

Press Release

In accordance with the AFEP/MEDEF Corporate Governance Code dated December 2008 HERMES INTERNATIONAL is disclosing information on all elements of the remuneration of its Executive Chairmen, present and deferred.

• Remuneration and benefits in kind

Article 17 of the Articles of Association provides for each Executive Chairman to receive certain remuneration, together with possible additional remuneration, the maximum amount of which is determined by the Ordinary General Meeting with the unanimous approval of the active partners.

The gross annual remuneration of each Executive Chairman provided by the Articles of Association is capped at 0.20% of the Company's consolidated income before tax in the previous financial year.

Within the limits of the ceiling defined above, which for 2008 was €875,186, and for 2009 is €910,758, the Management Board of Émile Hermès SARL, the Active Partner, sets the actual amount of the annual remuneration payable to each Executive Chairman pursuant to the Articles of Association.

The Ordinary General Meeting of 31 May 2001 decided, in addition to the remuneration provided by the Articles of Association, to allocate gross annual remuneration to each Executive Chairman, at that time subject to a ceiling of €457,347.05. This ceiling is indexed each year, but it can only be adjusted upwards. Since 1 January 2002, the indexation has been calculated on the basis of the increase in the Company's consolidated sales in the previous financial year, at constant exchange rates and on the same scope of consolidation, by reference to sales in the financial year before last. Within the limits of the ceiling defined above, which for 2008 was €807,808, and for 2009 is €877,037, the Management Board of Émile Hermès SARL, as the sole Active Partner, sets the actual amount of the additional annual remuneration of each Executive Chairman.

Both the remuneration provided by the Articles of Association and the additional remuneration are in the nature of "variable" salaries since the calculation methods provided merely constitute ceilings subject to which the Active Partner is free to set the actual remuneration of the Executive Chairmen as it sees fit. Thus, Executive Chairmen are not guaranteed any minimum remuneration.

In order to make it easier to understand the manner of calculation of the remuneration of the Executive Chairmen, the Company has always described their additional remuneration, before indexation, as "fixed remuneration", by analogy with market practices.

Mr Patrick Thomas has proposed that the increase in the remuneration of Executive Chairmen for 2008 should be limited to 5%, and this proposal was adopted by the Management Board of Émile Hermès SARL at its meeting on 18 March 2008. In 2008, each Executive Chairman therefore actually received remuneration pursuant to the Articles of Association of €858,774, and additional remuneration of €765,631.

Mr Patrick Thomas also proposed that the increase in the remuneration of Executive Chairmen in 2009 be limited to 4%, and this proposal was adopted by the Management Board of Émile Hermès SARL at its meeting on 17 March 2009. In 2009, each Executive Chairman will therefore actually receive remuneration pursuant to the Articles of Association of €893,124, and additional remuneration of €796,260.

At the meeting of the Supervisory Board on 18 March 2009, the Compensation Committee stated that it has been assured that the remuneration of Executive Chairmen was in accordance with the Articles of Association and with the decisions of the Active Partner.

Mr Patrick Thomas has a company car, which is his sole benefit in kind.

Mr Bertrand Puech, the legal representative of Émile Hermès SARL, does not personally receive any remuneration from Hermès International.

• Pension scheme

Mr Patrick Thomas is eligible for the top-up pension scheme set up in 1991 for the benefit of the company's management executives. Under this scheme, an annual pension is paid which is calculated on the basis of years of service and annual remuneration, these pensions representing a percentage of remuneration for each year of service.

Mr Patrick Thomas is also eligible for the supplementary defined-contribution pension scheme set up for the benefit of all employees of the Group's French companies. The maximum pension, including payments under the basic, top-up and supplementary schemes, cannot in any circumstances exceed 70% of the most recent annual remuneration (as provided by the Articles of Association plus additional remuneration). The base period used to calculate the benefits is

three years. This scheme also provides for a survivorship pension of 60% for the benefit of the surviving spouse.

It is a fundamental condition of the pension regulations that in order to benefit from the scheme, beneficiaries must have reached the end of their professional career with the company and be eligible to draw pension benefits under the basic state Social Security regime. .

• Deferred remuneration obligations

The Company has agreed to pay Mr Patrick Thomas an amount equal to 24 months' remuneration (the sum of his remuneration provided by the Articles of Association and additional remuneration), in the event that his appointment as Executive Chairman is terminated (decision of the Supervisory Board on 19 March 2008, approved by the Combined General Meeting on 3 June 2008).

This commitment is subject to the following performance conditions, so that the conditions governing his departure are in harmony with the Company's situation: the achievement of at least four targets (the rate of growth of sales and operating profits measured at constant exchange rates) in the last five financial years, with no deterioration in the Hermès brand image.

On 18 March 2009 the Supervisory Board decided that the payment of this amount would be subject to the termination of his appointment as Executive Chairman resulting:

- either from a decision of the Executive Chairman by reason of a change of control of the Company, a change in the Executive Chairman of the company Émile Hermès SARL, the manager of the Company, or a change in the strategy of the Company; or
- from a decision of the Company.

Furthermore, the amount of this payment will automatically be charged, as of right, to the amount of any other payment, particularly of a contractual nature, that might be due to Mr Patrick Thomas in respect of the termination of his currently suspended contract of employment. For the record, Mr Patrick Thomas was hired as an employee in August 2003, with reinstatement of his years of service with the Group in respect of the positions he held there from 1 April 1989 to 31 March 1997. This contract of employment was suspended when Mr Patrick Thomas was appointed to the position of Executive Chairman, on the understanding that it would automatically be revived upon the termination of his appointment as Executive Chairman

Mr Patrick Thomas does not have the benefit of any deferred remuneration commitment in consideration of a non-competition undertaking.

Having regard to the measures implemented at its meeting on 18 March 2009 and the defined payment conditions, the Supervisory Board, in accordance with the recommendations of the Compensation Committee, does not believe that it is necessary to review the deferred remuneration commitment given in respect of Mr Patrick Thomas having regard to his years of service with the Group.

• Options to subscribe and purchase shares – Bonus shares

This paragraph only concerns Mr Patrick Thomas, in his capacity as the only Executive Chairman who is a natural person.

In 2008, no subscription options were granted to Mr Patrick Thomas.

Mr Patrick Thomas was allocated 11,000 options to purchase Hermès International shares in 2008, subject to performance conditions.

Pursuant to the provisions of the Balladur amendment to the law for the development of profit-sharing and employee shareholding dated 30 December 2006, the Supervisory Board decided on 23 January 2008 that Mr Patrick Thomas could not transfer more than 50% of the shares of the Company resulting from subscription and purchase options, before the termination of his appointment as Executive Chairman.

No performance shares were allocated to Mr Patrick Thomas in 2008.

Mr Patrick Thomas was allocated 25 bonus shares in 2007 under the terms of the decision of the Executive Management on 30 November 2007, as set out on page 21 of Volume 2 of the 2007 annual report.

This allocation, which was made to all the staff, was not subject to performance conditions.

The Supervisory Board decided on 18 March 2009 that:

- The maximum percentage of share purchase options allocated to an Executive Chairman by reference to the overall allocation would be 10%, and that it must not represent more than 20% of the total remuneration of the Executive Chairman in question.
- In the event that an Executive Chairman was the beneficiary of a share purchase option plan or of bonus shares, the Compensation Committee would ensure that:
 - the Company satisfied on or more of the conditions provided for by Articles L. 225-186-1 and L. 225-197-6 of the Commercial Code;
 - the plan would be subject to performance conditions.

• Contract of employment

Mr Patrick Thomas was hired as an employee in August 2003, with reinstatement of his years of service with the Group in respect of the positions he held there from 1 April 1989 to 31 March 1997. This contract of employment was suspended when Mr Patrick Thomas was appointed to the position of Executive Chairman, on the understanding that it would automatically be revived upon the termination of his appointment as Executive Chairman.

The Supervisory Board took the view that Mr Patrick Thomas was not obliged to abandon his contract of employment upon his appointment as Executive Chairman, having regard to the fact that his permanent appointment could be revoked at will and that he had successfully carried out his duties as an employee over an extended period well before his appointment to the company office.

The Company's corporate governance practices and all the elements making up the remuneration of the Executive Chairmen will be set out in detail in the Company's *2008 Registration Document*.