



**ÜBERNAHMEKOMMISSION  
COMMISSIONE DELLE OPA**

**COMMISSION DES OPA  
SWISS TAKEOVER BOARD**

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## **RECOMMENDATION**

**of 4 October 1999**

### **Public Tender Offer of LVMH Moët Hennessy Louis Vuitton SA, Paris for all outstanding and issued registered shares of TAG Heuer International SA, Luxembourg**

TAG Heuer International SA (TAG Heuer) is a Société Anonyme organized under Luxembourg law with the registered office in Luxembourg. Its registered shares are listed on the SWX Swiss Exchange. On the New York Stock Exchange American Depositary Receipts (ADRs) are listed and traded.

On 13 September 1999, LVMH Moët Hennessy Louis Vuitton SA ("LVMH") and TAG Heuer announced that they have reached an agreement, inter alia, on the terms of a cash offer to be made by LVMH for all issued share capital of TAG Heuer, valuing each TAG Heuer share at CHF 215. --. Furthermore, the parties agreed on further conditions and procedures for the tender offer pursuant to which the tender offer is submitted by LVMH. TAG Heuer Finances SA, certain key managers, and a further shareholder have irrevocably undertaken to accept the offer in respect of their holdings of TAG Heuer shares, which amount to 2'089'112 TAG Heuer shares, representing approx. 38,8% of TAG Heuer's issued share capital.

The Takeover Board in its recommendation of 21 September 1999 concluded that the Swiss public takeover rules are not applicable to the tender offer of LVMH for the shares in TAG Heuer given that TAG Heuer is a company domiciled in Luxembourg. On 30 September 1999 the Swiss Federal Banking Commission issued a contrary decision according to which the tender offer of LVMH shall be governed by the takeover rules of Swiss law. The reasons for this judgment have not yet been published.

On 1 October 1999 LVMH requested the Swiss Takeover Board to issue a preliminary recommendation as to whether the tender offer of LVMH complies with the takeover rules specifically with respect to the fact that the tender offer shall not be extended to the United States due to the restrictions of the US securities laws.

A delegation formed of Mr. Hans Caspar von der Crone (Chairman), Mrs. Maja Bauer-Balmelli and Mr. Ulrich Oppikofer has decided to rule separately on the question of the extension of the offer to TAG Heuer's ADRs.

### **Considerations:**

ADRs evidencing American Depositary Shares (ADSs) are issued by the depositary, Morgan Guaranty Trust Company of New York (the Depositary) pursuant to a Deposit Agreement entered into by TAG Heuer and the Depositary. Each ADS represents the right of one tenth of one ordinary share.

The owner of such ADR is entitled to delivery to him or upon his order of the amount of deposited securities at the time represented by the ADSs evidenced by such ADR.

Based on the foregoing the ADRs are to be qualified as derivative rights. Consequently, Art. 10 para. 3 of the Ordinance Takeover Board (OTB) is applicable: The tender offer shall extend to all equity securities resulting from the exercise of option rights through the end of the additional acceptance period, but need not necessarily extend to the option rights themselves. In result of that, the present tender offer of LVMH is not required to extend to the ADRs of TAG Heuer and needs not to be addressed directly to the holders of ADRs. However, it must be secured that the offer shall extend to all shares resulting from the exchange of ADRs in ordinary shares during the additional acceptance period of LVMH's offer.

The fee for this recommendation will be included in the fee for the final recommendation issued by the Takeover Board for the review of the offer.

### **The Takeover Board adopts the following recommendation:**

1. The tender offer of LVHM Moët Hennessy Louis Vuitton SA has to extend to all shares of TAG Heuer International SA. Conversely, the offer needs not to be addressed directly to the holders of ADRs of TAG Heuer International SA.
2. The fee for this recommendation will be included in the fee for the final recommendation.

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:

- LVHM Moët Hennessy Louis Vuitton SA through its representative
- TAG Heuer International SA through its representative
- Federal Banking Commission.