

2008
ACTIVITY

Itinerary

An adventure of enterprise

PPR

ITINERARY

—

In 2008, PPR mapped out its ambition to achieve profitable growth, pursuing its international expansion in a spirit of achievement and creativity. Key to this project are the iconic brands that form the backbone of PPR in what promises to be another year of adventures.

FOUNDATION
FOR WOMEN'S
DIGNITY & RIGHTS
PPR

Q CORPORATE
SOCIAL
RESPONSIBILITY

REDCATS Group

Q STRATEGY

Q MANAGEMENT
AND CORPORATE
GOVERNANCE

Q FINANCIAL RESULTS

Q SHAREHOLDERS

Q BRANCHES

Conforama

GUCCI
GROUP

MESSAGE FROM
THE CHAIRMAN

PUMA

fnac

CFAO

MEMBERS OF THE BOARD OF DIRECTORS

(Subject to approval at the Combined General Shareholders' Meeting of May 7, 2009)

François-Henri Pinault

Patricia Barbizet

René Barbier de La Serre (until May 7, 2009)

Pierre Bellon

Allan Chapin

Luca Cordero di Montezemolo

Jean-Pierre Denis

Philippe Lagayette

Aditya Mittal

Jean-François Palus

Baudouin Prot

Jean-Philippe Thierry

—

MEMBERS OF THE EXECUTIVE COMMITTEE (in April 2009)

François-Henri Pinault

CEO and Chairman of the Board of Directors, PPR

Jean-François Palus

Deputy Chief Executive Officer and Chief Financial Officer, PPR

Claude Chirac

Senior Vice President Communications, PPR

Laurent Claquin

Senior Vice President Corporate Social Responsibility, PPR

Christophe Cuvillier

Chairman and CEO, Fnac

Philippe Decressac

Senior Vice President Human Resources, PPR

Thierry Guibert

Chairman and CEO, Conforama

Gérard Mothe

Chief Corporate Officer, PPR

Jean-Michel Noir

Chairman and CEO, Redcats Group

Robert Polet

President and CEO and Chairman of the Management Board, Gucci Group

Alain Viry

Chairman and CEO, CFAO

Jochen Zeitz

CEO and Chairman of the Managing Board, Puma

—

Table of contents

—

04_	MESSAGE FROM THE CHAIRMAN
10_	STRATEGY
14_	MANAGEMENT AND CORPORATE GOVERNANCE
16_	FINANCIAL RESULTS
21_	SHAREHOLDERS

—

24_	BRANCHES
26_	FNAC
28_	REDCATS GROUP
32_	CONFORAMA
34_	CFAO
36_	PUMA
38_	GUCCI GROUP
40_	GUCCI
42_	BOTTEGA VENETA
44_	YVES SAINT LAURENT
46_	BALENCIAGA
46_	BOUCHERON
47_	ALEXANDER McQUEEN
47_	STELLA McCARTNEY
47_	SERGIO ROSSI

—

48_	CORPORATE SOCIAL RESPONSIBILITY
-----	---------------------------------

—

52_	BRANCHES' ADDRESSES
-----	---------------------

The background is a complex, abstract composition. It features large, overlapping organic shapes in shades of yellow, orange, and pink. A network of thin, light-colored lines crisscrosses the entire page, creating a sense of movement and depth. Several distinct, elongated shapes in blue and yellow are scattered throughout, particularly on the left and bottom edges. The overall effect is one of organic complexity and layered meaning.

MESSAGE FROM THE CHAIRMAN

IN 2008 PPR REINFORCED ITS POSITIONS AND BUILT ON ITS STRENGTHS

Interview with François-Henri Pinault –
CEO and Chairman of the Board of Directors

In 2008, PPR improved again its operating and financial performances despite an unfavourable economic environment.

—

HOW WOULD YOU ASSESS THE GROUP'S PERFORMANCES IN 2008?

PPR achieved satisfactory results in what was a difficult year. We even managed to improve on 2007 which, as you know, was a record year for the Group. The results also fulfilled the commitments I had made to improve our operating and financial performances in 2008. These results highlight the Group's great ability to respond and adapt to sudden and profound changes in its environment.

“PPR achieved satisfactory results
in what was a difficult year.”



WHAT FORM DID THIS ABILITY TO RESPOND AND ADAPT TAKE IN 2008?

In 2008, we had a robust first half-year followed by a far tougher second half-year. We identified the first signs of this trend very early and took major steps to adapt and to minimise its impact on the Group.

In the first half of the year, although business was still healthy we were already picking up leading indicators of the coming slowdown in our Consumer businesses. I therefore decided that, as from April, all brands and companies should launch cost-cutting plans and intensify their drive for commercial efficiency.

“Very early on all brands and companies have launched cost-cutting plans.”

In Luxury Goods, consumption trends held up well until July and Gucci Group continued to grow strongly in all our global markets. Nevertheless, I also asked Gucci Group to draw up, without delay, alternative plans in case our expectations of a slowdown in business proved correct.

These measures enabled the Group to quickly react when, in the second half-year, the trends in the Consumer businesses worsened and Luxury Goods sales started to slow down.

That was when we decided to bring forward the action plans in all branches with a common focus on making rapid gains in three key areas: gross profit, cost savings and free cash flow.

“A common focus on making rapid gains in three key areas: gross profit, cost savings and free cash flow.”

It was thanks to this rapid response by the Group to adapt to the deteriorating environment that we were able to deliver satisfactory results in 2008.

PPR grew revenues by 6% in reported terms to €20.2 billion and recurring operating income by over 5% compared to 2007 reported numbers. The gains were not confined to operations but also extended to financial performances. We went into 2009 with a robust financial structure. Net debt fell to €5.5 billion,

—

debt ratios improved and our liquidity position allows us to look to the future with confidence. I wish once again to congratulate and thank all the teams for their work and efforts, which allowed the Group to deliver these results in 2008.

HOW DO YOU EXPLAIN YOUR GROUP'S ABILITY TO REACT QUICKLY AND EFFICIENTLY?

Ever since it was founded, PPR has had a distinctive state of mind which is at the core of its identity, characterised by the pervasive entrepreneurial spirit. Furthermore the Group's strength also lies in its organisation: the holding company provides singleness of purpose, consistency and strategic responsiveness but this is blended with a high degree of decentralisation in the execution of decisions.

“The Group's strength also lies in its organisation: the holding company provides singleness of purpose, consistency and strategic responsiveness but this is blended with a high degree of decentralisation in the execution of decisions.”

The Group has always striven to reach ever higher and channel an ambitious vision of its future towards innovative, value-creating achievements. PPR's adventure is one of continuing metamorphosis, of constant forward motion to build new business areas, broaden the geographical coverage of Group companies, invent new products and services, as well as original formats and concepts, and apply fresh models for growth and improved performance.

WHO EMBODIES THIS APPETITE FOR ENTERPRISE? YOUR EMPLOYEES?

Of course, PPR owes its success first and foremost to its employees and this has been particularly true in 2008. In the second half-year, all the Group's managers had to respond with greater speed and flexibility. Everyone understood that these were exceptional times. We needed to respond with solutions that were particularly bold and innovative if we were to protect the life of our companies and the jobs that go with them. I congratulate the whole staff on their ongoing commitment in each of the Group's companies. They showed an impressive capacity for action and kept the Group on track through these difficult times.

“The whole staff showed an impressive capacity for action and kept the Group on track through these difficult times.”

WHAT ARE THE PROSPECTS FOR YOUR GROUP IN 2009?

In 2009, PPR will intensify its action plans to adapt to the still-uncertain economic environment. The 2009 budgets for all branches were designed around deliberately careful approaches to the market outlook, because of the poor visibility as to the length and severity of the consumption crisis we are now in. Also, currency movements are harder than ever to forecast, another reason why we took a deeply conservative approach to framing our budgets.

Despite the worsening economic environment, all the Group's companies are determined to deliver satisfactory results in 2009, and have therefore drawn up what might be called “wartime budgets.” In order to do so, these companies have taken costs reduction measures, strengthened their management habits, and prioritised crucial and secondary projects and expenses.

“All the Group's companies are determined to deliver satisfactory results in 2009 and have therefore drawn up what might be called ‘wartime budgets’.”

The Group's companies are determined to secure the short-term future by focusing on strategic priorities, without, of course, sacrificing the long term.

In 2009, our teams will be focusing on execution and concentrating on three main aims: customer impact – we must give absolute priority to optimize the number of browsers, and to convert those browsers into buyers – cost reductions and cash generation.

True, 2009 looks set to be a difficult year for the global economy, but I have confidence in our development model and in all the Group's teams. Our employees will be able to maintain and intensify the action plans and exploit our assets to the maximum: the strength of our brands and companies, which are real landmarks for consumers in these uncertain times, our geographical complementarity, our presence in the most promising emerging markets, where we will be concentrating our new openings this year, our web leadership and, of course, our financial solidity and budgetary discipline.

—

IN 2008, YOU INJECTED A FRESH SPIRIT INTO YOUR CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY. COULD YOU TELL US MORE ABOUT THIS?

First of all, I should remind you that this is not a new issue for PPR. The Group has been developing an effective CSR policy for over ten years now. I am convinced that if we want to be sustainable, we have to learn to “act responsibly” in both the social and environmental concerns. Social issues (in their broadest meaning) and economic issues are two inseparable elements, which speeds up the economic development.

In 2008, I wanted to push further in this direction and step up the pace. This is why the Group collectively identified 7 key strategic priorities that are common to all PPR companies and provide a simple but well-defined framework within which each company can determine its level of involvement.

“If we want to be sustainable, we have to learn
to act responsibly in both the social
and environmental concerns.”

We have now been addressing these priorities, programmed for 2008-2010, for a year. Each Group company has taken them on board and set clear formal targets for these 3 years. PPR teams are available to support companies with analysis and implementation of these targets and take part twice a year, via a CSR Committee, in the review and monitoring of policies implemented by the companies in the 7 key strategic priorities.

It is in this spirit that I decided to support the film HOME, made by Yann Arthus-Bertrand and produced by Luc Besson which is due for release on June 5, 2009. PPR's funding will allow this film to be accessible to everyone, worldwide, free, simultaneously in all media, thereby helping it achieve its objective: to make us understand, through the quality of its images and reflections, that each of us has a responsibility towards the planet and the capacity to take action at our own level, in our own way.

And I am proud of the commitment of the 88,000 Group employees in support of this massive challenge.



✕ STRATEGY

✕ MANAGEMENT
AND CORPORATE
GOVERNANCE

PPR AN ADVENTURE OF ENTERPRISE

At the core of PPR's identity is a distinctive state of mind: the pervasive entrepreneurial spirit that has driven the Group since its inception.

Over the years, as PPR underwent profound transformations, this spirit presided over all PPR's big strategic moves. At every stage in its construction, PPR acted boldly, imposed its culture of performance, invested resolutely in each of its businesses lines, and nurtured them so that they could look forward to strong growth.

A DECENTRALISED STRUCTURE WHERE DELEGATION IS KEY

PPR's strong entrepreneurial culture embraces the principle of decentralisation. Its structure creates a balance between the different operating branches, each of which enjoys extensive autonomy within a set framework, and a light-touch holding company responsible for the Group's strategic direction.

On the ground, the branches have the executive power they need to run their businesses. Being close to their markets and customers, they are charged with developing strategy for the brands and companies and setting the direction for each business as well as taking all operational decisions. Such freedom of action for the operating teams helps keep employees committed and loyal to the Group. It also draws out the best talent. The holding company defines PPR's high-level strategy and ensures the interests of the Group's various stakeholders remain aligned. It manages performance in all Group entities through streamlined systems for orientation, regulation and control. It also manages certain areas that come under its exclusive remit for the Group as a whole, including mergers and acquisitions, treasury and finance, shareholder relations and Group corporate governance. In addition, it fulfils leadership, management, support and coordination roles in other areas within the Group.

PPR looks to pool resources and facilities wherever this will add value for the branches and improve performance. It applies cross-functional policies to optimise specific key processes for the Group as a whole, notably talent management. Sharing of knowledge and expertise throughout the Group as well as dissemination of best practice is systematically encouraged. This helps drive creativity, innovation and excellence in processes, optimising the use of resources and to cut costs. This unique management style lies at the heart of the Group's functioning and performance.

A GROUP CAPABLE OF TRANSFORMING ITSELF TO ENHANCE FUTURE GROWTH AND PROFITABILITY

PPR is constantly seeking new sources of growth and profitability.

This innovative development strategy hinges on exploiting the potential for growth lying latent within the Group's different assets. PPR has put together a remarkable portfolio of businesses, always picking leading brands and companies with differentiating qualities that enjoy exceptional appeal. Their commercial success stems in large part from a capacity to anticipate market expectations. All brands and companies enjoy strong potential for organic growth by leveraging their assets, expanding globally or moving into new areas (products, segments, distribution channels, etc.).

PPR is committed to continuous progress to achieve lasting improvements in the use of capital and boost profitability over the long term. The Group companies are bound into a strong culture of cost-control and seek constantly to refine their business models to enhance operating profitability. They are equally concentrated on maximising returns on capital employed and keeping working capital to the minimum required in each business. Finally, through attention to detail and meticulous execution, they ensure the efficiency of the Group's processes and organisations.

PPR stands ready to fine-tune its portfolio of strategic assets wherever this will further improve its growth outlook and profitability. Group entities that no longer offer the required prospects for revenue or profit growth may be sold on, with due consideration for their history and their employees.

Mergers and acquisitions can also be an effective way to step up the pace of transformation in the Group. PPR has always been able to seize the moment, as in 1999 when it bought Gucci Group or more recently with Puma, to acquire a major asset that shifts the Group's centre of gravity, either by its size or its market positioning. PPR is also adept at mid-sized tactical investments that add new capabilities to the Group or complement existing brand or product portfolios.

Criteria applied to potential acquisitions are demanding. The Group only selects targets that match its strategy and that offer potential to develop and improve financial performance, which PPR can identify and exploit. Also, the Group only considers assets that fit with its policies for consolidated net income growth, financial solidity and return on investment.

A GROUP THAT LEVERAGES BRANDS AND EXPERTISE TO BUILD A PROJECT FOR THE FUTURE

PPR has built up unrivalled expertise in retailing, with a multifarious range of formats, strongly differentiated models and highly innovative retail channels. Redcats, Fnac, Conforama and CFAO are all in their way trail-blazers in their respective fields and have all developed into essential players in their market. Notable achievements include the constant extension and renewal of product and service ranges, the roll-out of e-commerce, innovative ways of interacting with customers and the expansion of their networks.

In Gucci Group and Puma, PPR has two very different but coherent portfolios of prestigious brands. Both are global and complementary. Gucci Group is active in Luxury Goods markets. Its brands are a roll call of the values and traditions of excellence. They evoke ultimate quality and exclusivity through an offer of prestigious goods. Puma is targeted at a broader consumer market and customers who seek to define themselves by shared and identifiable lifestyles. The brand draws its credibility from its identity, authenticity, technical quality and style.

Expertise in retailing and brand management gives PPR a special know-how when it comes to selling: the art of presenting products, selecting the most appropriate channel to promote them, exploiting the best positioning or best medium to market them or alternatively applying the most efficient relational marketing strategy to attract customers and instill brand loyalty. It is a question of creating the conditions that will not only bring a customer to the point of making a purchase but also transform it into a pleasant and valued experience. There is also supply chain management, an area where synergies are particularly well exploited among the Group's different entities. All PPR branches are committed to the highest possible standards of quality and reliability throughout the process while also complying with the Group's Corporate Social Responsibility Charter.

By bringing together these exceptional skills, PPR has gradually moved the centre of gravity of its core assets into a group of universal and powerful brands focused around personal goods. These include both established brands and rising stars, but all are distinguished by excellent long-term and renewed positioning, whether in the Luxury Goods or Consumer sectors. Their credibility is based on exceptional brand identity, the offer of authentic style and on rare and demanding expertise. All look to provide the best possible quality and continuous innovation.

MANAGEMENT AND CORPORATE GOVERNANCE

PPR bases its policy on the corporate governance code for listed companies drawn up in accordance with the joint report by the AFEP and MEDEF of October 2003 and their recommendations of January 2007 and October 2008 on remuneration of corporate officers (AFEP-MEDEF Code).

Board members are appointed by shareholders at the General Shareholders' Meeting for terms of four years; exceptionally, to introduce a principle of staggered renewal of Board members' appointments, the Combined Shareholders' Meeting of May 7, 2009 voted to introduce varied terms for some of the appointments renewed that year. PPR's Board of Directors currently has ten Board members, French, American and Italian in nationality. Six are independent directors as defined by the AFEP-MEDEF Code.

François-Henri Pinault is Chairman of the Board of Directors and CEO of PPR. Patricia Barbizet is Vice-Chairman. The other Board members are René Barbier de La Serre, Pierre Bellon, Allan Chapin, Luca Cordero di Montezemolo, Jean-Pierre Denis, Philippe Lagayette, Baudouin Prot and Jean-Philippe Thierry. François Pinault is Honorary Chairman of the Board of Directors.

Subject to approval at the Combined General Shareholders' Meeting of May 7, 2009 the Board will thereafter have 11 members, French, American, Italian and Indian in nationality. Six will be independent according to the AFEP-MEDEF code. The new directors will be Aditya Mittal, who will replace René Barbier de La Serre, and Jean-François Palus, Deputy CEO.

The Board meets at least five times a year and whenever circumstances require, at short notice if necessary. In 2008, it met five times with an average attendance rate of 87.4%.

The Board has set up 4 specialist corporate governance committees: the **Audit Committee**, the **Remuneration Committee**, the **Appointments Committee** and the **Strategy and Development Committee**.

The **Executive Committee** meets every month with the CEO, the Deputy CEO, the CEOs of each subsidiary and PPR's main senior directors. The Executive Committee focuses on analysing and promoting the Group's activities, exchanging and sharing between the Group directors, and coordinating and monitoring cross-functional projects.

There are also monthly meetings to review activity and budgets attended by PPR's Executive Management and the CEOs and corporate secretaries of

—

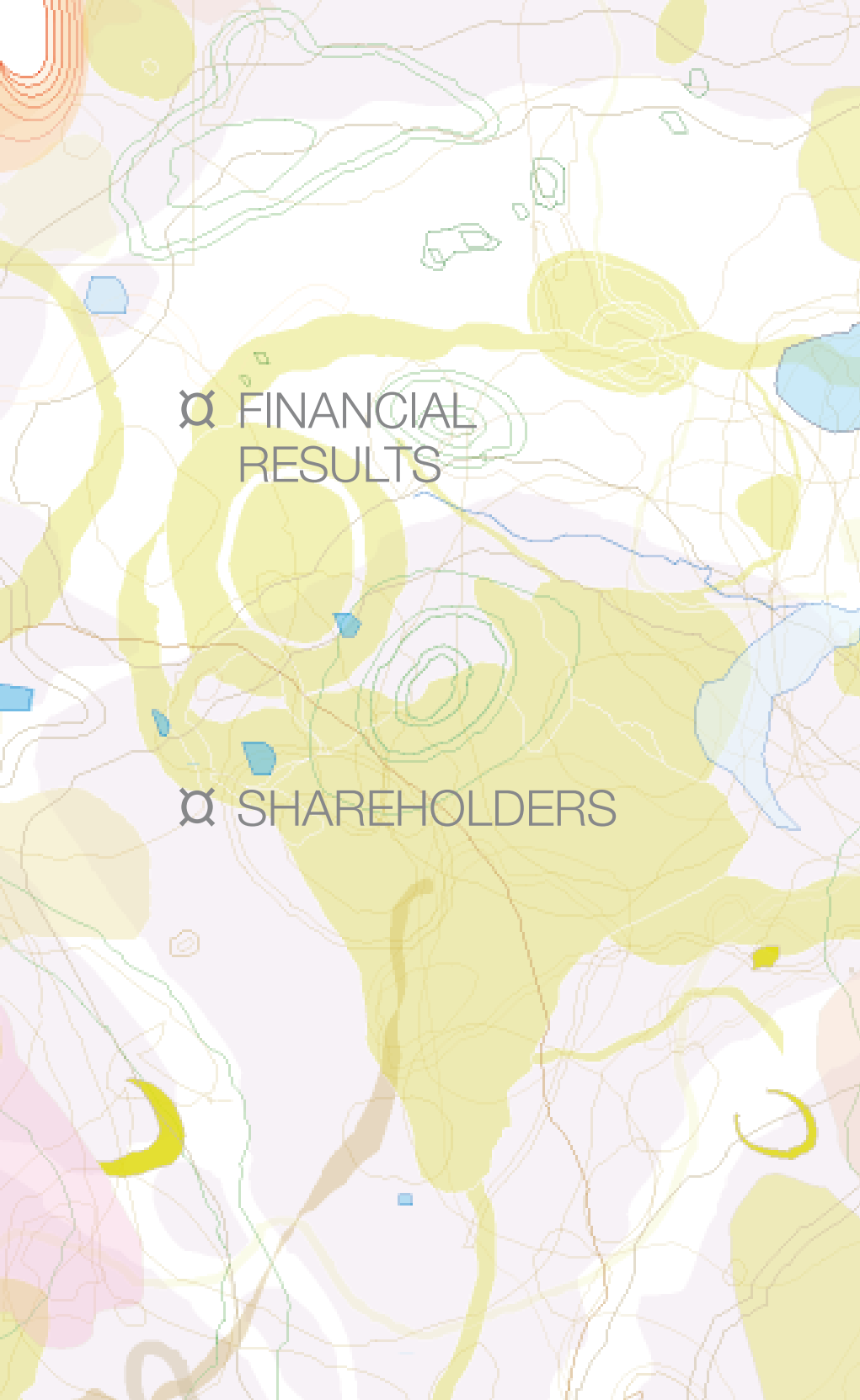
Group subsidiaries. The meetings analyse progress at each subsidiary based on operational and financial data. Each subsidiary draws up a medium-term plan, covering strategic, operational and financial objectives in light of themes set by the Strategy and Development Committee in its annual guidelines. Their strategic planning covers long-term development of the businesses, the growth outlook in key markets and the positioning of their competitors.

The **Group's Charter** aims to implement the principles governing the proper organisation for the decentralisation of the powers and responsibilities of the Group's senior directors. It defines the guiding principles governing the relations between PPR and the divisions, and in each operational domain, the areas of responsibility exercised by the branches, specifying which areas require PPR's advance notification or prior authorisation.

The **Insider Good Practices Committee** is composed of the Deputy CEO, the Corporate Secretary and the Group Legal Director. It oversees compliance with the rules on insider information: notably, negative window periods, lists of temporary and permanent insiders, and awareness among people likely to come into possession of insider information. Members of the Executive Committee are obliged to consult the Insider Good Practices Committee before trading in any financial instruments issued by the PPR group.

The **Code of Business Practices** sets out the Group's principles and values. It summarises the Group's commitments and main rules of conduct towards colleagues and employees, customers and consumers, shareholders and financial markets, business partners and competitors as well as to the environment and wider society. It also describes the Group's Corporate Social Responsibility ambitions.

Reporting to the Executive Committee, the **Ethics Committee for Corporate Social Responsibility** is composed of executives from the Group who contribute their experience in various areas: human resources, sustainable development, legal affairs, communications, etc. The committee also includes a member, who is not an employee of the Group, specialised in corporate social responsibility and business risks. The committee acts as an advisory, monitoring and feedback body that guarantees compliance with the Group's commitments and oversees application of the principles set out in the Code of Business Practices. It can be invoked by any Group employee who considers that one of the Code's principles has not been observed.



✕ FINANCIAL
RESULTS

✕ SHAREHOLDERS

2008 FINANCIAL RESULTS

In 2008, PPR again improved its operating and financial performances.

—

Despite a difficult environment in 2008, PPR managed to increase its results compared to 2007, itself a record year for the Group.

PPR recorded revenues of €20.2 billion, an increase of nearly 6% in reported terms and over 2% on a comparable Group structure and foreign exchange basis. Recurring operating income amounted to €1.7 billion in 2008, up by more than 5% compared to 2007. The recurring operating income margin was stable compared to the prior year, at 8.5% of revenues.

On a pro forma basis (i.e. consolidating Puma and United Retail over 12 months in 2007) and based on comparable exchange rates, PPR recurring operating income rose by nearly 4% in 2008, with the margin up by 0.1 basis point. Operating expenses grew at a slower pace than gross margin in 2008.

PPR also achieved slight growth in its net income, Group share to €924 million in 2008. Net income per share rose by nearly 2% compared to 2007, standing at €7.33.

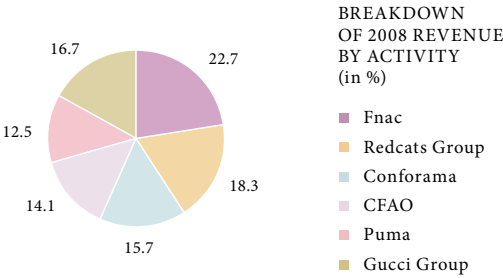
Free cash flow from operations amounted to €1 billion in 2008, thus reaching the level PPR had set at mid-year.

The Group's net debt was reduced and its debt ratios improved.

The Group is not exposed to any liquidity risk. At December 31, 2008, PPR had available cash of €1.1 billion and a balance of €5 billion in confirmed and unused credit lines. This available liquidity covers more than three times its net refinancing requirements for 2009, while there is no significant refinancing scheduled in 2010.

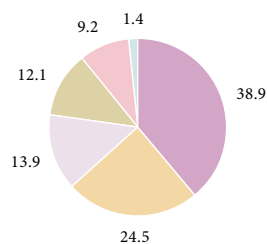
—

REVENUE
(in € million)



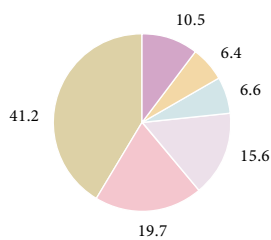
RECURRING OPERATING INCOME
(in € million)





BREAKDOWN
OF 2008 REVENUE
BY GEOGRAPHICAL AREA
(in %)

- France
- Europe (excluding France)
- Americas
- Africa
- Asia
- Oceania



BREAKDOWN
OF 2008 RECURRING OPERATING
INCOME BY ACTIVITY⁽¹⁾
(in %)

- Fnac
- Redcats Group
- Conforama
- CFAO
- Puma
- Gucci Group

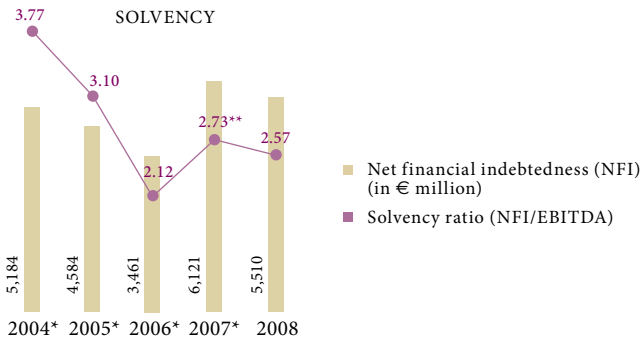
(1) Excluding holding companies and others.

—

DEBT-TO-EQUITY RATIO⁽¹⁾

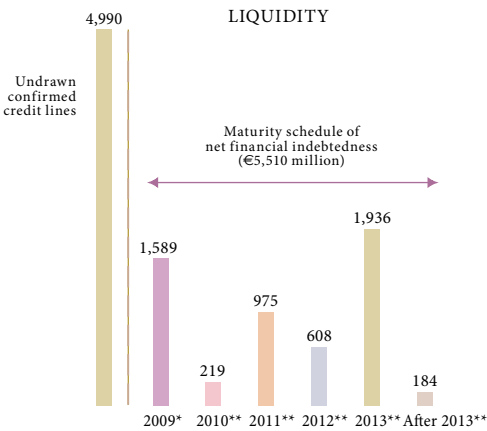


(1) Net financial debt as a percentage of shareholders' equity for the consolidated entity.



* Not adjusted for application of IFRS 5.

** Pro forma.



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

** Gross borrowings.

SHAREHOLDER COMMUNICATIONS

The PPR share

Throughout 2008, even while the Group was posting robust revenue growth quarter after quarter as well as satisfactory operational and financial performances, the PPR share was trading in a highly turbulent financial and stock market environment.

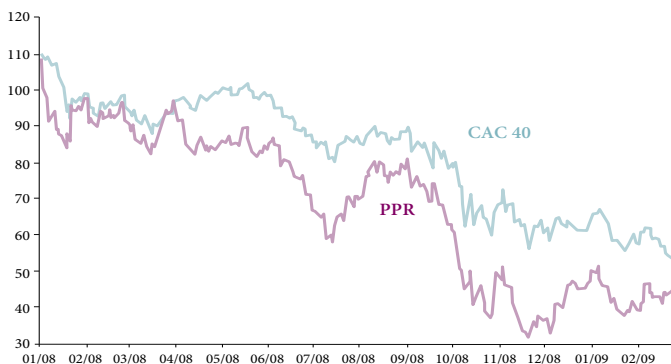
The specialised retail sector, which was marked down all year on the deteriorating outlook for household consumption, received a boost at year end as several sector companies reported unexpectedly strong performances. Also, the fall in raw materials prices, inflation and borrowing costs eased some of the pressure on prospects for consumer spending. Finally, the many restructuring plans announced late in the year raised the prospect of wider margins for companies in the sector.

The Luxury Goods sector was viewed as immune to the crisis for much of the year, but was hit by news of a slowdown in October and November, by a dip in 2008 fourth-quarter sales and by the lack of visibility on 2009.

In this tough environment, PPR's share fell by 57% in 2008. In comparison, the CAC 40 lost 42% and the Retail and Luxury Goods sectors slumped by respectively 38% and 50% over the same period.

Since February 19, 2009, with the release of satisfactory 2008 annual results, which beat forecasts, PPR share has increased by 16% and has outperformed the CAC 40 by 22 points. Markets clearly have confidence in the Group's liquidity. The stock has also benefited from the effectiveness of action plans to secure the companies' future, support earnings and generate cash flows as well as from a market price that looks attractive given the estimated value of the Group's assets.

PERFORMANCE OF THE PPR SHARE COMPARED WITH
THE CAC 40 INDEX SINCE JANUARY 1, 2008
(in euros)



Source : Fininfo

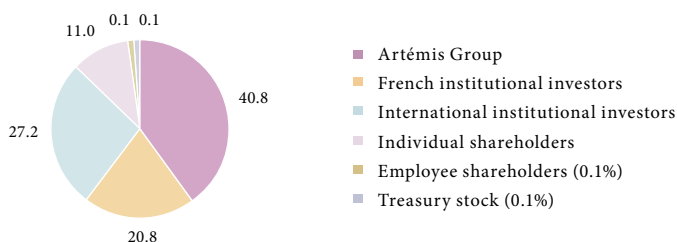
Shareholders

MARKET PRICE AND TRADING VOLUME OF THE PPR SHARE IN 2008

Highest share price (euros)	112.8	Market capitalisation as of December 31 (€ million)	5,897
Lowest share price (euros)	31.1	Daily average volume	1,116,420
Share price as of December 31 (euros)	46.6	Number of shares as of December 31	126,555,377

Source: Euronext Paris SA.

Breakdown of share capital as of December 31, 2008 (in %)



The organisation and functional modalities of the Board and its committees, the number of independent directors (forming the majority of the Board that supervises and regularly assesses the prevention of conflicts of interest and two thirds of the Audit Committee that controls the effective implementation of internal control) and universal compliance with the prevailing regulations, internal rules and good governance principles ensure that the majority shareholder exercises balanced control over the Company.

As of December 31, 2008, individual shareholders held 11.0% of the Group's share capital (vs. 10.8% at the end of 2007).

Institutional investors owned 48.0% of share capital, of which 20.8% held by French companies and 27.2% by non-French institutional investors. Among the international institutional investors, the United States represented 9.7% of share capital and Continental European investors held 7.8%, of which Germany (1.7%), Switzerland (1.3%), Ireland (1.2%) and Norway (1.1%). UK shareholders held 6.3% of the share capital.

The main changes in shareholdings compared with 2007 are a 1.3 point increase in the percentage held by French institutional investors (up 5% in number of shares), and a 1.6 point fall in international institutional investors (down 7% in number of shares). Most of this fall was attributable to German shareholders (down 51% in number of shares) and Americans (down 13% in number of shares).

Source: Identifiable bearer shareholders as of December 31, 2008.

Financial communications policy

The Group's financial communications policy consists in disseminating accurate, reliable information. Its actions are targeted and customised to offer different audiences, individual shareholders and the financial community, messages suited to their respective needs while complying with the principle of equal access to information.

TOWARDS INDIVIDUAL SHAREHOLDERS

Individual shareholders have access to a number of media and tools providing updates on Group news and share performance, including the Shareholders' newsletter, published twice a year, the dedicated PPR website (www.ppr.com), the Shareholders' hotline (0810 009 108), e-mail (actionnaire@ppr.com), legal notices in the financial press and on the internet, the Annual Report, the Reference Document and site visits.

TOWARDS THE FINANCIAL COMMUNITY

The Group maintains close relations with the French and international financial community. A number of communication initiatives are designed to keep the financial community informed about its businesses, its strategy and its outlook. PPR has expanded its communication by organising conference calls at the release of quarterly sales figures, and meetings to present its annual and half-year results. PPR participates regularly in industry conferences held by major banks. All of these presentations are available on the Group's website.

PPR also meets with investors during roadshows held in the major financial centres around the world. In addition, the Group meets with individual investors and analysts upon request and maintains proactive relations in terms of reporting to the French Financial Markets Regulatory Authority, the AMF (Autorité des Marchés Financiers).

PROCEDURES FOR COMMUNICATING REGULATED INFORMATION

Pursuant to the application since January 20, 2007 of obligations governing the communication of regulated information arising from the transposition of the Transparency Directive to the AMF General Regulations, the management of PPR financial reporting ensures the full and effective communication of regulated information. This information is filed with the AMF and archived on the PPR website (www.ppr.com) at the time of its communication.

Full and effective communication is carried out electronically in compliance with the criteria defined by the general regulations which require communication to a large audience within the European Union and according to terms and conditions guaranteeing the security of the communication and the information. Accordingly, the management of PPR financial communication has chosen to call on a professional communications agency to satisfy the communication criteria set by the general regulations and featured on the list published by the AMF, thus benefiting from a presumption of full and effective communication.

Information available on the website [ppr.com](http://www.ppr.com)

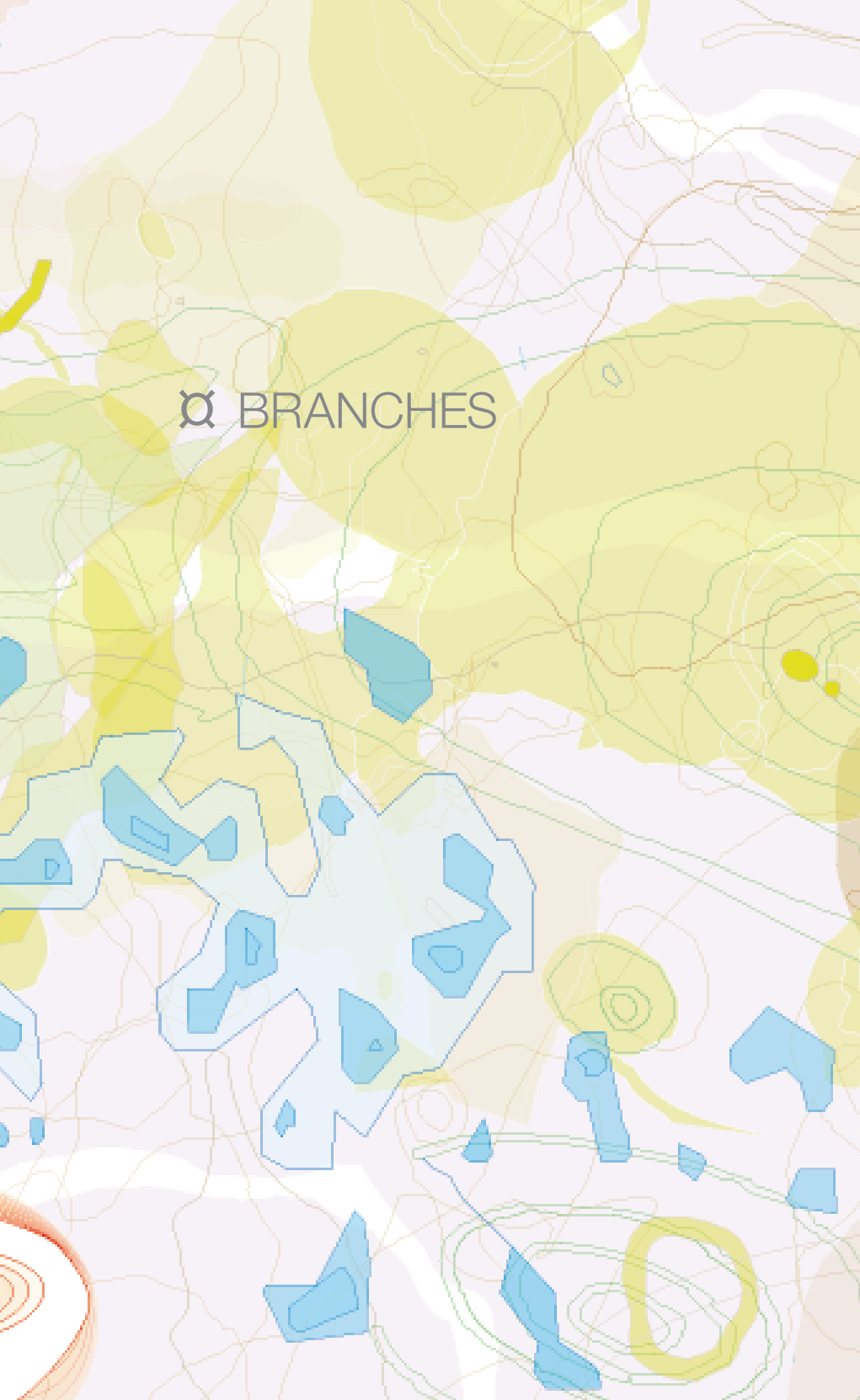
2009 CALENDAR

April 21, 2009

2009 first quarter sales

May 7, 2009

General Meeting



α BRANCHES

A PORTFOLIO OF GLOBAL BRANDS

PPR has put together a remarkable portfolio of leading brands and companies all of which have exceptional market appeal and major growth potential.

—

The Group has built up unrivalled expertise in retailing, with a multifarious range of formats, strongly differentiated models and highly innovative retail channels. **Redcats Group**, **Fnac**, **Conforama** and **CFAO** are all in their way trail-blazers in their respective fields and have all developed into essential players in their market. Notable achievements include the constant extension and renewal of product and service ranges, the roll-out of e-commerce, innovative ways of interacting with customers and the expansion of their networks.

In **Gucci Group** and **Puma**, PPR has two very different but coherent portfolios of prestigious brands. Both are global and complementary. Gucci Group is active in the Luxury Goods market. Its brands are a roll call of the values and traditions of excellence. They remain true to their roots while bringing their aura and success into modern times. They evoke ultimate quality and exclusivity through an offer of prestigious goods.

Puma is targeted at a broader consumer market and customers who seek to define themselves by shared and identifiable lifestyles. The brand draws its credibility from its identity, authenticity, technical quality and style. Its ranges and pricing make it accessible to large numbers of consumers.

Branches



4,587

€ million in revenue in 2008

186

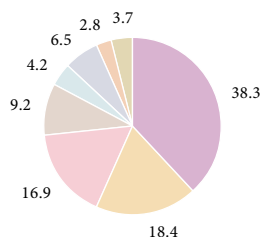
€ million in recurring operating income in 2008

143

directly-operated stores at the end of 2008
(excluding Fnac Eveil & Jeux) and 2 stores held on
a joint-venture basis in Greece

19,357

employees at the end of 2008



BREAKDOWN
OF 2008 REVENUE
BY PRODUCT CATEGORY
(in %)

- Personal computers
- Books
- CDs
- Photography
- Hi-Fi
- TV Video
- Games
- Services and accessories products

—

Fnac offers a comprehensive range of cultural products and access to technological products to as many customers as possible. The company stands out from its competitors through its unique brand positioning, based on exciting the pleasure of discovering a diversity of cultures and technologies. The distinguishing feature of Fnac is the unrivalled selection of books, CDs, DVDs, video games and technological products available. This product range is supported by its impartial and innovative advice.

—

Fnac operates in 8 countries and has 145 stores, including 64 outside France, with a total selling area of more than 329,000 square metres. In France, its 81 stores welcome over 150 million visits and serve 18 million customers each year. It is one of the leading retailers of cultural and technological products in most of the countries where it operates. In France, it is also the biggest book store, the leading music chain and the top seller of personal computers, cameras, camcorders, MP3 players, PDAs and GPSs.

Fnac continued with its “Fnac Périphérie” developments during 2008: a store format aimed at the peri-urban market that has proved highly effective and opens up an essential avenue of new growth for the next few years. Four new stores were opened in the year.

With over one million product references, **Fnac.com** is the only website offering cultural and technological products, ticketing and travel in addition to music, videos, software and games downloads. In 2008, Fnac.com created a personal “my Fnac” space which supports and guides visitors based on their artistic tastes, thereby confirming its status as the leading retail site in the mass market sector by audience numbers.

New services brought in, in 2008, included the “carte One”, aimed at high-spending members and the “replace with new” warranty for technological goods, a first in the French market. The company also took over as the market leader in home-help services thanks to its new offers.

International expansion is one of Fnac’s primary growth areas. Ten new stores were opened outside France in 2008 (including a joint-venture in Greece).

In addition to its retail activities, Fnac has always defined itself as a **key cultural and technological player**, as well as a **corporate citizen**. In 2008, it coordinated more than 7,000 cultural and technological events in store forums, where ideas could be shared and discovered.

In 2009, Fnac plans a programme of commercial expansion based on the launch of new activities (CD and video-related merchandising, stationery, etc.) and the development of centres of excellence for the company’s key departments. A second-hand range and a “market place” will bring complementary products into the store’s offering. Furthermore, Fnac.com will be progressively internationalised in 2009, giving Fnac’s businesses outside France the backing of an extremely powerful website.

fnac.com

Branches

—



3,699

€ million in revenue in 2008

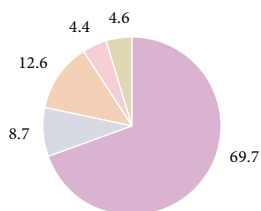
114

€ million in recurring operating income in 2008

More than **60** e-commerce sites

20,031

employees at the end of 2008



BREAKDOWN
OF 2008 REVENUE
BY PRODUCT CATEGORY
(in %)

- Fashion & accessories
- Home Textiles
- Home Furnishing and decoration
- Electronics goods and household appliances
- Leisure and Outdoor activities

—

Active in fashion and home decoration, Redcats Group brings together a range of international and multi-channel brands, leaders in their respective markets while also capitalising on opportunities presented by the web. Redcats Group mainly retails apparel and home furnishings and decoration. The company is active in 30 countries, including 17 directly and 13 through partnership. Combining a multi-channel retail approach using catalogues, internet sites and specialty stores, Redcats Group provides customers with permanent access and greater responsiveness.

—

Redcats Group has a portfolio of prestigious brands. Whether specialists in a specific segment or multi-specialists serving a wider audience, these brands constantly develop new products and services while continually seeking targeted product ranges to better anticipate customers' expectations and meet their demands.

EUROPEAN BRANDS

La Redoute offers its "French Touch" in 22 countries and retails its apparel offering through its multi-specialist catalogue and specialised catalogues such as Anne Weyburn (for maturer active women) or Taillissime (for women's and men's "plus sizes"). The brand also includes home and decoration, with specialised catalogues such as AM.PM. La Redoute is number one in France for fashion and number two for home decoration internet sales. The internet distribution channel now generates over 52% of home shopping revenue. The brand also posted solid growth internationally, representing over 25% of its 2008 revenue.

La maison de Valérie specialises in home furnishings. While maintaining a positioning geared towards credit accessibility, thanks to payment facilities and attractive pricing, the brand has revamped its offering to reflect the lifestyles and needs of its customers and is stressing its rapport with customers in its communications.

The children's specialist **Vertbaudet** publishes catalogues of ready-to-wear clothes, furniture, home decoration and bed linen for children and a specific catalogue targeted at 10-15 year olds.

Cyrillus publishes catalogues in 3 languages – French, English and German – and also has a network of stores and websites. The brand launched its "Cyrillus Intérieur" collection this year, featuring a selection of bed-linen, home decorations and homewear for adults and children. The new line is available through the catalogue, on the internet and in a Paris concept store.

The **Somewhere** brand strengthened its positioning and extended its "casual chic" range in 2008, launching a mini-line "*Soin de soi* by Somewhere", offering products associated with relaxation, spas and yoga.

—

Daxon offers a range of well-being and home products – which includes the specialised *Edmée* (accessible casual wear positioning) and the *Celaia* collection (for active women over the age of 45). This year, Daxon successfully trialled a 100% lingerie and underwear catalogue for its female and male customers.

Ellos, the brand leader in Scandinavia, offers an accessible and contemporary line for the entire family, with four of its own brands: *Sara Kelly* (for active women), *CW* (for women seeking an authentic look), *JSN* (for a trendy and original style) and *e-basics* (for women, men and children). Three collection concepts complete the Ellos offering: **Josefssons** is concentrated on the modern young woman, **Jotex**, a home linen specialist, completes the textile product line and **Enjoy** distributes films and music. The brand's internet sales continued to grow strongly and represented 59% of home shopping revenue in 2008.

AMERICAN BRANDS

In the United States, **Redcats USA** has established itself as the specialist in the home shopping “plus size” market, through 5 brands: **Jessica London**, **Roaman's** and **Woman Within** which has developed a line of women's wear and accessories and **KingSize**, which offers men's casual collections. With its strong brand image, **Avenue** reinforces the leadership of Redcats Group in the very promising “plus size” market, by attracting a younger clientele that likes fashion.

OneStopPlus.com is a community e-commerce site dedicated to “plus size”. It hosts the ranges of all US brands as well as **BrylaneHome** and, a more recent addition, part of the French brand collection *Taillissime*. Since its launch in 2006 this first specialist online mall for “plus size” products has repeatedly attracted record traffic levels.

The brands run by Redcats USA “sports and leisure” business are **The Sportsman's Guide**, a market leader in on-line and catalogue sales of sports and leisure articles and its subsidiary **The Golf Warehouse**, specialising in on-line sales of golf equipment. Both brands posted healthy growth in 2008, with strong internet sales for **The Sportsman's Guide**, which has added to its offer this year by launching a site dedicated to sailing and water sports (www.boatingsavings.com).

Finally, **BrylaneHome**, devoted to home furnishings and decoration, is being refocused on a more selective offering, with greater added value, combining the *Home* and *Kitchen* collections.

In 2008, the United States brands together made more than 54% of their home-shopping sales on the internet.

STRATEGY

Redcats Group has now completed its transformation from a national group of mail-order companies driven by credit and services to a multi-channel distribution group of international brands. The company has a targeted approach to the

personal goods and home decoration sector. Redcats Group brands are all either specialists in one segment (senior, children, “plus size”, etc.) or multi-specialists aimed at a wider public. They offer their collections through a multi-channel retail approach combining catalogues, internet sites and specialty stores.

In 2008, Redcats Group continued its strategy of refocusing on leading brands, notably by closing EmpireStores in the UK, selling the Missy brands (Chadwick’s and Metrostyle) in the United States, incorporating BrylaneHome into the United States “plus size” division and grouping its senior concepts (Daxon, Celaia, Edmée) under the Daxon brand.

In the United States, the “plus size” division completed the transition of the Lane Bryant brand into Woman Within. It incorporated the Jessica London teams in New York and Indianapolis and continued the successful integration of the Avenue brand.

In home shopping, Redcats Group reinforced the leadership of its main brands and companies in apparel and home decoration, La Redoute and Ellos, extending their product ranges either by incorporating other Group brands (such as Vertbaudet at La Redoute in Portugal and Belgium) or by bringing in external brands (such as Esprit or Mexx on the Ellos site). These initiatives help strengthen international development for all of the Group’s brands and boost performance in countries where the Group is already active.

Regarding stores, Redcats Group focused on new openings and optimising networks for the Cyrillus, Vertbaudet, Somewhere and Avenue brands.

In 2008, the internet, which generated 42% of total Redcats Group revenue, remained both the most important sales channel and the key medium for the Group’s brands development strategy.

In parallel, plans were drawn up and launched in 2008 to improve the competitiveness of Redcats Group. In France, Daxon continued its cost-cutting and commercial relaunch plan, called “Reconquête”. At the end of the summer, the Redcats Nordic division decided to outsource its returns handling business to a company in Poland and also announced plans to move its Jotex brand operation to the Viared site outside Borås, in Sweden. At the end of the year, La Redoute announced a relaunch plan designed to restore competitiveness and ensure its future development, particularly on the web. Meanwhile, Redcats UK has adapted its logistics and customers departments to reflect the sale of EmpireStores and will now concentrate on developing the French brands active in the UK market: La Redoute, Vertbaudet and Daxon.

In 2009, Redcats Group will continue to focus on its leading brands. The aim is to strengthen its product offer and brand positioning, develop a multi-channel strategy driven by the web, further Europeanise its brands and concepts and support the Corporate Social Responsibility actions taken by the Group’s companies.

redcats.com

Branches

—



3,168

€ million in revenue in 2008

118

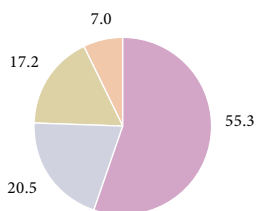
€ million in recurring operating income in 2008

216

directly-operated stores at the end of 2008
(excluding 27 affiliated stores)

14,697

employees at the end of 2008



BREAKDOWN
OF 2008 REVENUE
BY PRODUCT CATEGORY
(in %)

- Home furnishing
- Electronic Appliances
- Domestic Appliances
- Other

—

Conforama is a major player in European home furnishings dedicated to “provide home comfort access to the greatest number according to their own taste and at the best price.” It is positioned as a discounter and multi-specialist in home furnishing, offering its customers one-stop shopping for a full range of furniture, decorative items, electrical appliances and consumer electronics with immediate availability.

—

Conforama operates 243 stores including 216 that are directly operated. Coverage in France is exceptional with 186 sales outlets. Internationally, Conforama operates a network of 57 stores in 6 countries: Switzerland, Luxembourg, Spain, Portugal, Italy and Croatia.

Its **discount positioning** is an advantage in the current economic times, when consumers are particularly concerned about getting value for money from the products they buy.

Conforama continues to **modernise** its store network. Two types of transformation have been implemented: complete remodelling for recently transferred stores with extensions to their selling areas, and basic renovations for the other stores, which helps keep down investment costs in most cases. At the end of 2008, Conforama had 145 stores under the new concept in Europe. Modernisation has also meant updating the products on offer to appeal to as many customers as possible. Finally, the internet is projected to capture 10% of the home furnishings market over the next 3 years and Conforama is planning to use its web presence to broaden its offer and its service capability while still relying on the strength of its store network.

Internationally, Conforama has adapted its development strategy to each country where it is active.

Conforama’s **sourcing** policy is focused on ensuring product quality while still delivering the best price for customers and good availability. At the end of 2008, 90% of its supplies were sourced from inside the European Union. Conforama continued to optimise its remote sourcing activity and merchandise purchases and flows. Logistics resources have also been reorganised to fit the centralisation process, which is now complete.

In 2008, Conforama solidified its **Corporate Social Responsibility commitment**, notably by pursuing its partnership with “Secours populaire français”.

At the end of 2008 Conforama developed a five-year business plan to reorganise the company and refocus on its commercial fundamentals, discounting and proximity to customers.

The first stage of this plan will be rolled out in 2009. The main focuses are: stores emphatically centred on the customer, the development of new services to be offered either in-store, on the internet or at customers’ homes, an improved quality policy, greater efficiency in the supply chain, the reorganisation of the Italian business and revival of the Spain and Portugal operation.

conforama.fr

Branches

—



2,864

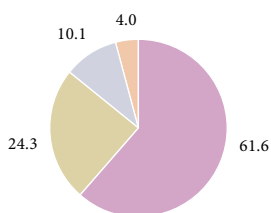
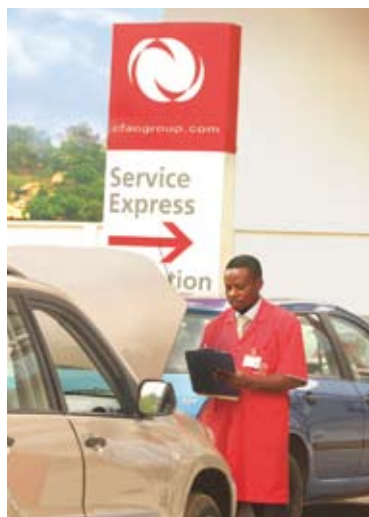
€ million in revenue in 2008

277

€ million in recurring operating income in 2008

10,610

employees at the end of 2008



BREAKDOWN
OF 2008 REVENUE
BY ACTIVITY
(in %)

- CFAO Automotive
- Eurapharma
- CFAO Industries & Trading
- CFAO Technologies

—

CFAO is a leading specialised retail brand in Africa and the French overseas departments. It meets a variety of requirements covering transport for individuals and goods, healthcare, individual and corporate communications and daily consumption in an effective and professional manner to international quality standards.

—

CFAO's organisation is based on four activities: CFAO Automotive for automobile sales, Eurapharma for the distribution of pharmaceutical products, CFAO Technologies for the distribution and integration of new technologies and lastly, CFAO Industries & Trading for the production and distribution of consumer goods. In each of these business lines, CFAO relies on dedicated teams of professionals working in 150 subsidiaries at 261 sites. The company has been in Africa for over 120 years and is now established in 33 African countries, 6 French overseas collectivities and Vietnam.

Thanks to a solid control over the risk/profitability matrix, combined with diversification from both geographical and a business standpoint, CFAO has enjoyed a period of **outstanding growth** and profitability over the last ten years. This performance underscores the success of its investment strategy.

As a distributor of major global brands, CFAO stands out from its competitors with its **efficient before and after-sales services**, its constant emphasis on operating investments and a supply chain able to swiftly supply remote markets.

The markets of **Mediterranean Africa**, from Morocco to Egypt, are one of the top priorities in CFAO's growth strategy. In the automotive segment, the company has negotiated exclusive distribution agreements with General Motors, Isuzu and DAF in Morocco and with Opel, Chevrolet, Isuzu, DAF and BMW in Algeria. At the same time, CFAO plans to bolster its market share in **English-speaking African countries**, particularly East Africa. In Asia, CFAO has entered Vietnam with a unit that sells industrial equipment and a retailer of premium vehicles (Audi).

In 2008, CFAO strengthened its activities in the countries where it operates. The automotive business accelerated its growth in several countries. As well as a quickening pace of growth in the Maghreb, activity rose sharply in Nigeria thanks to the Nissan/Renault and Chevrolet licences. Progress also continues in Vietnam. Elsewhere, CFAO Automotive expanded its long-term leasing business in West Africa (Gabon, Cameroon, Senegal). A number of dealerships, especially Toyotas, designed in line with European automotive standards and fully focused on customer satisfaction were refurbished. Eurapharma developed its Algerian business, launched in 2006, and opened up new presences in Ghana and Tanzania.

CFAO cannot conceive of its role as a player in the economy without adding a **strong commitment to Corporate Social Responsibility (CSR)** through projects directed mainly at promoting healthcare and education. In 2008, the company created a CSR department to spur its efforts in this field.

In 2009, CFAO plans to consolidate its existing positions.

cfaogroup.com

Branches

—



2,524

€ million in revenue in 2008

350

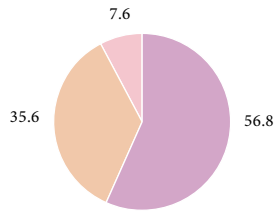
€ million in recurring operating income in 2008

11,645

employees at the end of 2008



Usain Bolt, Olympic Champion



BREAKDOWN
OF 2008 REVENUE
BY PRODUCT CATEGORY
(in %)

- Footwear
- Apparel
- Accessories

—

Puma is one of the world's leading sportlifestyle companies that designs and develops footwear, apparel and accessories. It starts in Sport and ends in Fashion. Its Sport Performance and Lifestyle labels include categories such as Football, Running, Motorsports, Golf and Sailing. The Black label features collaborations with renowned designers such as Alexander McQueen, Mihara Yasuhiro and Sergio Rossi.

—

The Puma Group owns the brands Puma, Tretorn and Hussein Chalayan. The company, which was founded in 1948, distributes its products in more than 120 countries, employs more than 10,000 people worldwide and has headquarters in Herzogenaurach/Germany, Boston, London and Hong Kong.

Puma's goal is to become the most desirable Sportlifestyle company and to make effective use of the many opportunities offered by the Sportlifestyle market to bolster its position as one of the few true multi-category brands. Puma has strong potential for long-term sales growth and pursues its strategy to further grow the business through **expansion of product categories, regional expansion and expansion of non-Puma brands.**

Puma has continued to **expand its already existing product categories** and create new ones in order to cover the entire spectrum of sports, lifestyle and fashion. Accordingly, the brand expanded into the Sailing category to reach new customers and fuel its growth potential. Puma will continue to pursue its strategy of combining top sports performances and innovative technologies with fashion and lifestyle in an unmistakeable way.

In 2008, Puma also pursued **the expansion of its retail activities** through its directly-operated store network. Products can thus be presented in a Puma-branded environment.

The year 2008 was characterized by major sports events. These included the African Nations Cup, Euro 2008, the Beijing Olympics and the Volvo Ocean Race. Puma successfully capitalized on these events and the brand was proud to endorse Usain Bolt, who broke the world records over 100 metres, 200 metres and 4x100 metres relay at the Beijing Olympics, earning a perpetual place in the sports hall of fame.

Furthermore, Puma is committed to working in ways that contribute to the world by supporting Creativity, SAFE Sustainability and Peace, and by staying true to the values of being Fair, Honest, Positive and Creative in decisions made and actions taken.

In 2009, Puma will continue to tap into its long-term brand potential by selectively investing in sports events as well as innovative product design to generate high visibility for the brand and pave the way for long-term growth. The Sport Fashion business will remain a development focus through the creative direction of Hussein Chalayan and the expansion of existing collaborations with famous fashion labels.

puma.com

GUCCI GROUP

3,380

€ million in revenue in 2008

731

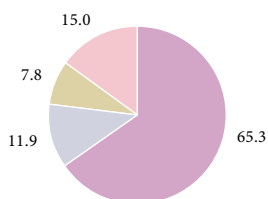
€ million in recurring operating income in 2008

560

directly-operated stores at the end of 2008

11,484

employees at the end of 2008



BREAKDOWN
OF 2008 REVENUE
BY BRAND
(in %)

- Gucci
- Bottega Veneta
- Yves Saint Laurent
- Other brands

—

Gucci Group is one of the world's leading multi-brand luxury companies with a portfolio of premier brands. Gucci, Bottega Veneta and Yves Saint Laurent are the flagships brands. They pave the way for younger edgier desirable brands with a strong potential (Balenciaga, Alexander McQueen and Stella McCartney) as well as two specialised brands (Boucheron and Sergio Rossi).

—

Gucci Group designs, manufactures and markets high-end luxury goods products, including leather goods, shoes, ready-to-wear, watches and jewellery.

Its strategy is based on two main objectives: to ensure revenue growth and profitability to the Group, and to assign a specific role to each brand within the Group, so as to maintain the consistency of their positioning in terms of market segment and product categories. The Group supports “freedom within a framework” which means substantial autonomy, within specific guidelines, to the CEOs of the various divisions, who are responsible for design, merchandising and all aspects of the operating performance of their respective brands.

Gucci Group designers are some of the greatest talent around today. With their CEO, they compose an essential duet in the finest implementation of the triptych: Creativity - Merchandising - Product Development.

Gucci Group is active in all of the world's **major luxury goods markets**. Over the last few years, it has strengthened its presence in regions where growth potential seemed the most promising (China, India, Russia, Central and South America). All brands have developed a significant local client base, while continuing to catch the opportunities offered by the global tourist market. **The diversity of its products** is one of the brand's biggest assets. As a multi-brand group, it has promoted the sharing of knowledge among its various brands, capitalising on the specific expertise of each of them.

The carefully controlled development of an integrated **distribution network** with a sound geographical basis has been a key strategic focus for Gucci Group. Products are primarily sold through directly-operated stores, which are designed according to a specific concept for each brand, ensuring consistency in terms of product display and service quality around the world. They are also distributed through a limited number of exclusive franchise stores, as well as in duty-free boutiques, department stores and carefully selected specialty stores.

By controlling its supply chain Gucci Group guarantees the exceptional quality of its products. To achieve this, the Group selects the best materials and exercises the strictest controls over production.

Through rigorous management of image, a tight communication policy, outstanding product quality and a carefully controlled distribution network, Gucci Group has maintained the exclusivity of its brands and enhanced their positioning over the past few years.

guccigroup.com

Branches

GUCCI

2,206

€ million in revenue in 2008

625

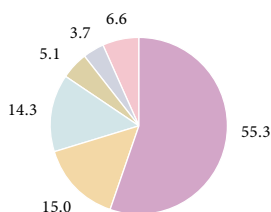
€ million in recurring operating income in 2008

258

directly-operated stores at the end of 2008

7,123

employees at the end of 2008



BREAKDOWN
OF 2008 REVENUE
BY PRODUCT CATEGORY
(in %)

- Leather goods
- Shoes
- Ready-to-wear
- Watches
- Jewellery
- Other

—

Founded in Florence in 1921, Gucci is one of the world's leading luxury brands. The brand designs, manufactures and distributes highly desirable leather goods (handbags, small leather goods, and luggage), shoes, ready-to-wear, silks, watches and jewellery. Eyewear and fragrances are made and distributed under licence by global leaders in these two sectors. Gucci's core values are unequalled craftsmanship, outstanding quality and "Made in Italy" (with the only exception of watches, which are produced in Switzerland).

—

87 years of success and a fascinating history have established Gucci as one of the most desirable brands in the world. Its unique positioning is built on three key principles: creativity, exclusivity and the culture of Italian craftsmanship.

Constant creativity and innovation are the key drivers of a global brand like Gucci. Creative Director Frida Giannini has successfully reinterpreted the brand historic icons into modern and innovative pieces, while still respecting the brand's heritage.

A single label, with no secondary lines, no non-core businesses and just two licenses, guarantees the exclusivity of Gucci products. Its growth strategy is based on three areas: distribution, product offering and brand positioning.

Products are distributed through a network of carefully selected and directly operated stores. This network is the best way to offer the Gucci products and convey the brand philosophy. In 2008, the brand further expanded its network of directly operated stores, both in its traditional markets with some major store openings in the United States and Europe, as well as in new markets with stores in exclusive locations such as Prague (Czech Republic), Macao, Auckland (New Zealand), São Paulo and Budapest (Hungary). In Greater China, including China, Hong Kong and Macao, Gucci had 33 directly operated stores at the end of 2008, taking advantage of the warm reception given to the brand and its values by Chinese consumers. The other distribution channels are franchises, duty free shops or specialist boutiques and department stores mainly in Europe and North America. E-commerce has also become a valuable complementary channel.

To amplify its remarkable performances, Gucci plans to invest in communications highlighting its values: outstanding quality, "Made in Italy" and the culture of craftsmanship.

In 2009, Gucci's goal, under the responsibility of the newly appointed CEO, Patrizio di Marco, is to further strengthen its leadership as a global luxury brand, reinforce its positioning in historical as well as in new markets and maintain its products' exclusivity.

gucci.com

BOTTEGA VENETA

402

€ million in revenue in 2008

101

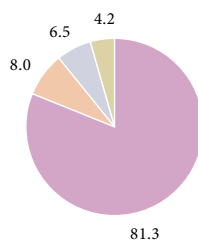
€ million in recurring operating income in 2008

121

directly-operated stores at the end of 2008

1,380

employees at the end of 2008



BREAKDOWN
OF 2008 REVENUE
BY PRODUCT CATEGORY
(in %)

- Leather goods
- Ready-to-wear
- Shoes
- Other

—

Bottega Veneta – meaning the “Venetian atelier” – creates luxury goods based on its core values of quality, craftsmanship, exclusivity and discreet luxury. The brand began as a leather goods house made famous through its signature “intrecciato”, a unique leather weaving technique created by the Bottega Veneta craftsmen, and it now has a full product range of leather goods (handbags, luggage and small leather goods), women’s and men’s ready-to-wear, shoes, jewellery, furniture and home decorations as well as other fashion accessories.

—

Brand products are sold exclusively through a tightly controlled distribution network of directly-operated stores, exclusive franchise stores and rigorously selected department and specialty stores throughout the world.

From its inception, Bottega Veneta has been synonymous with the highest craftsmanship, the choice of finest materials, innovation and sober design. The brand was the first one to introduce the deconstructed bag as opposed to the usual rigid construction of handbags coming from the French school.

Under the creative impetus of Tomas Maier and its new CEO Marco Bizzarri, Bottega Veneta has re-established its high-end luxury positioning with products that satisfy the most demanding customers. By combining traditional luxury values – exclusivity, craftsmanship and the highest quality – with innovation, Bottega Veneta products embody both modernity and timeless elegance. The brand owes its exceptional product quality to the work of the meticulous craftsmen based in its workshop in the Veneto region. The slogan “When your initials are enough”, and the Bottega Veneta signature found solely inside its products are testament to the brand’s refined elegance.

Bottega Veneta is determined to reinforce its positioning as an exclusive luxury lifestyle brand through innovation and the exclusivity of its flagship leather goods, as well as its most successful activities, namely ready-to-wear, shoes, jewellery and home furniture.

bottegaveneta.com

YVES SAINT LAURENT

263

€ million in revenue in 2008

0.3

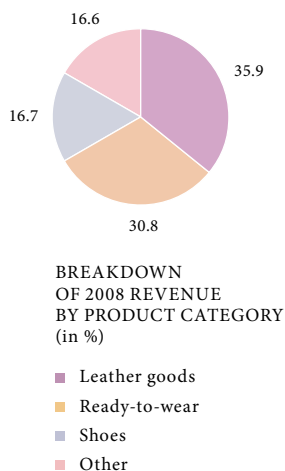
€ million in recurring operating income in 2008

64

directly-operated stores at the end of 2008

1,046

employees at the end of 2008



—

With more than 45 years of unique history, Yves Saint Laurent is one of the most prestigious Luxury houses in the industry. Across barriers of time and borders, the Yves Saint Laurent signature means fashion and creativity, delivered in innovative ways.

Yves Saint Laurent designs and markets a broad range of women and men's ready-to-wear products, leather goods, shoes and jewellery. The House is also a major brand in fragrances and cosmetics through a licence agreement with L'Oréal. A Yves Saint Laurent workshop in France manufactures the women's ready-to-wear products.

—

The Yves Saint Laurent retail network currently consists of 64 directly-operated stores, including flagship stores in Paris, New York, London, Milan, Hong Kong and Beverly Hills. In 2008, these stores generated over 51% of the brand's revenue. Yves Saint Laurent also has sales points within the most prestigious boutiques and multi-brand department stores in the world.

Since its creation, the House of Yves Saint Laurent has left an indelible stamp on the fashion industry. Over the years, the groundbreaking designs of the Couture House created classic icons and its founder, the couturier Yves Saint Laurent, to whose memory PPR pays its deepest respects, established himself as one of the 20th century's most innovative and provocative designers. He created signature looks and styles, and timeless iconic products such as the tuxedo, the pantsuit, the safari jacket and the trench coat. Yves Saint Laurent also was the first Couture House to launch, in 1966, the modern concept of luxury women's ready-to-wear, in a collection called 'Rive Gauche', the first step in luxury labels accessible to a wider public.

Under the leadership of Valérie Hermann, CEO since 2005, and Stefano Pilati, Creative Director since 2004, the brand renewed the exceptional legacy of its founder while bringing a contemporary approach to its collections. On top of revisiting the legendary classic ready-to-wear products of the brand, Yves Saint Laurent has generated new iconic product lines in leather goods and shoes, such as the *Muse*, *Downtown*, *Tribute*, *Besace* and *Muse Two* handbags, and the *Tribute* shoes.

The brand's priority is to continue creating and marketing highly desirable products reflecting the brand's essence in innovative forms. Yves Saint Laurent will continue to leverage on its historical presence in ready-to-wear; to offer new products expanding the categories with strong growth potential (leather goods and accessories); and to develop its strategic partnerships in fragrances and cosmetics.

In 2008, the House reported positive operating income.

ysl.com



BALENCIAGA

Founded in 1919 by Cristóbal Balenciaga, the House of Balenciaga is one of the most influential forces in fashion. The provocation of its design and vision, the mastery of techniques and cut, the constant innovation in fabrics and the talent of its Creative Director, Nicolas Ghesquière, have been the keys to Balenciaga's success.

While the brand's identity is firmly anchored and evoked in its highly symbolic ready-to-wear collections, the bag and shoe ranges have also enjoyed phenomenal success worldwide. The launch of its US e-commerce site in May 2008 was a resounding success. In 2009, the brand plans to open new stores in Japan, the United States and China.

balenciaga.com



BOUCHERON

PARIS

Boucheron is the French jeweller "par excellence." For more than 150 years, the brand has been a trend-setter in the exclusive world of luxury jewellery, acquiring an international reputation. It creates and markets jewellery, watches and luxury fragrances across the world. In 2008, Boucheron celebrated its 150th anniversary. The brand continues to develop its boutiques internationally. In November 2008, Boucheron reached a new licensing deal with Gold & Wood for the design, production and international distribution of its high-end luxury eyewear. The first collection will be launched in Summer 2009.

boucheron.com



ALEXANDER

MQUEEN

Known for his audacity and creativity, Alexander McQueen has an impressive reputation in the world of fashion. The brand designs, produces and markets women's ready-to-wear and accessories as well as menswear lines, shoes and leather goods. The success and strength of his collections, which are excellently received by the critics and media, will further stimulate growth in future years.

alexandermcqueen.com



STELLA MCCARTNEY

Since its creation in 2001 the brand has developed its activities, driven by values of environmental responsibility and protection of the natural world. Stella McCartney collections reflect a lifestyle. Since her first ready-to-wear collection in 2002, the brand's activities have expanded to include shoes and handbags – all leather-free – and, most recently, the first luxury organic skincare line, *Care*.

In 2008, Stella McCartney received a host of awards including *Designer of the Year*, Elle Spain and *Green Designer of the Year*, ACE Awards.

stellamccartney.com



sergio rossi

Sergio Rossi is one of the most famous Italian shoe brands. Since its creation at the end of the 1960s the brand has become a world leader in the women's luxury footwear. The brand defines itself as essentially "Sexy, stylish and Italian", underlining its unique craftsmanship and enhancing a feminine silhouette. Sergio Rossi also articulated his vision through a full range of handbags and small leather goods collection. The iconic *Compact* clutch became the collection's must-have item and a favourite of celebrities on red carpets worldwide. The year 2008 saw the arrival of Francesco Russo as Creative Director.

sergiorossi.com

The background is an abstract composition of thin, hand-drawn lines in various colors (green, blue, orange, pink, purple) that resemble topographic contour lines or a network of paths. These lines are overlaid on a background of soft, semi-transparent color washes in shades of yellow, orange, pink, and purple. The overall effect is organic and layered.

✕ CORPORATE
SOCIAL
RESPONSIBILITY

ROUTES TO RESPONSIBILITY

For more than 10 years PPR's Corporate Social Responsibility (CSR) policy has been structured and developed through a strategy of constant improvement.

—

Following wide consultation with key stakeholders both inside and outside the Group, the CSR department in 2007 identified 7 key strategic priorities for 2008-2010. These priorities now structure the approach to CSR taken by the Group and its branches and act as a common frame of reference.

As well as identifying these priorities, which were presented and explained to the Group's leaders in March 2008, PPR has put in place a CSR committee drawn from members of its Executive Committee. The CSR committee sets precise objectives in line with the 7 priorities and stipulates the concrete results expected from policies and projects implemented. It met in December 2007 and in June and December 2008.

2008 thus marked an acceleration in the assimilation of CSR issues into the activities of the Group and its branches and an intensification of the projects undertaken. Other notable developments during the year included:

- an updated Code of Business Practices for PPR,
- formalisation of diversity training for the Group's managers,
- an extension of the environmental reporting scope at Gucci and Puma,
- the creation of cross-functional inter-company working groups for each of PPR's strategic environmental priorities,
- the creation of PPR's Corporate Foundation for Women's Dignity and Rights,
- the Group's participation in the UN Global Compact.

PRIORITY 1: ENHANCE EMPLOYABILITY THROUGH SKILLS MANAGEMENT AND TRAINING

In 2008, PPR committed itself to improving the appreciation of its employees' skills by extending programmes to recognise experience gained or certify skills acquired while also developing a rich and diverse range of training programmes. In line with this policy the Group provided 948,912 hours of training to 58,766 employees in 2008. At the same time, PPR and its branches continue to roll out an annual performance evaluation process, that will better identify talents and create greater mobility within the Group.

PRIORITY 2: TRAIN EACH MANAGER ON DIVERSITY ISSUES

Managers are pivotal to the promotion of equality of opportunity and treatment due to their key role in the recruitment, assessment and promotion of employees. In 2008, therefore, all the Group's branches worked to develop a training system for their managers. For its part, the Group's human resources (HR) department focused on the HR managers in each company offering 65 of them training on

these issues. Specifically, in 2008 the Group was able to negotiate 2 Charters with the European Works Council designed to strengthen the Group's commitments to employment of disabled people and seniors in its European companies. In addition, under the aegis of the PPR Mission Handicap, the first French National week for employment of the disabled was the occasion for an awareness raising program among nearly 40,000 employees in France.

The Diversity Committee meets every 3 months and coordinates the Group's policy to foster diversity, notably by generalising observations and best practices from the different branches.

PRIORITY 3: INTEGRATE CSR CRITERIA INTO THE SUPPLIERS' SELECTION PROCESS

PPR wishes to maintain lasting relationships with its service providers and business partners. The mutual commitments between PPR and its partners are therefore governed by a framework of strict rules cited in the PPR Code of Business Practices, the Puma Code of Business Practices and the Supplier Charter. Each company commits to the approach that best suits its business areas and practices: participation in the Clause Sociale Initiative, accreditation with the Fair Labor Association or certification under the SA 8000 program are some examples of how Group companies have addressed the strategic priorities in their markets. PPR also evaluates its suppliers through social audits and self-assessment questionnaires. In 2008, PPR carried out 934 audits, 88% of these being in Asia, in 54 countries, a 27% increase in the number of audits compared to 2007.

PRIORITY 4: MONITOR AND LIMIT TRANSPORT-RELATED CO₂ EMISSIONS

PPR has opted to focus its efforts to counter greenhouse gas emissions on its primary source of CO₂ emissions: transport. The development of alternative modes of transport and optimisation of logistics flows are two policy priorities for PPR. For instance, 65% of Conforama's haulage was by river or canal in 2008. The brand is also committed to co-funding a new 10-hectare forest in France, to offset part of its emissions. Similarly SOGEP, Redcats Group's logistics subsidiary serving 3,800 delivery points in France, was one of 10 new companies to sign, in December 2008, a voluntary Charter to reduce CO₂ emissions from road transport sponsored by the French Transport Ministry and ADEME⁽¹⁾.

PRIORITY 5: REDUCE THE ENVIRONMENTAL IMPACT OF STORES AND INFRASTRUCTURES

PPR has set itself the challenge of reducing the environmental impact of its 2,300 stores and over 1.5 million square metres of warehouse space. Its 2008 environmental reporting was amended to serve this aim, notably by calculating and publishing the indirect CO₂ emissions attributable to the consumption of electricity, the Group's primary power source (67%).

(1) "Agence de l'Environnement et de la Maîtrise de l'Énergie" – Agency for the Environment and Energy Management.

—

The year was also a time for reflection on environmentally friendly design and equipment of buildings (creation of a cross-functional working group on the subject) and for a series of initiatives in this area: opening of a pilot Somewhere store built to environmental criteria, LEED certification for the San Francisco Gucci store, confirming the consideration of environmental criteria in its building. Also, PPR continued its initiatives to limit the quantity and improve the quality of paper used. Finally, the Group took steps to assess and manage its environmental risks: environmental audits of some Group sites, implementation of carbon footprint measures, obtaining certifications and other endorsements (ISO 14001, the WWF Green Office programme, etc.).

PRIORITY 6: PROMOTE RESPONSIBLE PRODUCTS AND USAGES

In 2008, there was a year-long effort to develop products made to sustainable development standards (bio-degradable or recycled materials, fair trade or eco-design products, support for environmentally responsible creativity, etc.).

The reinforcement of La Redoute organic collections, Conforama's eco-friendly children's room and Puma's partnership with "Cotton made in Africa" all highlight the intensification of policy in this area. Likewise, the rollout of Fnac's social solidarity programme and the increase in shared products, at Gucci Group for instance, are additional steps taken by the companies to raise awareness among their customers by turning them into "consumer players."

Meanwhile, in addition to the quality and traceability procedures put in place throughout the Group's companies based on their respective priorities, PPR has been managing brands' preparations for the introduction of REACH rules, which seek to improve awareness of the health and environmental impacts of chemicals contained in products sold on the European market and, eventually, to ban or restrict the use of the most dangerous ones.

PRIORITY 7: IMPLEMENT SOLIDARITY PROGRAMS RELATED TO COMPANIES' BUSINESS ACTIVITY

PPR's commitment in 2008 led to its financing of the film HOME by Yann Arthus-Bertrand which is due for release on June 5, 2009. The film seeks to raise awareness of the threat to our planet and its urgency. The year also saw the creation of PPR's Corporate Foundation for Women's Dignity and Rights, which engages the Group in the fight against violence toward women and empower women to fully contribute to the development of their families and communities. At the same time, SolidarCité has been engaged in proximity partnership initiatives with associations, national education bodies and local authorities. It offers employees the chance to get involved in different projects: employee projects, social entrepreneur projects, solidarity leave and interim inclusion.

Among the brands and companies, CFAO, for example, committed itself to the fight against AIDS, through raising awareness and providing access to care for its employees.

Fnac

9, rue des Bateaux-Lavoires
ZAC Port d'Ivry
94200 Ivry-sur-Seine Cedex - France
Tel.: + 33 (0)1 55 21 57 93
fnac.com

Redcats Group

5/7, rue du Delta
75009 Paris - France
Tel.: + 33 (0)1 56 92 98 00
redcats.com

Conforama

80, bd du Mandinet
Lognes
77432 Marne-la-Vallée Cedex 02 - France
Tel.: + 33 (0)1 60 95 28 00
conforama.fr

CFAO

18, rue Troyon
92316 Sèvres Cedex - France
Tel.: + 33 (0)1 46 23 56 56
cfaogroup.com

Puma

PUMA AG Rudolf Dassler Sport
PUMA-WAY 1
91074 Herzogenaurach
Germany
Tel.: + 49 09132 81 0
puma.com

Gucci Group

Rembrandt Tower
1 Amstelplein
1096 HA Amsterdam
The Netherlands
Tel.: + 31 20 46 21 700
guccigroup.com

PPR
Société anonyme (commercial company) with a share capital of €506,221,508
Registered office: 10, avenue Hoche – 75381 Paris Cedex 08 – France – 552 075 020 R.C.S. Paris
Tel.: +33 (0)1 45 64 61 00 – Fax: +33 (0)1 45 64 60 00
ppr.com

This document is printed by a printer labelled "Imprim'Vert"
on fibre-based paper from forests managed in accordance
with sustainable development in an ISO 14001 and EMAS certified plant.

Photos: © CFAO, Conforama, Cyrillus-Redcats Group, Hurtado - VU, Kai Juenemann.

Design and production: W & CIE ©