



THIS OFFER IS NOT BEING MADE AND THIS DOCUMENT MAY NOT BE  
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## Public tender offer

by

**LVMH Moët Hennessy Louis Vuitton SA, Paris**

for all outstanding and issued registered shares of

**TAG Heuer International SA, Luxembourg**

with a nominal value of CHF 10 each

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**Offer price:** CHF 215.– net for each registered share of  
TAG Heuer International SA with a nominal value of CHF 10

**Offer period:** 11 October to 5 November 1999, 4:00 p.m. (Swiss time)

Financial Advisors:

**ABN AMRO**

Acting through ABN AMRO Bank NV, Amsterdam, Zurich Branch

**CREDIT SUISSE FIRST BOSTON**

TAG Heuer Intl. SA registered shares  
• not notified for purchase  
• notified for purchase

Security number:  
519 493  
100 316 6

ISIN:  
LU 006952712 4  
LU 010278481 5

Telekurs ticker symbol:  
TAGN  
TAGNE

## **Sales Restrictions**

### **United States of America**

The tender offer described herein is not being made in, nor is intended to extend to, the United States of America (the "United States"); it may only be accepted outside the United States. Offering materials relating to the tender offer may not be distributed in nor sent to the United States and may not be used for the purpose of soliciting the purchase of any securities of TAG Heuer International SA, Luxembourg (hereinafter "TAG Heuer"), from anyone in any jurisdiction, including the United States, in which such solicitation is not authorized or from any person to whom it is unlawful to make such solicitation.

### **Other Jurisdictions**

The tender offer described herein is not made in, nor is intended to extend to, a country or jurisdiction where such tender offer would be considered unlawful. Offering materials relating to the tender offer may not be distributed in nor sent to such country or jurisdiction and may not be used for the purpose of soliciting the purchase of any securities of TAG Heuer from anyone in such country or jurisdiction (including Canada and Australia).

### **Financial Advisors**

ABN AMRO Bank NV, Amsterdam, Zurich Branch (hereinafter "ABN AMRO"), and Credit Suisse First Boston (Europe) Limited are acting only as financial advisors to LVMH Moët Hennessy Louis Vuitton SA, Paris (hereinafter "LVMH") for the purpose of the tender offer. No other person is a customer of ABN AMRO or Credit Suisse First Boston (Europe) Limited in relation to the transaction and ABN AMRO and Credit Suisse First Boston (Europe) Limited neither owe nor undertake any duties or obligations to, and will not be liable in any respect to, any other person, nor do they owe to any other person the protections afforded to customers of ABN AMRO and Credit Suisse First Boston (Europe) Limited under any relevant regulatory system. The recipient should seek its own independent financial advice.

Credit Suisse First Boston (Europe) Limited, which is regulated by The Securities and Futures Authority Limited, has approved the contents of this document solely for the purposes of Section 57 of the Financial Services Act 1986.

Credit Suisse First Boston (Europe) Limited is acting for LVMH and no-one else in connection with the tender offer and will not be responsible to anyone other than LVMH for providing the protections afforded to customers of Credit Suisse First Boston (Europe) Limited or for giving advice in relation to the tender offer or any other transaction or arrangement referred to in this document.

In the case of inconsistencies between the English, French and German versions of this Offering Prospectus, the English version shall prevail.

## Tender offer by LVMH Moët Hennessy Louis Vuitton

On 13 September 1999, LVMH entered into an agreement with TAG Heuer concerning, *inter alia*, the conditions and procedures for the recommended tender offer pursuant to which the tender offer described herein is submitted by LVMH.

LVMH and TAG Heuer are both convinced that the acquisition of TAG Heuer by LVMH represents a key opportunity which will benefit both TAG Heuer and LVMH.

TAG Heuer, a leading global brand in the prestigious sports watch sector, will provide LVMH with a strong platform for expansion into the luxury and sports watch markets. With the support of LVMH's skills in brand management, its retail expertise and financial resources, TAG Heuer will be in an excellent position to strengthen its leadership in its industry, and further expand its brand into new areas.

Through its expertise in the watch industry, the quality of its management, and its integrated world-wide distribution network, TAG Heuer represents the ideal partner to build, within LVMH, an even broader and more successful watch group. Joining the resources of the two groups will create a powerful base for further developments in the watch industry.

The LVMH tender offer has the full support of the Board of Directors and Group Management of TAG Heuer. TAG Heuer will continue to operate as an autonomous company and it is not intended that changes be made by reason of this tender offer concerning the management, the company name or the location of the company headquarters.

## A. Tender offer

**1. Offer** The tender offer applies to all outstanding and issued TAG Heuer registered shares with a nominal value of CHF 10 each (the "Shares" and each a "Share") (see Section B.3. "LVMH shareholding of TAG Heuer").

**2. Offer price** **CHF 215.– net for each TAG Heuer Share with a nominal value of CHF 10**

The offer price represents the following premiums over the closing prices of TAG Heuer Shares on the SWX Swiss Exchange:

- a 74.1% premium over the average closing share price of CHF 123.50 per TAG Heuer Share in the last 12 months prior to 10 September 1999, i.e. the last business day prior to the announcement of the agreement between LVMH and TAG Heuer to submit the recommended tender offer to the shareholders of TAG Heuer;
- a 38.7% premium over the closing share price of CHF 155.00 per TAG Heuer Share on 27 July 1999, i.e. the day of commencement of formal discussions between LVMH and TAG Heuer;
- a 27.5% premium over the weighted average closing share price of CHF 168.60 per TAG Heuer Share in the 30 business days prior to 10 September 1999;
- a 8.6% premium over the closing share price of CHF 198.00 per TAG Heuer Share on 10 September 1999.

The historical share price of TAG Heuer Shares on the SWX Swiss Exchange over the last three years is as follows (in CHF, with linear adjustments for changes in capital):

	1996 *	1997	1998	1999
High	252	251	188	198**
Low	179	117.50	73	94.60

\* prices since 27 September 1996

\*\* high prior to announcement of the agreement to submit the recommended tender offer

Source: Datastream

Closing price prior to the announcement of the agreement to submit the recommended tender offer (10 September 1999)

CHF 198.00

Closing price on 6 October 1999

CHF 212.50

**3. Offer period** **from 11 October to 5 November 1999, 4:00 p.m. (Swiss time)**

LVMH reserves the right to extend the offer period one or more times. The extension of the offer period beyond forty trading days requires the prior consent of the Takeover Board.

**4. Additional acceptance period**

If the tender offer is successful, LVMH will grant to shareholders of TAG Heuer the right to accept the tender offer during an additional period of ten business days after the publication of the corresponding notice. Unless the offer is extended, the additional acceptance period is expected to commence on 12 November 1999 and to end on 25 November 1999.

## 5. Condition

The tender offer is conditional on the following:

The responsible authorities issue the necessary permits and/or release clearance certificates for the takeover of TAG Heuer by LVMH without there being imposed on any of the parties any material condition, requirement or commitment.

Until the expiry of the (possibly extended) offer period, the condition constitutes a suspensory condition in accordance with Article 13, para. 1 of the Ordinance of the Takeover Board on Public Takeover Offers. Following the expiry of the (possibly extended) offer period, the condition constitutes a resolutive condition until completion of the tender offer, in accordance with Article 13, para. 4 of the Ordinance of the Takeover Board on Public Takeover Offers.

Should the condition not be fulfilled by the end of the (possibly extended) offer period (and not be waived for the purposes of this tender offer), LVMH is entitled to:

- (i) declare that the tender offer has been successful and postpone completion of the tender offer with the agreement of the Takeover Board; or
- (ii) extend the offer period for a specified period; such an extension to be made after consultation with the Takeover Board should the offer period exceed a total of forty business days; or
- (iii) declare that the tender offer has failed.

LVMH is further entitled to rescind a tender offer which has been successful at any time once the additional acceptance period has expired but prior to completion of the tender offer, if the condition is not fulfilled and has not been waived for the purposes of this tender offer.

## B. Information on LVMH

### 1. LVMH

LVMH, a Société Anonyme, registered in Paris with its headquarters in Paris at 30 avenue Hoche, is the world's leading luxury products group. LVMH employs 35,000 people world-wide. The mission of LVMH is to represent around the world the most refined qualities of Western "Art de Vivre".

LVMH operates through its four business groups:

- Wines & Spirits (Moët & Chandon, Dom Perignon, Veuve Clicquot, Krug, Pommery and Hennessy)
- Fashion & Leather Goods (Louis Vuitton Malletier, Loewe, Céline, Kenzo, Givenchy, Christian Lacroix)
- Fragrances & Cosmetics (Parfums Christian Dior, Guerlain, Parfums Givenchy, Parfums Kenzo, Bliss and Hard Candy)
- Selective Retailing (DFS, Sephora and Le Bon Marché).

In addition, LVMH owns Fred Joailler, Desfossés International (Investir & La Tribune) and has setup LV Capital to take equity investments (Thomas Pink, Inter Parfums, Inc.).

As of 1 July 1999, LVMH had a share capital of EUR 146,883,744 divided into 97,922,496 shares with a nominal value of EUR 1.50 each. As of 6 October 1999, LVMH's market capitalization amounted to EUR 28 bn.

The table below shows the major shareholders of LVMH and their respective voting rights:

Shareholders	Number of shares	Number of voting rights	% of share capital	% of voting rights
Group Arnault*	46,136,771	86,115,558	47.12%	63.10%
Other**	51,785,725	50,358,841	52.88%	36.90%
Total	97,922,496	136,474,399	100.00%	100.00%

\* Includes Financière Jean Goujon, a subsidiary 100% owned by Group Arnault, which held 40.74% of the share capital and 58.41% of the voting rights of LVMH at 1 July 1999

\*\* At 1 July 1999, no other shareholders held 5% or more of the voting rights of LVMH

LVMH's shares are listed on the Paris Stock Exchange and its ADRs, each equal to one-fifth of a share, are traded on the NASDAQ National Market System in the US.

#### Key financial figures (in EUR million)

	1997*	1998*	30 June 98	30 June 99
Turnover	7,323	6,936	3,111	3,599
Operating income	1,269	1,184	477	581
Net income before amortization of goodwill and unusual items	742	525	281	309
Net income	690	267	226	360
Cash flow	1,163	571	227	211
Total assets	15,212	16,294	15,207	17,389
Shareholders' equity (excluding minority interest)	6,179	6,316	6,420	6,213

\* before affectation of income

For further information please refer to the 1998 annual report of LVMH, the half year financial statement as per 30 June 1999 of LVMH or the Internet at: <http://www.lvmh.com>. The above mentioned annual report and half year financial statement are available free of charge from ABN AMRO Bank NV, Amsterdam, Zurich Branch (Tel. +41 1 631 64 05, Fax +41 1 631 53 94), or Credit Suisse First Boston, Zurich (Tel. +41 1 333 35 75, Fax +41 1 333 35 93).

#### Persons acting in concert

In the context of the tender offer, the following persons are acting in concert with LVMH:

- all companies under the control of LVMH
- Group Arnault (including Financière Jean Goujon)
- TAG Heuer following the execution of the agreement among LVMH and TAG Heuer on 13 September 1999

- Purchase and sale of TAG Heuer Shares**

Since the announcement of the agreement between LVMH and TAG Heuer on 13 September 1999 to submit the recommended tender offer, LVMH has acquired 608,132 TAG Heuer Shares on and off the stock market. The highest purchase price paid was CHF 215.– per TAG Heuer Share. TAG Finances SA, certain key managers of TAG Heuer (i.e. Christian Viros, Philippe Champion and Luc Perramond) and a further shareholder (i.e. Ronald Dennis) granted LVMH irrevocable call options to purchase their Shares in the share capital of TAG Heuer (amounting in aggregate to 2,089,112 TAG Heuer Shares) subject to the condition that LVMH launches a public tender offer for all of the outstanding and issued TAG Heuer Shares.

With the exception of these purchases, LVMH and the companies under its control have not bought nor sold any TAG Heuer Shares either on, or off, the stock market during the last twelve months i.e. from 7 October 1998 to 6 October 1999. Furthermore, apart from the above mentioned options, no option or conversion rights to acquire TAG Heuer Shares were bought or sold either on, or off, the stock market during this period.

- 3. LVMH shareholding of TAG Heuer** The authorized capital stock of TAG Heuer consists of 6,000,000 shares with a nominal value of CHF 10 each of which 5,383,721 Shares are issued and outstanding.

As a result of the purchases of TAG Heuer Shares which LVMH has made since the announcement of the agreement between LVMH and TAG Heuer to submit the recommended tender offer, and by virtue of the above mentioned options, LVMH now holds, or has options to purchase, in aggregate 50.1% of the outstanding share capital and voting rights of TAG Heuer.

Number of issued and outstanding TAG Heuer Shares	5,383,721
• minus LVMH holding	608,132
• minus TAG Heuer Shares underlying the options granted by certain shareholders*	<u>2,089,112</u>
Number of publicly-held TAG Heuer Shares	<u>2,686,477</u>

\* LVMH may instruct the shareholders who have granted the options to tender their TAG Heuer Shares into the tender offer.

## C. Financing

The tender offer is being financed by LVMH's available funds.

## D. Information on TAG Heuer

TAG Heuer is a Société Anonyme organized under Luxembourg law. Its registered office is at 18, rue Dicks, 1417 Luxembourg, and it is registered with the Luxembourg Register of Companies under the reference number B-52.964.

### Key financial figures (in CHF million)

	1998*	30 June 98** non-audited	30 June 99** non-audited
Net sales	455.1	216.4	214.9
Operating income	75.7	37.7	32.9
Net income	53.8	26.7	27.9
Cash flow from operating activities	83.4	36.2	28.5
Total assets	340.1	328.2	357.7
Shareholders' equity	44.3	20.8	58.5

\* Source: 1998 annual report

\*\*Source: Press release of TAG Heuer of 24 August 1999

### Intentions of LVMH with regard to TAG Heuer

LVMH's watchmaking activities will be built around TAG Heuer. TAG Heuer will become the core company for all activities in this field of business. TAG Heuer will continue to operate as an autonomous company and no changes will be made to its management, company name or the location of its headquarters.

### Agreements between LVMH and TAG Heuer, and its governing bodies and shareholders

On 13 September 1999, LVMH has concluded the agreement with TAG Heuer concerning the conditions and procedures for the tender offer. In addition to the technicalities of the tender offer, the agreement also contains certain regulations regarding the current employee stock ownership plan, certain employee matters and continuity of current rights to indemnification and insurance cover existing in favour of present or former directors, officers and employees of TAG Heuer.

In addition, as referred to under Section B.2. above, TAG Finances SA, certain key managers of TAG Heuer (i.e. Christian Viros, Philippe Champion and Luc Perramond) and a further shareholder (i.e. Ronald Dennis) have granted LVMH irrevocable call options to purchase their TAG Heuer Shares (2,089,112 Shares in total) for a purchase price of CHF 215.– per TAG Heuer Share under the condition that LVMH launches a public tender offer for all outstanding and issued TAG Heuer Shares.

Other than mentioned above, in particular, there are no other agreements providing for specific compensation in connection with the tender offer for the directors, officers and employees of TAG Heuer.

In connection with the agreement, LVMH and TAG Heuer have also entered into a confidentiality agreement, as customary for this type of transaction.

There are no further agreements in place between LVMH and all other companies controlled by it, and TAG Heuer, or its governing bodies and shareholders, other than those mentioned above.

### **Confidential information**

LVMH confirms that neither it nor the persons acting in concert with it have received confidential information on TAG Heuer or the companies under its control, which was not publicly available and likely to have a decisive influence on the decision of the recipients of the tender offer.

## **E. Publication**

The tender offer and all other publications concerning the tender offer will be published in German in the Neue Zürcher Zeitung, and in French in Le Temps. They will also be supplied to Telekurs, Bloomberg and Reuters.

## **F. Report of the review body pursuant to Article 25 of the Federal Act on Stock Exchanges and Securities Trading**

As auditors recognised by the Federal Act on Stock Exchanges and Securities Trading (hereinafter the "Stock Exchange Act") to review public tender offers, we have reviewed the offer prospectus, taking into consideration the recommendations of the Takeover Board. The report of the Board of directors of the target company does not form part of our review.

The offer prospectus is the responsibility of the tendering party whereas our mandate is to express an opinion on this document based on a review.

Our review has been conducted in accordance with professional standards, which require that a review of an offer prospectus be planned and performed to obtain reasonable assurance about whether the offer prospectus is free from material misstatement. We have checked some of the material information thoroughly and some on a test basis. Furthermore, we have verified compliance with the Stock Exchange Act and the Ordinance. We believe that our review provides a reasonable basis for our opinion.

In our opinion:

- the offer prospectus complies with the Stock Exchange Act and Ordinance;
- the offer prospectus is complete and accurate;
- the recipients of the offer are treated equally;
- the financing of the offer is guaranteed and the necessary funds are available.

Geneva, 6 October 1999

ATAG Ernst & Young SA

François Genetelli  
Expert-Comptable Diplômé

Laurent Bludzien  
Expert-Comptable Diplômé



## **G. Report of the Board of Directors of TAG Heuer pursuant to Article 29 of the Federal Act on Stock Exchanges and Securities Trading and Articles 29–32 of the Ordinance of the Takeover Board on Public Takeover Offers**

The Board of Directors of TAG Heuer issued the following report to its shareholders:

Dear Shareholder

### **Recommended Cash Offer for TAG Heuer International SA: Report of the Board of Directors**

On 13 September 1999, TAG Heuer International SA (“TAG Heuer”) and LVMH Moët Hennessy Louis Vuitton SA (“LVMH”) announced that they had reached agreement on the terms of a recommended cash offer to be made by LVMH for 100% of the issued shares of TAG Heuer not already owned by LVMH or subject to options granted by certain shareholders (the “Offer”). The formal terms of the Offer are set out in LVMH’s Offer document.

This letter sets out the background to the Offer and the reasons why your Board considers the Offer to be fair and reasonable and recommends that you accept it before the Offer expires, unless extended, at 4.00 pm (Swiss time) on 5 November 1999.

### **Terms of the Offer**

The Offer is being made on the following terms:

#### **CHF 215.– per share, in cash**

The Offer values the issued share capital of TAG Heuer at CHF 1,157.5 million.

The Offer represents the following premia over the TAG Heuer closing share prices on the SWX Swiss Exchange:

- a 74.1% premium over the average closing share price of CHF 123.5 per TAG Heuer share in the 12 months prior to 10 September 1999, the last dealing day prior to the announcement of the Offer
- a 38.7% premium over the closing share price of CHF 155.0 per TAG Heuer share on 27 July 1999, the day of commencement of formal discussions with LVMH
- a 27.5% premium over the weighted average closing share price of CHF 168.6 per TAG Heuer share over the 30 trading days prior to 10 September 1999
- a 8.6% premium over the closing share price of CHF 198.0 per TAG Heuer share on 10 September 1999

The Offer is not being made in the United States, or in any other country or jurisdiction where such tender offer would be unlawful (including Canada and Australia).

### **Background to the Offer**

Since June 1999 the Board of Directors of TAG Heuer has been reviewing the company’s strategic alternatives. Following discussions initiated with LVMH and other parties regarding a potential strategic business combination, the Board of Directors of TAG Heuer received on 10 September 1999 a firm and final proposal from LVMH regarding a recommended offer to be made for all of the issued shares in TAG Heuer. LVMH’s proposal, which forms the basis of the Offer set out in LVMH’s Offer document, was higher in value than any other proposal received by TAG Heuer during those discussions.

On 13 September 1999, TAG Heuer and LVMH signed an agreement setting out the terms of a recommended cash offer to be made by LVMH for all of the issued shares of TAG Heuer. TAG Finances SA and certain other shareholders, including key managers of TAG Heuer, granted LVMH irrevocable call options to purchase for CHF 215 per share their 2,089,112 shares, representing 38.8% of TAG Heuer's issued share capital and voting rights, with the options deemed exercised upon the conditions to the Offer being met or waived.

Subsequent to the signing of the agreement, LVMH acquired in the market 608,132 TAG Heuer shares. As a result, LVMH at present holds or has options to purchase in aggregate 50.1% of the outstanding share capital and voting rights of TAG Heuer. LVMH has informed us that none of the shares it purchased in the market were acquired at a price higher than the price of CHF 215 being offered under the Offer.

### **Rationale for the Business Combination of TAG Heuer and LVMH**

LVMH and TAG Heuer agree that the acquisition of TAG Heuer by LVMH represents an important opportunity that will benefit both companies.

LVMH brings to TAG Heuer substantial brand management and global retail expertise, as well as financial resources, enabling TAG Heuer to further establish itself as one of the leading designers, producers and marketers of prestigious Swiss sports watches and to further extend its brand into new areas. TAG Heuer will also be able to take advantage of the benefits of being part of a multibrand, multiproduct group.

TAG Heuer offers LVMH a strong platform for expansion into the luxury watch market. Our expertise in the watch industry, management resources, and worldwide integrated distribution network, mean that we represent the ideal partner with whom LVMH can build a broader and successful luxury watch group.

### **Employees and Directors**

LVMH has agreed to honour and to cause TAG Heuer to honour all employment contracts. LVMH has stated that it attaches great importance to the skills and experience of the existing management and employees of TAG Heuer and believes that they will benefit from greater opportunities within the enlarged group. LVMH has also agreed to maintain all current rights to indemnification that run to officers and directors of TAG Heuer and to maintain all directors and officers' liability insurance for a specified period of time after the completion of the transaction.

### **Irrevocable Undertakings**

TAG Finances SA, Christian Viros, Luc Perramond, Philippe Champion and Ronald Dennis separately granted irrevocable call options to LVMH over all of the TAG Heuer shares owned by them, amounting in aggregate to 2,089,112 shares, representing 38.8% of the issued shares in TAG Heuer. These options become exercisable upon the launch by LVMH of the Offer at an exercise price of CHF 215 per share, and are deemed exercised upon the conditions to the Offer being met or waived.

Apart from these irrevocable call options, the Board of Directors is not aware of the intentions with respect to the Offer of any other shareholder holding more than 5% of the voting rights of TAG Heuer.

### **Directors' Interests**

In the opinion of the Board of Directors of TAG Heuer, the irrevocable call options referred to in the preceding section of this letter are not more favorable to the grantors of the options than the terms of the Offer set out in LVMH's Offer document.

With the exception of the above mentioned call options granted by TAG Finances SA and certain key managers of TAG Heuer, the Board of Directors is not aware that any member of the Board of Directors or the senior management of the TAG Heuer group of companies has entered into an agreement or maintains other ties with LVMH.

None of the current members of the Board of Directors was appointed on LVMH's proposal. So far, none of the current members has resigned and the Board of Directors is not aware of LVMH's intention regarding the re-appointment of current members of the Board of Directors of TAG Heuer.

### **Recommendation of the Board of Directors**

The Board of Directors of TAG Heuer has unanimously resolved to support the Offer. The Board has also approved by unanimous vote the agreement signed by TAG Heuer and LVMH on 13 September 1999, Messrs. Christian Viros and Mansour Ojjeh (as representative of TAG Finances SA) abstaining from expressing a vote by reason of their direct and personal interest in the transaction (as holders of TAG Heuer shares).

The Board of Directors of TAG Heuer considers the Offer being made by LVMH in this document to be fair and reasonable and recommends that you accept it before the Offer expires, unless extended, at 4.00 pm (Swiss time) on 5 November 1999. In reaching its decision to recommend the Offer, the Board has taken into consideration, *inter alia*:

- the premia the Offer represents to TAG Heuer's closing share price on the dates outlined above
- the actions taken by the Board of TAG Heuer to review the company's strategic alternatives, as outlined above
- the fact that all shareholders, including those shareholders that have granted irrevocable call options over their shares, are being offered the same price of CHF 215 per share for their shares
- the fact that LVMH attaches great importance to the skills and experience of the existing management and employees of TAG Heuer
- an opinion from its financial advisors, Morgan Stanley & Co. Limited, stating that the Offer is fair to the shareholders of TAG Heuer from a financial point of view (a copy of the opinion is set out in full in the Appendix to LVMH's Offer document)

Overall, the Board of Directors believes that the Offer represents fair value for all shareholders given TAG Heuer's short term prospects and the costs and risks of continuing to grow the company in the medium and long-term as an independent entity.

### **Action to be Taken to Accept the Offer**

LVMH's Offer will remain open until 4 pm on 5 November 1999, subject to possible extension to enable conditions to the Offer to be met. To accept the Offer, you should advise your depository bank or share custodian (if not contacted by them) of your decision to accept the Offer in time for them to relay that decision before the Offer closes to Credit Suisse First Boston, who is conducting the Offer on behalf of LVMH.

The full procedure for acceptance of the Offer is set out in LVMH's Offer document.

Robert Louis-Dreyfus  
Chairman of the Board of Directors  
TAG Heuer International SA

Luxembourg, 7 October 1999

## **H. Recommendation of the Takeover Board**

The tender offer was submitted to the Takeover Board prior to the publication of this document. In its recommendation of 7 October 1999, the Takeover Board found:

- the offer of LVMH Moët Hennessy Louis Vuitton SA complies with the Stock Exchange Act;
- the Takeover Board grants the following exemptions from the Takeover Ordinance (Article 4): resolatory condition (Article 13, para. 4), waiver of duty to observe the cooling-off period (Article 14, para. 1).

## I. Execution of the tender offer

- |   |   |
|---|---|
| 1. <b>Information/<br/>registration</b>                           | <p><b>Letter to shareholders</b><br/>TAG Heuer informs its shareholders who are registered in the company's share register directly by a letter informing them of the technicalities as to the notification for purchase under the tender offer.</p> <p><b>Safekeeping account holders</b><br/>Safekeeping account holders with TAG Heuer Shares will be informed of the tender offer by their custodian bank. They will be asked to proceed as instructed by this custodian bank.</p> <p><b>Persons keeping their Shares at home</b><br/>Shareholders who keep their TAG Heuer Shares at home or in a bank safe will be informed of the tender offer through the TAG Heuer share register. They will be requested to complete and sign the "Declaration of Acceptance and Assignment" form and submit it with the appropriate (non-cancelled) Share certificate(s) directly to their bank or to an acceptance and paying agent by 5 November 1999, 4:00 p.m. (Swiss time) at the latest.</p> |
| 2. <b>Banks responsible<br/>the tender offer<br/>for handling</b> | LVMH has entrusted ABN AMRO Bank NV, Amsterdam, Zurich Branch, and Credit Suisse First Boston, Zurich, with the execution of the tender offer.  |
| 3. <b>Acceptance and<br/>paying agents</b>                        | ABN AMRO Bank NV, Amsterdam, Zurich Branch<br>Credit Suisse First Boston, Zurich<br>all Swiss branches of Credit Suisse   |
| 4. <b>Stock market<br/>trading</b>                                | <p>TAG Heuer Shares will be traded as follows on the SWX Swiss Exchange from 11 October 1999 until four business days prior to the completion of the tender offer (payment of offer price):</p> <p>TAG Heuer Shares with a nominal value of CHF 10 each</p> <ul style="list-style-type: none"> <li>• first line: Shares not notified for purchase<br/>security number 519 493</li> <li>• second line: Shares notified for purchase<br/>security number 100 316 6</li> </ul> <p>Notified Shares (security number 100 316 6) are subject to regulations on safe-keeping and the regulations of SIS SEGAIINTERSETTLE AG.</p>   |
| 5. <b>Payment of<br/>offer price</b>                              | If the tender offer is successful, the offer price for TAG Heuer Shares which are tendered for purchase during the offer period and during the additional acceptance period will be paid with a value date as at 3 December 1999. (The right to extend the offer period in accordance with Section A.3. "Offer period" and Section A.5. "Condition" is reserved.)   |
| 6. <b>Tax and settlement<br/>of costs</b>                         | During the offer period and the additional acceptance period, no fees or charges will be levied on the sale of TAG Heuer Shares deposited with banks in Switzerland. LVMH will pay the Swiss federal turnover tax due on the sale of TAG Heuer Shares pursuant to this tender offer.  |
| 7. <b>Delisting<br/>of TAG Heuer<br/>Shares</b>                   | If the number of TAG Heuer Shares left in public ownership after the tender offer is such that normal trading can no longer be ensured, consideration will be given to the delisting of TAG Heuer Shares from the SWX Swiss Exchange and its ADRs from the NYSE New York Stock Exchange.  |
| 8. <b>Applicable law and<br/>place of jurisdiction</b>            | The tender offer and all rights and obligations relating to it between LVMH and the recipients of the tender offer shall, in all respects, be governed by the substantive <b>laws of Switzerland</b> . The Commercial Court of the Canton of <b>Zurich</b> ("Handelsgericht des Kantons Zürich") shall have exclusive jurisdiction, venue being Zurich 1, subject to appeal to the Swiss Federal Tribunal ("Schweizerisches Bundesgericht"), as provided by law.  |

## J. Schedule

11 October 1999	Start of offer period
5 November 1999	End of offer period *
12 November 1999	Start of additional acceptance period *
25 November 1999	End of additional acceptance period *
3 December 1999	Payment of offer price *

\* LVMH reserves the right to extend the offer period one or more times under the terms of Section A.3. "Offer period" and Section A.5. "Condition".

Banks responsible for handling the tender offer:

**ABN AMRO Bank NV, Amsterdam,  
Zurich Branch**

**CREDIT SUISSE FIRST BOSTON**

Acceptance and paying agents:

**ABN AMRO Bank NV, Amsterdam,  
Zurich Branch**

**CREDIT SUISSE FIRST BOSTON  
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# Appendix – Fairness opinion by Morgan Stanley & Co. Limited

## **MORGAN STANLEY DEAN WITTER**

MORGAN STANLEY & CO. LIMITED  
25 CABOT SQUARE  
CANARY WHARF  
LONDON E14 4QA

The Board of Directors  
TAG Heuer International SA  
Avenue Champs-Montants 14a  
2074 Marin  
Neuchâtel  
Switzerland

24 September 1999

Board of Directors

We understand that TAG Heuer International SA (“TAG Heuer”) and LVMH Moët Hennessy Louis Vuitton SA (“LVMH”) have entered into an agreement dated 13 September 1999 (the “Agreement”) that provides, among other things, for the commencement of a tender offer (the “Tender Offer”) for all outstanding shares with a nominal value of SFr 10 per share of TAG Heuer not already owned by LVMH or subject to option agreements (the “Common Shares”) for SFr 215 per share in cash. Pursuant to the Tender Offer, TAG Heuer will become a subsidiary of LVMH. The terms and conditions of the Tender Offer are more fully set forth in the Agreement.

You have asked for our opinion as to whether the consideration to be received by the holders of Common Shares pursuant to the Tender Offer is fair from a financial point of view to such holders.

For the purposes of the opinion set forth herein, we have:

- (a) reviewed certain publicly available financial statements of TAG Heuer;
- (b) analysed certain internal financial statements and other financial and operating data of TAG Heuer and its subsidiaries prepared by the management of TAG Heuer;
- (c) analysed certain financial projections prepared by the management of TAG Heuer;
- (d) discussed the past and current operations, financial condition and prospects of TAG Heuer with senior management of TAG Heuer;
- (e) compared the financial performance of TAG Heuer and the prices and trading activity of the Common Shares with that of certain other comparable publicly-traded companies;
- (f) reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- (g) participated in discussions and negotiations among representatives of TAG Heuer and LVMH (and certain other parties) and their financial and legal advisors;
- (h) reviewed the Agreement and certain related documents; and
- (i) performed such other analyses and considered such other matters as we have deemed appropriate.

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**MORGAN STANLEY DEAN WITTER**

We have assumed and relied upon, without independent verification, the accuracy and completeness of the information reviewed by us for the purpose of this opinion. With respect to the financial projections, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgements of the future financial performance of TAG Heuer. We have not made any independent valuation or appraisal of the assets or liabilities of TAG Heuer nor have we been provided with any such valuation or appraisal. Our opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof.

We have acted as financial adviser to the Board of Directors of TAG Heuer in connection with this transaction and will receive a fee for our services. In the past, Morgan Stanley & Co. Limited and its affiliates have provided financial advisory and financing services to TAG Heuer and have received fees for the rendering of these services.

It is understood that this letter is for the information of the Board of Directors of TAG Heuer only, and except for the inclusion of this letter in its entirety in any document sent to the shareholders of TAG Heuer in connection with the Tender Offer, may not be referred to, disclosed to any third party or used for any other purpose without our prior written consent.

Based upon and subject to the foregoing, we are of the opinion on the date hereof that the consideration to be received by the holders of Common Shares pursuant to the Tender Offer is fair from a financial point of view to such holders.

Very truly yours,

**MORGAN STANLEY & CO. LIMITED**

By   
Gavin L MacDonald  
Managing Director

Morgan Stanley & Co. Limited, which is regulated in the United Kingdom by The Securities and Futures Authority Limited, is acting for TAG Heuer and no one else in connection with the tender offer and will not be responsible to anyone other than TAG Heuer for providing the protections afforded to customers of Morgan Stanley & Co. Limited nor giving advice in relation to the tender offer. It is in the responsibility of each individual recipient of this Offering Prospectus to seek its own independent advice.