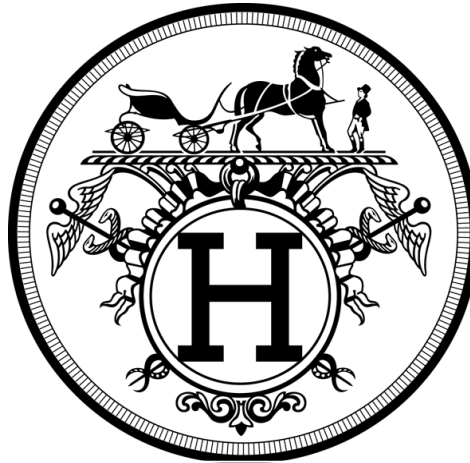


# HERMÈS

## INTERNATIONAL



### **Circular on Share Buyback Programme Authorised by the Annual General Meeting of Shareholders of 29 May 2012**

This circular has been drawn up in accordance with Articles 241-1 to 242-7 of the Internal Regulations of the Autorité des Marchés Financiers. It also includes the information contained in the annual report on share buyback transactions that have been implemented within our Company and carried out in accordance with Article L. 225-211 of the Code de Commerce.

Pursuant to AMF general Regulations (art. 241-1 to 242-7) and article L. 451-3 of the Code Monétaire et Financier, the purpose of this circular is to describe the purposes and terms and conditions of Hermès International's share buyback programme.

## OVERVIEW OF THE MAIN FEATURES OF THE SHARE BUYBACK PROGRAMME

- Issuer: Hermès International SCA
- Securities: Hermès International ordinary shares
- ISIN code: FR0000052292
- Maximum percentage of share capital that may be bought back as authorised by the Annual General Meeting of 29 May 2012: 10%
- Maximum purchase price: 400 euros excluding expenses (save for shares purchased in order to deliver them under share purchase plans for the Company's employees or corporate executive officers)
- Purposes of the share buyback programme in descending order of priority:
  - ensuring that liquidity is provided for the shares on the equity market by an investment services provider under a contract that complies with the AFEI (French Association for Investment Firms) Code of Conduct recognised by the AMF;
  - cancelling the shares purchased;
  - retaining the shares, in order subsequently to transfer the shares in payment or in exchange for a takeover bid initiated by the Company;
  - allotting the shares to authorised corporate or executive officers or employees of the Company or an affiliated company, by granting options to purchase the Company's shares in accordance with Articles L 225-179 *et seq.* of the Code de Commerce, or by granting bonus shares in accordance with Articles L 225-197-1 *et seq.* of the Code de Commerce or as part of the Company's employee profit sharing schemes or of a Company share ownership or savings plan;
  - delivering the Company's shares for the exercise of rights attached to securities entitling the holders to the allotment of shares in the Company, either by conversion, exercise, redemption or exchange, in accordance with stock market regulations.
- Duration of programme: Until the Annual General Meeting called to approve the financial statements for 2012 but no longer than 18 months as from 29 May 2012, i.e. until 28 November 2013 at the latest.

## A - SHARES HELD BY THE COMPANY AND RESULTS OF PREVIOUS SHARE BUYBACK PROGRAMME

### 1 / Number of shares held at 31 May 2012

At 31 May 2012, the Company held 1 477 927 shares purchased under the terms of its previous share buyback programmes; the most recent such programme was authorised by the Combined General Meeting of 30 May 2011.

Percentage of share capital held directly and indirectly	1.40%
Number of shares cancelled during past 24 months	0
Number of shares held in treasury at 31 May 2012	1 477 927
Allocation of shares held as of 31 May 2012:	
- ensuring the liquidity of the shares	14 500
- cancellation of shares	0
- stock option and bonus shares plans	1 463 427
Carrying value of portfolio	313 824 978
Market value of portfolio	386 625 703

## 2 / Transactions completed from 1 June 2011 until 31 May 2012 (outside liquidity contract):

	Total gross purchases and sales		Open positions as of the date of publication of the circular					
	Bought	Sold	Open buy positions			Open sell positions		
Number of shares	1 381 797	276 649	Calls bought	Puts sold	Forward purchases	Calls sold	Puts bought	Forward sales
Average maximum maturity			-	-	-	-	-	-
Average transaction price (€)	€ 222,22	€ 86,96						
Average strike price	-	-	-	-	-	-	-	-
Amount (€)	307 064 812,93	24 056 681,92						

## 3 / Transactions completed from 1 June 2011 to 31 May 2012 under liquidity contract:

On 9 June 2005, Hermès International signed a liquidity contract with Oddo Corporate Finance.

The initial funds, provided in cash, amounted to €5m. They were increased to €10m on 16 December 2005, also in cash, and brought back to €5m on 20 December 2011.

	Total gross purchases and sales		Open positions as of the date of filing of the circular					
	Bought	Sold	Open buy positions			Open sell positions		
Number of shares	178 283	187 533	Calls bought	Puts sold	Forward purchases	Calls sold	Puts bought	Forward sales
Average maximum maturity			-	-	-	-	-	-
Average transaction price (€)	€ 230,07	€ 232,60						
Average strike price	-	-	-	-	-	-	-	-
Amount (€)	41 017 272,70	43 620 865,10						

## B – PURPOSE OF SHARE BUYBACK PROGRAMME AND USE OF SHARES BOUGHT

Hermès International wishes to retain the possibility of buying back its own shares up to a maximum of 10% of its share capital for the following purposes, in decreasing order of priority:

- ensuring that liquidity is provided for the shares on the equity market by an investment services provider under a contract that complies with the AFEI Code of Conduct recognised by the AMF;
- cancelling the shares purchased;
- retaining the shares, in order subsequently to transfer the shares in payment or in exchange for a takeover bid initiated by the Company;
- allotting the shares to authorised corporate or executive officers or employees of the Company or an affiliated company, by granting options to purchase the Company's shares in accordance with Articles L 225-179 *et seq.* of the Code de Commerce, or by granting bonus shares in accordance with Articles L 225-197-1 *et seq.* of the Code de Commerce or as part of the Company's employee profit sharing schemes or of a Company share ownership or savings plan;
- delivering the Company's shares for the exercise of rights attached to securities entitling the holders to the allotment of shares in the Company, either by conversion, exercise, redemption or exchange, in accordance with stock market regulations.

## C – TERMS AND CONDITIONS OF PROGRAMME

## **1. Maximum percentage of share capital bought and maximum amount payable by Hermès International**

The maximum percentage of the share capital that Hermès International proposes to acquire is 10% of the Company's share capital as of the date on which the purchases are completed, up to a maximum of 800 million euros. The Company undertakes at all times to observe the ceiling of 10% of its share capital, including shares held in treasury, in accordance with the provisions of Article L.225-210 of the Code de Commerce.

In view of the ceiling that the Company has set (800 million euros), and the shares already held in treasury (1 477 927 shares as of 31 May 2012 amounting to 313.8 million euros or 1.40% of the share capital), the Company may commit 486.2 million euros, and the maximum number of shares that it may at this time buy pursuant to this authorisation amounts to 1 215 500 shares (1.15% of the share capital), based on the maximum purchase price of 400 euros, appearing in the resolution approved by the Combined General Meeting of shareholders.

The Company reserves the right to buy back fewer shares than the number indicated above, as a function of market conditions.

## **2. Terms and conditions of share buybacks**

The entire programme (10% of Hermès International's share capital as defined above) may be in the form of block purchases.

Hermès International may also use any kind of derivative instruments, except for sales of puts. Hermès International will ascertain that such options transactions do not increase the volatility of its shares.

The share buyback programme may be used, including during a public cash or share offer, within the limits authorised by stock market regulations.

## **3. Duration and timetable of share buyback programme**

Purchases by Hermès International of its own shares under the terms of this programme may be carried out over a period ending on the date of the Annual General Meeting called to vote on the financial statements for 2012 but shall not exceed a maximum of 18 months from 29 May 2012, i.e. up to 28 November 2013 at the latest.

The shares purchased under the programme may be cancelled, up to a maximum of 10% of the share capital per twenty-four month period, in accordance with the provisions of Article L.225-209 of the Code du Commerce.

## **4. Financing of share buyback programme**

The purchase of the securities will be financed from cash flow and by debt for any amounts exceeding cash flow.

As at 31 December 2011, shareholders' equity (Group's share) amounted to 2 312.8 million euros, and net cash amounted to 1 038.3 million euros.

***Persons responsible for the circular***

To the best of my knowledge, the information provided in this document is true and accurate; it contains all the facts required for investors to make an assessment on Hermès International's share buyback programme; and it contains no omissions liable to impair their significance.

Patrick Thomas  
Executive Chairman