive Committee is tasked with analysing and steering the Group's activities, facilitating exchange and knowledge-sharing between the Group's senior executives, and coordinating and monitoring cross-functional projects.
The **Group Charter** provides guidance on implementing best corporate governance practices and decentralising senior executives' powers and responsibilities within the Group.
The **Insider Good Practices Committee** includes the Group Managing Director and Group Legal Director. It ensures compliance with rules on insider information, notably concerning black-out periods and lists of temporary and permanent insiders. It also makes sure that people likely to come into possession of inside information are aware of their responsibilities.
The **Code of Business Practices,** which is provided to all PPR employees, sets out the Group's principles and values. The code summarises the Group's commitments and the main rules of conduct which apply in its dealings with colleagues and employees, customers and consumers, shareholders and financial markets, business partners and competitors, as well as in relation to the environment and society at large. It also presents the Group's ambitions in the sphere of corporate social responsibility.
PPR's **Ethics Committee for Corporate Social Responsibility** reports to the Executive Committee. It is composed of Group managers, who contribute their experience in areas such as human resources, sustainable development and legal issues. It also includes an expert in business ethics from outside the Group. The Committee guarantees compliance with the Group's principles and values and ensures that the Code of Business Practices is distributed to and applied by all employees.

Gucci,
spring-summer campaign

Bottega Veneta,
spring-summer campaign

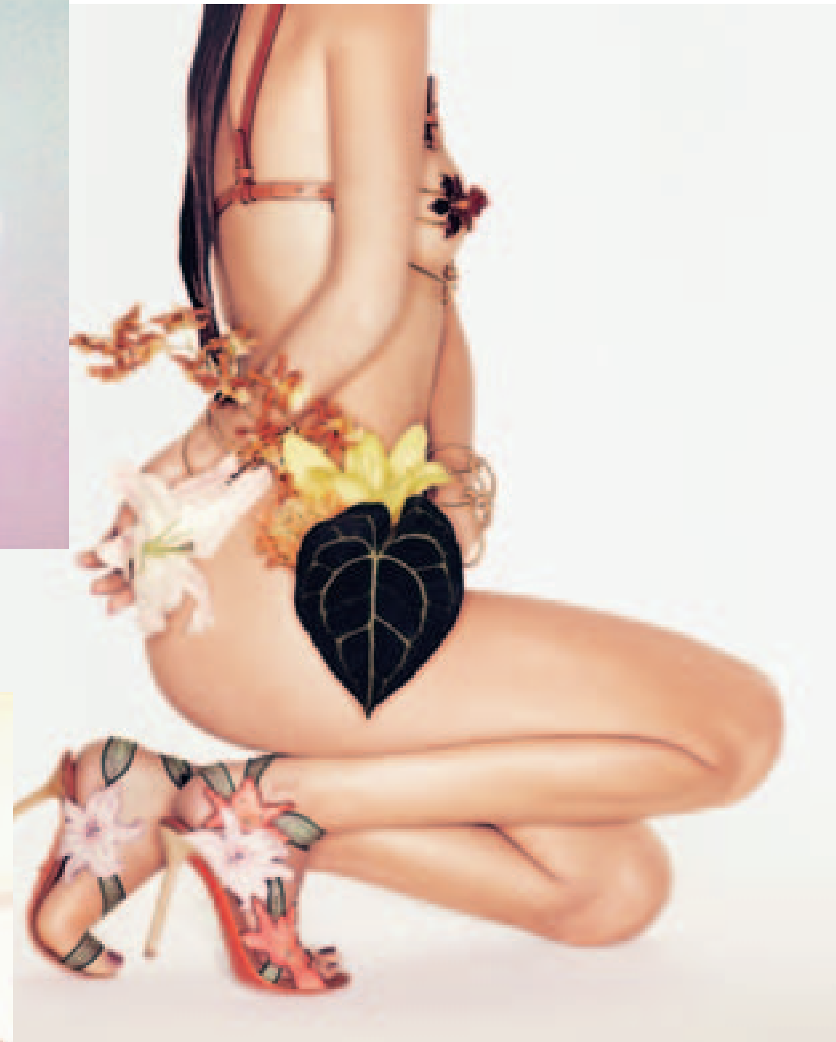


Yves Saint Laurent,
spring-summer campaign

Balenciaga,
spring-summer campaign

2012

Alexander McQueen,
spring-summer campaign



Sergio Rossi,
spring-summer campaign

Brioni,
spring-summer campaign

Boucheron

JeanRichard

Stella McCartney

Girard-Perregaux

2012

Puma Social
spring-summer campaign

Puma,
Running Bolt
spring-summer campaign

Volcom

Electric

2012

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