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**ÜBERNAHMEKOMMISSION
COMMISSIONE DELLE OPA**

**COMMISSION DES OPA
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RECOMMENDATION

of 22 November 1999

Share buyback programme of Compagnie Financière Richemont AG, Zug

A. Compagnie Financière Richemont AG (CFR) is a company incorporated in Zug. Its issued equity consists of CHF 574'200'000, divided into 5'220'000 "A" shares and 5'220'000 "B" shares with a nominal value of CHF 100.--, respectively CHF 10.-- each. These shares are traded in the form of "units". Each "A" unit is made up of one "A" share indivisibly twinned with a participation certificate without nominal value issued by Richemont SA Luxembourg, another company of the Richemont Group. These securities are listed on the Swiss Exchange. The "B" units are made up of 10 "B" shares indivisibly twinned with a participation certificate issued by the same company. These units are not listed.

B. As of 10 September 1998, Richemont Securities AG, a nominee company acting as depositary for depositary receipts holders, held 1'573'484 "A" units representing 27.4% of CFR's capital and 15.0% of its voting rights. All the "B" units representing 9.1% of CFR's capital and 50.0% of its voting rights are held by Compagnie Financière Rupert, a vehicle for the interests of the Rupert family and their close associates.

C. On 25 February 1999, CFR announced its intention to purchase 100'000 "A" units over two months, in order to finance a long-term incentive scheme for executives. The purchases would be effected on the market. No special trading line would be introduced. By recommendation of 25 February 1999, the Takeover Board exempted the company from the obligation to respect the provisions on public takeover offers. CFR completed its buyback scheme on 23 April 1999.

D. On 16 November 1999, CFR informed the Takeover Board that it intended to launch a second buyback programme to purchase up to 100'000 "A" units through the market over a period of 12 months. The scheme would be in addition to the buyback announced in February 1999 and would have the same purpose. The programme has been published this morning before the opening of the market, together with the interim report for the six months period ended 30 September 1999. CFR asks the Takeover Board to exempt this second programme from the obligation to comply with the provisions on public takeover offers.

E. A delegation composed of Mr. Hans Caspar von der Crone (Chairman), Mr. Jean-Paul Chapuis and Ms. Claire Huguenin has been appointed for the review of this matter.

Considerations:

1. According to the principles laid down by the FBC in its decision of 4 March 1998 with regard to *Pharma Vision and others*, the announcement by an issuer of an intention to buy back own shares in the market is a "public takeover offer" within the meaning of Art. 2 lit. e Sesta. It is therefore subject to the provisions of Art. 24 ff. Sesta. After review of the offer, the Takeover Board may exempt the company from the obligation to respect these provisions as long as equal treatment, transparency, fairness and good faith are guaranteed and as long as there is no indication that the Stock Exchange Act or any other legal provisions are circumvented. The conditions under which such an exemption may be granted are specified in the Takeover Board's "Communication no 1" of 22 June 1998.

2. These conditions are satisfied in the present matter. The buyback scheme involves the repurchase of 1.7% of the capital of the company, 1.0% of its votes and about 2% of the "A" units in circulation. Its completion will clearly not affect the liquidity of the market for those securities (para. 2.1 of Communication no 1) nor the company's share ownership structure (para. 2.2). The programme has been launched with the publication of CFR's consolidated interim results for the first half of the fiscal year, whereby the condition set out in para. 2.4 of the Communication no 1 is satisfied. CFR has confirmed that its management is not in possession of any information which could have a decisive influence on the investment decisions of the shareholders (para. 2.5). In accordance with the standing practice of the Takeover Board, CFR will be required to interrupt its buyback programme if, in the future, it acquires price-sensitive information and postpones its disclosure in accordance with the rules of the Swiss Exchange. In accordance with para. 2.6 of the Communication no 1, the purpose of the programme has been disclosed. Finally, CFR has acknowledged the need to disclose details as to the number of shares acquired under the scheme at regular intervals (para. 3).

3. The Takeover Board has no reason to think that CFR's buyback scheme circumvents the Stock Exchange Act or other legal provisions. It will therefore grant the requested exemption. CFR has indicated that the purchases would take place over a period of up to 12 months. Consequently, the exemption is granted until 30 November 2000. An extension of the buyback scheme beyond this date would have to be submitted to the Takeover Board for approval.

4. In accordance with Art. 23.5 Sesta and 62.6 Too, a fee of CHF 5'000.-- will be levied for the review of this matter.

Based on the foregoing, the Takeover Board adopts the following recommendation:

1. The buyback programme of Compagnie Financière Richemont AG is exempted from the obligation to comply with the provisions on public takeover offers until 30 November 2000.
2. The fee amounts to CHF 5'000.--.

The Chairman:

Hans Caspar von der Crone

The parties may reject this recommendation by delivering a written statement to the Takeover Board no later than five trading days after receipt of the recommendation. The Takeover Board may extend this time limit. It starts with notification by telefax. Any recommendation not rejected within five trading days shall be deemed to be accepted by the parties. If a recommendation is rejected, not followed within the specified time limit or if an accepted recommendation is not complied with, the Takeover Board shall refer the case to the Banking Commission so that administrative proceedings may be initiated.

This recommendation is communicated to:

- Compagnie Financière Richemont AG.