



Chapter 7

**Organisation of
the Company and the Group –
Corporate Governance**

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7 - 1 General presentation of French limited partnerships with shares (SCA) and of Lagardère SCA

7-1-1 Legal characteristics of French limited partnerships with shares

A French limited partnership with shares (*société en commandite par actions – SCA*) has two categories of partners:

- one or more general partners (*associés commandités*) – they are indefinitely liable for the company's liabilities, and their partnership rights can be sold or otherwise transferred only under certain conditions;
- limited partners (*associés commanditaires* or shareholders) – their situation is the same as that of shareholders in a corporation (*société anonyme*). Their holdings can be sold or otherwise transferred under the same conditions as shares in a corporation, and they are liable for the company's liabilities only to the extent of their contribution. They are represented by a Supervisory Board.

A limited partnership with shares is managed by one or more managing partners (*gérants*), who may be individuals or corporate entities. They are selected from amongst the limited partners or third parties, but may not be shareholders.

Because of the two categories of partners, corporate decisions are taken at two different levels: by the limited partners in general meetings, and by the general partners. Members of the Supervisory Board are appointed only by the limited partners. If a general partner is also a limited partner he cannot take part in the vote.

7-1-2 Presentation of Lagardère SCA

Both French law and the specificities of its by-laws (see Chapter 8, section 8-2) give Lagardère SCA, a French limited partnership with shares, a very modern structure that is perfectly suited to the demands of corporate governance, as it effectively applies the two basic principles of establishing a clear distinction between management and control while closely involving shareholders in control of the Company.

This structure is characterised as follows:

- It establishes a very clear distinction between the Managing Partners, who are responsible for the running of the business, and the Supervisory Board which represents the shareholders. The Managing Partners are not members of the Supervisory Board, and the general partners do not take part in appointing the members of the Supervisory Board.
- The Supervisory Board is entitled to oppose the appointment of a Managing Partner or the renewal of his appointment by the general partners. The final decision is vested in the ordinary general meeting (see Chapter 8, section 8-2-6). The term of office of a Managing Partner cannot exceed six years but may be renewed.
- The two general partners' unlimited liability to the full extent of their assets is evidence of the proper balance between financial risk, power and responsibility.
- The Supervisory Board is entitled to receive the same information and wields the same powers as the Statutory Auditors.
- The Supervisory Board must report to the meeting of shareholders on any operation entailing an increase or a decrease in the share capital that requires approval from the shareholders.

It consequently obviates the confusion, for which French corporations are criticised, between the role of the Chairman (*Président*) when the latter is also Chief Executive Officer (*Directeur-Général*) and the Board of Directors of which he is a member.

7-2 General partners, Managing Partners and members of the Supervisory Board

7-2-1 General partners

Arnaud Lagardère

4 rue de Presbourg – 75116 Paris, France

Arjil Commandité-Arco

A French corporation with share capital of €40,000

121 avenue de Malakoff – 75116 Paris, France

7-2-2 Managing Partners

7-2-2-1 Arnaud Lagardère

4 rue de Presbourg – 75116 Paris, France

Born 18 March 1961

Number of Lagardère SCA shares held personally: 4,937

In addition, Mr. Arnaud Lagardère is the Chairman of Lagardère (SAS) and Lagardère Capital & Management and also holds the share capital of these companies, which held 10.07% of Lagardère SCA's share capital on 31 December 2007.

Mr. Arnaud Lagardère holds a DEA higher degree in economics from the University of Paris Dauphine. He was appointed Director and Chief Executive Officer of the company MMB (which became Lagardère SCA) in 1987. He was Chairman of the US company Grolier Inc. from 1994 to 1998.

a. Principal position

Managing Partner

b. Other positions and appointments held in the Group (at 15 March 2008)

Chairman and Chief Executive Officer, Hachette SA (Lagardère Media)

4 rue de Presbourg – 75116 Paris

Director, Hachette Livre (SA)

43 quai de Grenelle – 75015 Paris

Director, Lagardère Services (SA) (formerly Hachette Distribution Services)

2 rue Lord Byron – 75008 Paris

Chairman of the Supervisory Board, Lagardère Active (SAS)

149-151 rue Anatole France – 92300 Levallois-Perret

Chairman of the Supervisory Board, Lagardère Sports (SAS)

4 rue de Presbourg – 75116 Paris

Permanent representative of Lagardère Active Publicité

to the Board of Directors, Lagardère Active Radio International (SA)

28 rue François 1^{er} – 75008 Paris

Chairman, Lagardère Active Broadband (SAS)

121 avenue de Malakoff – 75216 Paris

Director, Lagardère Ressources (SAS)

121 avenue de Malakoff – 75216 Paris

Director and Chairman of Sogeadé Gérance (SAS)

121 avenue de Malakoff – 75216 Paris

Member of the Board of Directors, European Aeronautic Defence and Space Company – EADS NV

Le Carré, Beechavenue 130-132, 1119 PR, Schiphol-Rijk – The Netherlands

Member of the Board of Directors, EADS Participations BV

Teleportboulevard 140, 1043 EJ Amsterdam

PO BOX 2838, 1000 CV – The Netherlands

President, Fondation Jean-Luc Lagardère
4 rue de Presbourg – 75116 Paris

President, Lagardère Paris Racing Ressources sports association
121 avenue de Malakoff – 75216 Paris

President, Lagardère Paris Racing sports association
121 avenue de Malakoff – 75216 Paris

Chairman, Lagardère (SAS)
121 avenue de Malakoff – 75216 Paris

Chairman, Lagardère Capital & Management (SAS)
121 avenue de Malakoff – 75216 Paris

Chairman and Chief Executive Officer, Arjil Commanditée-Arco (SA)
121 avenue de Malakoff – 75216 Paris

c. Other positions and appointments held outside the Group

Member of the Supervisory Board, Daimler AG
Epplestrasse 225 – D 70546 Stuttgart – Möhringen, Germany

Director, LVMH Moët Hennessy-Louis Vuitton (SA)
22 avenue Montaigne – 75008 Paris

President, Association des Amis de Paris Jean-Bouin C.A.S.G.

d. Other positions and appointments held during the last five years

Co-Manager, I.S.-9 (SARL)
28 rue François 1^{er} – 75008 Paris (*until May 2003*)

Manager, Lagardère Active Publicité (SNC)
28 rue François 1^{er} – 75008 Paris (*until May 2003*)

Director, Société d'Agences et de Diffusion (SA)
33 rue Hainard – 75012 Paris (*until June 2003*)

Manager, Nouvelles Messageries de la Presse Parisienne – NMPP (SARL)
52 rue Jacques Hillairet – 75012 Paris (*until July 2003*)

Director, CanalSatellite (SA)
85-89 quai André Citroën – 75015 Paris (*until December 2003*)

Director, Lagardère Sociétés (SAS)
121 avenue de Malakoff – 75216 Paris (*until December 2003*)

Director, Editions P. Amaury (SA)
25 avenue Michelet – 93400 Saint Ouen (*until December 2003*)

Chairman, Lagardère Images (SAS)
28 rue François 1^{er} – 75008 Paris (*until October 2004*)

Chairman and Chief Executive Officer, Lagardère Thématiques (SA)
28 rue François 1^{er} – 75008 Paris (*until November 2004*)

Manager, Lagardère Elevage
Le Haut d'Ouilly – 14690 Pont d'Ouilly (*until March 2005*)

Deputy Chairman of the Supervisory Board, Arjil & Compagnie (SCA)
43 rue Vineuse – 75016 Paris (*until April 2005*)

President, Club des Entreprises Paris 2012 (*until January 2006*)

Director, Fimalac (SA)
97 rue de Lille – 75007 Paris (*until January 2006*)

Chairman, Lagardère Active (SAS)
121 avenue de Malakoff – 75216 Paris (*until October 2006*)

Director, Hachette Filipacchi Médias (SA)
149-151 avenue Anatole France - 92534 Levallois-Perret (*until October 2006*)

Permanent representative of Hachette SA to the Managing Board, SEDI TV-TEVA (SNC)
89 avenue Charles de Gaulle – 92200 Neuilly-sur-Seine (until December 2006)

Chairman, Lagardère Active Broadcast (a Monaco SA)
57 rue Grimaldi – 98000 Monaco (until March 2007)

Member of the Supervisory Board, Lagardère Sports (SAS)
4 rue de Presbourg – 75116 Paris, France (until April 2007)

Director, Lagardère Management, Inc.
1633 Broadway, 45th Floor – New York, NY 10019 – USA (until October 2007)

Chairman of the Board of Directors, Lagardère Active North America, Inc.
1633 Broadway, 20th Floor – New York, NY 10019 – USA (until October 2007)

Chairman of the Supervisory Board, Hachette Holding (SAS)
(formerly Hachette Filipacchi Médias)
149-151 avenue Anatole France – 92534 Levallois-Perret (until December 2007)

Director, France Telecom (SA)
6 place d'Alleray – 75015 Paris (until January 2008)

Member of the Supervisory Board, Virgin Stores (SA)
16 boulevard du Général Leclerc – 92115 Clichy (until February 2008)

Member of the Supervisory Board, Le Monde (SA) (until February 2008)

7-2-2-2 Arjil Commanditée-Arco

A French corporation with share capital of €40,000
121 avenue de Malakoff – 75116 Paris, France

Represented by **Mr. Arnaud Lagardère**, **Mr. Philippe Camus** and **Mr. Pierre Leroy**

Arjil Commanditée-Arco was appointed Managing Partner for a period of six years on 17 March 1998. This appointment was renewed by the Supervisory Board on proposal of the general partners on 12 March 2004 for a further six-year period.

Positions held by Arjil Commanditée-Arco in other companies

None

Positions held by legal representatives of Arjil Commanditée-Arco in other companies (at 15 March 2008)

Arnaud Lagardère (see above)

Philippe Camus

4 rue de Presbourg – 75116 Paris, France
Born 28 June 1948

Number of Lagardère SCA shares held: 3,808

Mr. Philippe Camus is a former student of the École Normale Supérieure de Paris (Ulm Paris), and holds a degree from the Institut d'Études Politiques de Paris (Economics and Finance) and the highest-level teaching qualification *agrégation* in Physics and Actuarial Science.

He was appointed Chairman of Aerospatiale Matra's Management Board in 1999, and was Chief Executive Officer of EADS between 2000 and 2005.

a. Principal positions

Co-Managing Partner, Groupe Lagardère

b. Other positions and appointments held in the Group (at 15 March 2008)

Permanent representative of Lagardère SCA to the Board of Directors, Hachette SA

Member of the Supervisory Board, Lagardère Active (SAS)

Director, Editions P. Amaury (SA)

Permanent representative of Hachette SA to the Board of Directors, Lagardère Services SA (formerly Hachette Distribution Services)

Chairman, President and CEO, Lagardère North America, Inc.

Director, Cellfish Media, LLC

c. Other positions and appointments held outside the Group

Director, Crédit Agricole SA

Director, Accor

Director, Schlumberger

Senior Managing Director, Evercore Partners Inc.

Honorary Chairman, Groupement des Industries Françaises Aéronautiques et Spatiales (GIFAS)

d. Other positions and appointments held during the last five years

Director, Crédit Lyonnais (until 30 July 2003)

Chairman, EADS France (SAS) (until 11 May 2005)

Co-Chief Executive Officer, EADS NV (The Netherlands) (until 11 May 2005)

Co-Chief Executive Officer, EADS Participations BV (The Netherlands) (until 11 May 2005)

Chairman, Groupement des Industries Françaises Aéronautiques et Spatiales (GIFAS) (until 11 May 2005)

Director, Dassault Aviation (SA) (until 11 May 2005)

Member of the Remuneration Committee, Airbus (SAS) (until 11 May 2005)

Member of the Partners' Committee, Airbus (SAS) (until 11 May 2005)

Director, La Provence (SA) (until 16 October 2006)

Director, Nice Matin (SA) (until 23 October 2006)

Director, Hachette Filipacchi Médias, transformed into a simplified corporation (SAS) on 25 October 2006.

Member of the Supervisory Board of Hachette Holding (SAS) (formerly Hachette Filipacchi Médias) (until December 2007)

Permanent representative of Lagardère Active to the Board of Directors, Lagardère Active Broadcast (Monaco) (until December 2007)

Pierre Leroy

4 rue de Presbourg – 75116 Paris, France

Born 8 October 1948

Number of Lagardère SCA shares held: 2,027

Mr. Pierre Leroy, a graduate of École Supérieure de Commerce de Reims with a university degree in law, has spent his entire career with the Lagardère Group.

He was appointed Director and Chief Executive Officer of the company MMB (which became Lagardère SCA) in 1987, Chairman and Chief Executive Officer of Lagardère Sociétés in 1988 and Group Secretary General in 1993.

a. Principal positions

Co-Managing Partner, Groupe Lagardère

Secretary General

b. Other positions and appointments held in the Group (at 15 March 2008)

Chairman, Lagardère Ressources (SAS)

Director, Hachette SA

Director, Hachette Livre (SA)

Director, Lagardère Services (SA) (formerly Hachette Distribution Services)

Member of the Supervisory Board, Lagardère Active (SAS)
 Director, Hachette Filipacchi Presse (SA)
 Director, Lagardère Active Broadcast (a Monaco company)
 Member of the Supervisory Board, Lagardère Sports
 Chairman, Desirade (SAS)
 Director, Sogeadé Gérance (SAS)
 Member of the Supervisory Board, Arlis (SA)
 Manager, Financière de Pichat & Compagnie (SCA) (formerly Arjil & Cie)
 Chairman of the Supervisory Board, Financière de Pichat (SAS) (formerly Arjil & Associés)
 Member of the Supervisory Board, Matra Manufacturing & Services
 Director, Le Monde SA
 Chairman and Chief Executive Officer, Matra Participations (SA)
 Director, Ecrinvest 4 (SA)
 Chairman, Sofrimo (SAS)
 Chairman, Holpa (SAS)
 Chairman, Lagardère Expression (SAS)
 Permanent representative of Matra Participations to the Board of Directors, Galice (SA)
 Administrator, Fondation Jean-Luc Lagardère

Director, Lagardère (SAS)
 Director, Lagardère Capital & Management (SAS)
 Director, Chief Operating Officer, Arjl Commmanité-Arco (SA)

c. Other positions and appointments held outside the Group

Director, IMEC (Institut Mémoire de l'Édition Contemporaine)
 Member of the Consultative Committee, Sotheby's
 Member of the Medicis Prize jury

d. Other positions and appointments held during the last five years

Permanent representative of Matra Participations to the Board of Directors, Diolede (SA) *(until April 2003)*
 Permanent representative of Matra Participations to the Board of Directors, Sogemat Participations (SA) *(until November 2003)*
 Permanent representative of Matra Hachette Général to the Board of Directors, Señera (SA) *(until December 2003)*
 Chairman, Lagardère Sociétés (SAS) *(until December 2003)*
 Permanent representative of Matra Participations to the Board of Directors, MP 71 (SA) *(until May 2004)*
 Chairman, Cibejy (SAS) *(until July 2004)*
 Permanent representative of Matra Participations to the Board of Directors, CVT (SA) *(until May 2006)*
 Permanent representative of Matra Participations to the Board of Directors, Hágina (SA) *(until July 2006)*
 Director, Hachette Filipacchi Médias, transformed into a simplified corporation (SAS) on 25 October 2006.
 Director, Lagardère Télévision Holdings SA *(until January 2007)*
 Chairman of the Supervisory Board, Matra Manufacturing & Services (SAS) (formerly Matra Automobile) *(until December 2007)*
 Member of the Supervisory Board, Hachette Holding (SAS) (formerly Hachette Filipacchi Médias) *(until December 2007)*

7-2-3 Members of the Supervisory Board

List of members of the Supervisory Board during 2007			
		Date of first appointment or renewal	Date of current period of office
Chairman of the Board Chairman of the Audit Committee	Raymond H. Lévy	11 May 2004	AGM 2010(*)
Member of the Board	Bernard Arnault	11 May 2004	AGM 2010(*)
Member of the Board	René Carron	11 May 2004	AGM 2010(*)
Member of the Board	Georges Chodron de Courcel	2 May 2006	AGM 2012(*)
Member of the Board	Groupama SA represented by Mr. Helman le Pas de Sécheval (Chief Financial Officer, Groupama) Member of the Audit Committee	11 May 2004	AGM 2008(*)
Member of the Board	Pierre Lescure	11 May 2004	AGM 2008(*)
Member of the Board Member of the Audit Committee	Christian Marbach	2 May 2006	AGM 2012(*)
Member of the Board Member of the Audit Committee	Bernard Mirat	2 May 2006	AGM 2012(*)
Member of the Board Member of the Audit Committee	Didier Pineau-Valencienne	11 May 2004	AGM 2008(*)
Member of the Board	Henri Proglio	11 May 2004	AGM 2010(*)
Member of the Board	Felix G. Rohatyn	11 May 2004	AGM 2008(**)
Member of the Board	François Roussely	11 May 2004	AGM 2010(*)
Corporate Secretary	Laure Rivière-Doumenc		

(*) Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

(**) Mr. Rohatyn has announced that he will not stand for re-election to the Board at the Annual General Meeting of 29 April 2008.

Raymond H. Lévy

40 rue de Garches – 92420 Vaucresson, France

Born 28 June 1927

Date of appointment: 11 May 2004

End of current period of office: AGM 2010⁽¹⁾

Number of Lagardère SCA shares held: 15,230

Chairman of the Supervisory Board and the Audit Committee of Lagardère SCA

Mr. Raymond H. Lévy is a graduate engineer belonging to the prestigious Corps des Mines, and has been Deputy Chairman and Chief Executive Officer of Elf Aquitaine, Chairman of Usinor, Chairman of the Board and director of Cockerill-Sambre, Chairman of Régie Nationale des Usines Renault and Consortium de Réalisation.

Positions and appointments held in other companies

Member of the Supervisory Board, Sogeaide

Director, Sogeaide Gérance

Mr. Raymond H. Lévy is also Honorary Chairman of Renault SA

Other positions and appointments held during the last five years

Chairman of the Supervisory Board, Sogeaide

Director, Renault Finance (Switzerland)

Director, Louis Dreyfus Citrus

(1) Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Bernard Arnault

22 avenue Montaigne – 75008 Paris, France
 Born 5 March 1949

Date of appointment: 11 May 2004

End of current period of office: AGM 2010⁽¹⁾

Number of Lagardère SCA shares held: 150

Mr. Bernard Arnault is a former student of the École Polytechnique. He has been Chairman and Chief Executive Officer of Ferret-Savinell, Financière Agache and Christian Dior, and is currently Chairman and Chief Executive Officer of LVMH.

Positions and appointments held in other companies***In France:***

Chairman and Chief Executive Officer, LVMH Moët Hennessy-Louis Vuitton, SA

Chairman of the Board of Directors, Christian Dior, SA

Chairman, Groupe Arnault SAS

Director, Société Civile du Cheval Blanc

Chairman of the Board of Directors, The Louis Vuitton Foundation for Creation

Director, Christian Dior Couture, SA

Director, Raspail Investissements, SA

Member of the Supervisory Board, Métropole Télévision “M6”, SA

Outside France:

Director, LVMH Moët Hennessy Louis Vuitton (Japan) KK, Japan

Other positions and appointments held during the last five years

Chairman and Chief Executive Officer, Montaigne Participations et Gestion SA, France

Director, Vivendi Universal SA, France

Director, Moët Hennessy Inc., USA

Legal representative of Montaigne Participations et Gestion, Chairman of Gasa Développement SAS and of Société Financière Saint-Nivard SAS, France

Permanent representative of Montaigne Participations et Gestion, Director of Financière Agache SA, France

René Carron

91-93 boulevard Pasteur – 75015 Paris, France
 Born 13 June 1942

Date of appointment: 11 May 2004

End of current period of office: AGM 2010⁽¹⁾

Number of Lagardère SCA shares held: 150

Mr. René Carron is a former member of France’s third-ranking constitutional assembly, the Conseil Économique et Social. He is currently Chairman of the Board of Directors of Crédit Agricole SA.

Positions and appointments held in other companies

Chairman of the Board of Directors, Crédit Agricole SA

Chairman, Caisse Régionale de Crédit Agricole des Savoie

Deputy Chairman, Fédération Nationale du Crédit Agricole

(1) Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Deputy Chairman, Confédération Nationale de la Mutualité, de la Coopération et du Crédit Agricole (CNMCCA)
 Chairman, Confédération Internationale du Crédit Agricole (CICA)
 Member of the Management Committee, Gecam
 Director, Crédit Agricole Solidarité et Développement
 Administrator, Fondation du Crédit Agricole Pays de France
 Permanent representative of Crédit Agricole SA, Administrator of Fondation de France
 Director, Sacam
 Director, Sacam Participations
 Director, Suez
 Director, Scicam
 President, Fondation pour l'Agriculture et la Ruralité dans le Monde (FARM)
 Director, Fiat Spa

Other positions and appointments held during the last five years

Director and Deputy Chairman, Banca Intesa Spa (Italy)
 Chairman, Caisse Locale de Crédit Agricole de Yenne
 Chairman, Gecam
Conseiller Général of Savoie
 Member of the Supervisory Board, Eurazeo
 Director, Rue Impériale
 Director, Sapacam
 Director, Sofinco
 Director, Fonds Coopération Crédit Agricole Mutuel
 Mayor of the town of Yenne, France
 Advisor, Banque de France in Savoie
 Director, Crédit Agricole Indosuez
 Director, Crédit Lyonnais
 Chairman, Rue La Boétie SAS

Georges Chodron de Courcel

23 avenue Mac Mahon – 75017 Paris, France

Born 20 May 1950

Date of appointment: 2 May 2006

End of current period of office: AGM 2012⁽¹⁾

Number of Lagardère SCA shares held: 150

Mr. Georges Chodron de Courcel is a graduate engineer of the École Centrale des Arts et Manufactures de Paris. He is currently Chief Operating Officer of BNP Paribas.

Positions and appointments held in other companies

In France:

Chief Operating Officer, BNP Paribas

Director, Bouygues

Censor, Scor SE

(1) Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Director, Nexans
Director, Alstom
Director, FFP (Société Foncière, Financière et de Participations)
Censor, Safran
Chairman, Compagnie d'Investissement de Paris SAS
Chairman, Financière BNP Paribas SAS
Director, Verner Investissements SAS
Censor, Exane

Outside France:

Chairman BNP Paribas (Switzerland)
Director, BNPP ZAO (Russia)
Director, Erbé SA (Belgium)
Director, Banca Nazionale del Lavoro (Italy)
Director, Scor Holding (Switzerland) AG (Switzerland)

Other positions and appointments held during the last five years

Member of the Supervisory Board, Sagem
Chairman, BNP Paribas Bank Polska (Poland)
Chairman and Director, BNP US Funding (USA)
Chairman, BNP Paribas Emergis SAS
Chairman and Director, BNP Paribas UK Holdings Ltd (United Kingdom)
Director, BNP Paribas Canada
Director, BNP Paribas Peregrine Limited (Malaysia)
Director, BNP Prime Peregrine Holdings Limited (Malaysia)
Director, BNP Paribas Securities Corp (formerly Paribas Corporation) (USA)
Director, BNP Paribas Suisse SA (Switzerland)
Director, Capstar Partners SAS
Director, Scor SA
Censor, Scor Global Life (formerly Scor Vie)

Groupama SA⁽¹⁾

A French corporation with share capital of €1,239,777,322
8/10 rue d'Astorg – 75008 Paris, France

Date of appointment: 11 May 2004

End of current period of office: AGM 2008⁽²⁾

Number of Lagardère SCA shares held by Groupama SA: 150

Represented by Mr. Helman le Pas de Sécheval

Chief Financial Officer, Groupama

Born 21 January 1966

Member of the Audit Committee of Lagardère SCA

Mr. Helman le Pas de Sécheval is a graduate engineer belonging to the prestigious Corps des Mines and a graduate of the École Normale Supérieure. He was formerly head of the operations department and financial information at the French stock market regulator Commission des Opérations de Bourse, and is currently Chief Financial Officer of Groupama.

Positions and appointments held in other companies***In France:***

Chairman of the Board of Directors, Groupama Immobilier

Chairman of the Board of Directors, Compagnie Foncière Parisienne

Chairman of the Board of Directors, Groupama Asset Management

Chairman of the Board of Directors, Finama Private Equity

Deputy Chairman of the Supervisory Board, Banque Finama

Permanent representative of Groupama to the Board of Directors, Silic

Censor, Supervisory Board, Gimar Finance & Compagnie

Director, Groupama International

Chief Financial Officer, Groupama

Permanent representative of Groupama SA to the Board of Directors, SCA d'Agassac

Outside France:

Director, Groupama Vita Spa (Italy)

Director, Groupama Assicurazioni Spa (Italy)

Director, Nuova Tirrena

(1) A list of all positions and appointments held by Groupama SA as manager, director, member of the Management Board or member of the Supervisory Board in other companies during the last five years is available for inspection at 121, avenue de Malakoff – 75116 Paris, France. A copy can be sent out on request.

(2) Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Pierre Lescure

38 rue Guynemer – 75006 Paris, France

Born 2 July 1945

Date of appointment: 11 May 2004

End of current period of office: AGM 2008⁽¹⁾

Number of Lagardère SCA shares held: 150

Mr. Pierre Lescure is a journalist who has been Editor in Chief of the television channel France 2, and Chairman and Chief Executive of the pay TV channel Canal+.

Positions and appointments held in other companies***In France:***

Chairman, AnnaRose Productions (SAS)

Director, Havas Advertising

Member of the Supervisory Board, Le Monde SA

Member of the Board of Directors, Thomson SA

Chairman, Lescure Farrugia Associés

Outside France:

Member of the Board of Directors, Kudelski (Switzerland)

Other positions and appointments held during the last five years

Member of the Board of Directors, Canal+ France

Member of the Board of Directors, Vivendi Universal

Member of the Board of Directors, Studio Canal

Member of the Board of Directors, Paris Saint-Germain Football Club

Member of the Management Board, Canal+ Group

Christian Marbach

17 avenue Mirabeau – 78600 Maisons-Laffitte, France

Born 9 October 1937

Date of appointment: 2 May 2006

End of current period of office: AGM 2012⁽¹⁾

Number of Lagardère SCA shares held: 406

Member of the Audit Committee of Lagardère SCA

Mr. Christian Marbach is a graduate engineer belonging to the prestigious Corps des Mines, and a former Chairman of the French innovation agency ANVAR.

Positions and appointments held in other companies

Director, Compagnie Générale de Géophysique-Veritas (C.G.G.)

Censor, Sofinnova

Other positions and appointments held during the last five years

Director, Erap

Chairman, Oseo-Services

(1) Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Bernard Mirat

91 avenue de La Bourdonnais – 75007 Paris, France
 Born 3 July 1927

Date of appointment: 2 May 2006

End of current period of office: AGM 2012⁽¹⁾

Number of Lagardère SCA shares held (with Mrs Mirat): 2,310

Member of the Audit Committee of Lagardère SCA

Mr. Bernard Mirat is a graduate of the Institut d'Études Politiques de Paris. He holds degrees in both literature and law and is a former student of the École Nationale d'Administration. He was formerly Deputy General Secretary of the Compagnie des Agents de Change, and Deputy Chairman and Chief Executive Officer of its successor the Société des Bourses Françaises.

Positions and appointments held in other companies

None

Other positions and appointments held during the last five years

Deputy Chairman of the Supervisory Board, G.T. Finance

Director, Fimalac

Censor, Holding Cholet-Dupont

Didier Pineau-Valencienne

24-32 rue Jean Goujon – 75008 Paris, France
 Born 21 March 1931

Date of appointment: 11 May 2004

End of current period of office: AGM 2008⁽¹⁾

Number of Lagardère SCA shares held: 2,850

Member of the Audit Committee of Lagardère SCA

Mr. Didier Pineau-Valencienne is a graduate of the Paris Business School HEC, Tuck School of Business Administration (Dartmouth College) and Harvard Business School. He is a former Chairman and Chief Executive Officer of Schneider SA.

Positions and appointments held in other companies***In France:***

Chairman of the Investment Committee, Sagard

Director, Pernod Ricard

Director, Fleury Michon

Chairman of the International Consultative Committee, Audiencia (formerly ESC Nantes Atlantique)

Director, BIPE Association

Executive lecturer, HEC Paris Business School

Advisor, Centre d'Enseignement Supérieur de la Marine

Outside France

Senior Advisor, Crédit Suisse

Director, Swiss Helvetia Fund (USA)

Member of the Advisory Board, Booz Allen & Hamilton (USA)

Member of the Board of Overseers, Tuck School of Business Administration, Dartmouth College (USA)

Member of the Trustees, American University of Paris

(1) Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Other positions and appointments held during the last five years

Director, Wendel Investissement
 Director, Aventis
 Director, AFEP
 Director, Axa
 Director, Vivarte
 Director, AON
 Member of the Trustees, IASC (USA)
 Director, Axa Financial (USA)

Henri Proglio

36-38 avenue Kléber – 75116 Paris, France
 Born 29 June 1949

Date of appointment: 11 May 2004

End of current period of office: AGM 2010⁽¹⁾

Number of Lagardère SCA shares held: 150

Mr. Henri Proglio is a graduate of the Paris Business School HEC. He is currently Chairman and Chief Executive Officer of Veolia Environnement.

Positions and appointments held in other companies***In France:***

Chairman and Chief Executive Officer, Veolia Environnement
 Director, Casino, Guichard-Perrachon
 Director, EDF
 Director, CNP Assurances
 Censor, Supervisory Board, Caisse Nationale des Caisses d'Épargne
 Member of the Supervisory Board, Natixis
 Manager, Veolia Eau
 Chairman of the Board of Directors, Veolia Propreté
 Chairman of the Board of Directors, Veolia Water
 Chairman of the Board of Directors, Veolia Transport
 Director, Sarp Industries
 Director, Dalkia International
 Director, Société des Eaux de Marseille
 Member of the Supervisory Board A and B, Dalkia (SAS)
 Chairman of the Supervisory Board, Dalkia France

Outside France:

Director, Veolia ES Australia
 Director, Veolia Transport Australia
 Director, Veolia Environmental Services, Plc
 Director, Siram
 Director, Veolia Transport Northern Europe

(1) Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Director, Veolia ES North America Corp.

Director, Veolia UK Ltd (United Kingdom)

Other positions and appointments held during the last five years

Director, Thales

Member of the Supervisory Board, Elixir

Member of the Supervisory Board, CNP Assurances

Chairman of the Management Board, Vivendi Environnement

Director, EDF International

Director, Vinci

Member of the Supervisory Board, CEO

Member of the Supervisory Board, CFSP

Director, Comgen Australia

Director, Connex Leasing (United Kingdom)

Director, Connex Transport AB (Sweden)

Director, Connex Transport UK (United Kingdom)

Member of the Supervisory Board, Société des Eaux de Melun

Director, Esterra

Director, B 1998 SL and FCC (Spain)

Director, Grucycsa (Spain)

Director, Onyx UK Holdings (United Kingdom)

Director, Safise

Director, Wasco (formerly USFilter) (USA)

Director, Sarp

Director, Veolia ES Asia

Felix G. Rohatyn

745, 7th Avenue, 31st Floor – New York, NY 10019, USA

Born 29 May 1928

Date of appointment: 11 May 2004

End of current period of office: AGM 2008⁽¹⁾

Number of Lagardère shares held: 150

Mr. Felix G. Rohatyn is a former Managing Partner of Banque Lazard (New York) and former US Ambassador to France. He is currently Vice Chairman of Lehman Brothers.

Mr. Rohatyn has requested that his term of office as a member of the Supervisory Board should not be presented for renewal at the Annual General Meeting of 29 April 2008 called to approve the financial statements for 2007.

Positions and appointments held in other companies

In France:

Member of the Supervisory Board, Publicis Groupe S.A.

Director, LVMH Moët Hennessy-Louis Vuitton SA

(1) Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Outside France:

Vice Chairman, Lehman Brothers (USA)
 Chairman, Rohatyn Associates LLC (USA)
 Administrator, French American Foundation (USA)
 Trustee, Centre for Strategic and International Studies (CSIS) (USA)
 Honorary Trustee, Carnegie Hall (USA)
 Trustee, Middlebury College (USA)

Other positions and appointments held during the last five years

Director, Rothschilds Continuation Holdings AG
 Director, Suez SA
 Director, Fiat Spa
 Director, Comcast Corporation

François Roussely

22/30 avenue de Wagram – 75008 Paris, France
 Born 9 January 1945

Date of appointment: 11 May 2004

End of current period of office: AGM 2010⁽¹⁾

Number of Lagardère SCA shares held: 150

Mr. François Roussely is a graduate of the Institut d'Études Politiques de Paris and the Paris Law and Economics University, and a former student of the École Nationale d'Administration. He is a former Chairman and Chief Executive Officer of EDF, a senior-level magistrate at the national audit office Cour des Comptes and Chairman of Crédit Suisse.

Positions and appointments held in other companies

Chairman and Chief Executive Officer, Crédit Suisse France
 Chairman, Crédit Suisse Banque d'Investissement France
 Deputy Chairman, Crédit Suisse Banque d'Investissement Europe.
Conseiller Maître, Cour des Comptes

Other positions and appointments held during the last five years

Chairman of the Board of Directors, EDF
 Director, AFII
 Member, Comité de l'Énergie Atomique (CEA)
 Member of the Supervisory Board, Dalkia Holding
 President, Fondation EDF
 Chairman of the Board of Directors, École Nationale des Ponts et Chaussées - ENPC
 Member of the Consultative Council, Banque de France
 Honorary Chairman, EDF

(1) Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

7-2-4 Additional information on members of the Supervisory Board and the Managing Partners

7-2-4-1 Declaration of non-conviction and competence

To the best of Lagardère SCA's knowledge:

- no member of the Supervisory Board or Managing Partner has been convicted of fraud in the last five years;
- no member of the Supervisory Board or Managing Partner has been associated with bankruptcy, receivership or liquidation proceedings in the last five years;
- no member of the Supervisory Board or Managing Partner has been subject to charges or official public sanction by statutory or regulatory authorities (including designated professional bodies);
- no member of the Supervisory Board or Managing Partner has been barred by a court from acting as a member of a governing, management or supervisory body or participating in a company's business management or governance in the last five years..

7-2-4-2 Service contracts between a member of the Supervisory Board or Managing Partner and Lagardère SCA or any of its subsidiaries

To the best of Lagardère SCA's knowledge, no member of the Supervisory Board or Managing Partner is bound to Lagardère SCA or any of its subsidiaries through a service contract, except for Mr. Raymond Lévy who has an employment agreement, Groupama SA which has signed a service agreement with Arlis for the management of its shareholder base, and Mr. Pierre Lescure who signed a contract with SCPE for the provision of advisory services, which terminated on 30 June 2007.

7-2-4-3 Conflicts of interest

To the best of Lagardère SCA's knowledge, no arrangement or agreement exists with the main shareholders, customers, suppliers or other parties for the selection of members of the Supervisory Board or Managing Partners.

7-2-4-4 Restrictions on the sale by members of the Supervisory Board or Managing Partners of their investment in Lagardère SCA

To the best of Lagardère SCA's knowledge:

- no restriction has been accepted by members of the Supervisory Board concerning the sale of their investment in the Company's share capital within a certain period, except for the rules for trading in Lagardère SCA shares set forth in the internal rules of the Supervisory Board (see section 7-4-2-2);
- no restriction has been accepted by the Managing Partners concerning the sale of their investment in the Company's share capital within a certain period, except for :
 - the rules for trading in Lagardère SCA shares defined in the laws in force or the "Charter for trade in Lagardère SCA shares by Lagardère Group employees";
 - the holding period set the Supervisory Board on 14 March 2008 for free shares allocated on 28 December 2007 (see section 7-3-5);
- in application of article L.125-197-1 of the French Commercial Code, the Supervisory Board decided that 25% of the free shares of the Company which were allocated on 28 December 2007 to Messrs Philippe Camus and Pierre Leroy, employees of Lagardère Capital & Management, in their capacity as legal representatives of Arjil Commandité-Arco, must be kept until their beneficiary ceases to occupy his position as legal representative in the management of Lagardère SCA.

7 - 3 Remuneration and benefits

7-3-1 Managing Partners and members of the Executive Committee

At 31 December 2007, the Executive Committee included:

Messrs	Arnaud Lagardère	General and Managing Partner	} Managing Partners
	Philippe Camus	Co-Managing Partner	
	Pierre Leroy	Co-Managing Partner, Secretary General	
	Dominique D'Hinnin	Chief Financial Officer	
	Thierry Funck-Brentano	Chief Human Relations and Communications Officer	
	Jean-Paul Gut	Chief International Affairs Officer	
	Arnaud Molinié	Chief Strategy and Development Officer	

Members of the Executive Committee:

- receive immediate and deferred remuneration (retirement benefits) under their work contracts,
- may be granted share subscription or purchase options and rights to the allocation of free shares.

Remuneration paid to the members of the Executive Committee for their positions in the Lagardère Group excluding EADS is entirely borne by their employer, Lagardère Capital & Management (LCM) and accounts for most of the management fees charged by LCM to Lagardère Ressources (see section 7-5-1).

7-3-1-1 Components of remuneration

a) Salaries

Salaries consist of a fixed portion and a variable portion.

The fixed portion is paid in twelve equal monthly instalments over the year.

The variable portion is determined on the basis of rules defined in 2003 and unchanged to date. Each year, it comprises the following, assessed in the light of individual targets:

- a qualitative component determined by Mr. Arnaud Lagardère, taking into account each person's contribution to the development of the Group, changes in valued added, the quality of management, relevance of its organisation and motivation of its teams.
- a corporate performance-related component based on two parameters of equal importance in relation to the individual targets:
 - the difference between the recurring operating profit before associates of companies in the Media segment for the year in question, considered in relation to net sales, and the level of recurring operating profit before associates corresponding to the midpoint of the forecast range announced to the market at the start of the year,
 - the difference between net cash from operating activities as stated in the Group's consolidated cash flow statement for the year in question, and net cash from operating activities forecast in the budget for that year.

Since the variable portion of salaries can only be calculated after the year-end, it is paid to employees during the following year.

b) Pensions

The members of the Executive Committee who are also salaried employees of LCM benefit from an additional pension plan set up by LCM from 1 July 2005 to complement the basic pension.

Under this plan, they acquire additional pension entitlements equivalent to 1.75% of the benchmark remuneration per year of seniority, up to a limit of 20 years' seniority. The income replacement rate of the additional pension is limited to 35% of the benchmark remuneration.

The benchmark remuneration is the average gross annual remuneration over the last five years (fixed + variable up to a maximum of 100% of the fixed portion), and cannot exceed 50 times the annual limits defined by the French social security system.

The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the company at retirement age, except in the event of termination after the age of 55, early retirement or invalidity.

After the beneficiary's death, 60% of the pension is transferable to the surviving spouse.

c) Termination indemnities

Neither LCM nor any other Group company has undertaken any commitment or given any promise to grant termination indemnities to the Managing Partners or other members of the Executive Committee.

d) Other components

- Travel and entertainment expenses incurred by the Managing Partners or members of the Executive Committee in the course of their duties are borne by the Group.
- Benefits in kind generally take the form of use of a company car.
- Attendance fees may be paid for Board of Directors' meetings at companies in which the Lagardère Group has interests.

7-3-1-2 Remuneration and benefits of the members of the Executive Committee

a) Gross remuneration paid

Year of payment (amounts in euros)	2006 (*)	2007 (**)
Fixed salary and benefits in kind	4,989,419	5,153,795
Variable portion of salary paid in respect of the previous year	3,379,701	3,794,600
Attendance fees	90,785	78,570
Total	8,459,905	9,026,965

(*) Messrs Lagardère, Camus, Leroy, D'Hinnin, Gut (part-time), Funck-Brentano, de Roquemaurel.

(**) Messrs Lagardère, Camus, Leroy, D'Hinnin, Gut (full-time from 17 September 2007), Funck-Brentano, Molinié (from 1 July 2007).

The variable portion of salary to be paid in 2008 in respect of 2007 amounts to €3,499,052.

b) Share subscription and purchase options

Date of Plan / Date of AGM	Number of options originally granted	Exercise price (in €)	Number of beneficiaries	Options exercised in 2007	Options forfeited at end 2007	Options outstanding at end 2007	Exercise period
Subscription options							
18 Dec. 2000 23 May 2000	205,000	62.31 ^(*)	8	0	0	0	18 Dec. 2002 to 17 Dec. 2007
Purchase options							
19 Dec. 2001 23 May 2000	195,000	46.48 ^(*)	7	0	0	151,680	19 Dec. 2003 to 19 Dec. 2008
19 Dec. 2002 23 May 2000	195,000	51.45 ^(*)	7	0	0	181,997	19 Dec. 2004 to 19 Dec. 2009
18 Dec. 2003 23 May 2000	185,000	51.45 ^(*)	6	0	0	171,887	18 Dec. 2005 to 18 Dec. 2013
20 Nov. 2004 11 May 2004	185,000	51.92 ^(*)	6	0	0	171,901	20 Nov. 2006 to 20 Nov. 2014
20 Nov. 2005 11 May 2004	230,000	56.97 ^(*)	5	0	0	230,000	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006 11 May 2004	230,000	55.84 ^(*)	5	0	0	230,000	14 Dec. 2008 to 14 Dec. 2016

(*) After adjustment of 6 July 2005.

c) **Free share allocation rights**

Date of Plan / Date of AGM	Number of allocation rights granted	Number of beneficiaries	Number of shares vested in 2007	Number of rights cancelled in 2007	Number of rights outstanding at end 2007	Vesting date
Allocation of free shares						
28 Dec. 2007 27 April 2007	104,000	6	0	0	104,000	29 Dec. 2009

7-3-1-3 **Remuneration and benefits of the Managing Partners****Mr. Arnaud Lagardère**

Mr. Arnaud Lagardère received total gross salary of €1,772,661.00 including benefits in kind, i.e. a net amount of €1,583,559.59 after deducting social security charges (respectively €1,909,020.00 and €1,709,413.27 in 2006), from Lagardère Capital & Management in 2007. He also received remuneration from the EADS group for part of the year in his capacity as non-executive Co-Chairman.

Gross amount paid in : (in euros)	2006	2007
Lagardère		
Fixed salary and benefits in kind	917,580	917,820
Variable portion of salary paid in respect of the previous year	991,440	854,841
Total gross salary	1,909,020	1,772,661
Attendance fees	8,750	8,300
	1,917,770	1,780,961
EADS		
Salary	244,250	103,750
Attendance fees	100,000	60,000
	344,250	163,750
Total	2,262,020	1,944,711

The variable portion of salary to be paid to Mr. Lagardère in 2008 in respect of 2007 amounts to €976,506.

This variable portion includes no individually-assessed component, and depends totally on Group performance as described in section 7-3-1-1-a.

Since his appointment as Managing Partner in 2003, Mr. Arnaud Lagardère has not received any options on Lagardère SCA shares nor any rights to the allocation of free shares.

Mr. Lagardère holds 50,580 stock purchase options on Lagardère shares. These options were granted in 2001 and the exercise price is €46.48.

Mr. Philippe Camus

In 2007, Mr. Philippe Camus received total gross salary of €1,346,426 principally in the United States, corresponding to a pre-tax amount of €1,296,994 after deducting social security charges (respectively €1,285,564 and €1,237,182 in 2006).

Gross amount paid in : (in euros)	2006	2007
Fixed salary and benefits in kind	1,042,723	998,923
Variable portion of salary paid in respect of the previous year	242,841	347,503
Total gross salary	1,285,564	1,346,426
Attendance fees	6,227	6,450
Total	1,291,791	1,352,876

The variable portion of salary to be paid to Mr. Philippe Camus in 2008 in respect of 2007 amounts to €364,652.

On 28 December 2007, Mr. Philippe Camus was allocated 20,000 free shares of Lagardère SCA, subject to the conditions described in section 7-3-6.

Mr. Camus holds the following stock purchase options on Lagardère SCA shares:

Year of grant	Number of options held	Exercise price (€)
2001	20,224	46.48
2002	20,222	51.45
2003	30,333	51.45
2004	30,336	51.92
2005	50,000	56.97
2006	50,000	55.84

Mr. Pierre Leroy

Mr. Pierre Leroy received total gross salary of €1,618,632, corresponding to a net amount of €1,442,792.46 after deducting social security charges (respectively €1,476,180 and €1,313,841 in 2006).

Gross amount paid in : (in euros)	2006	2007
Fixed salary and benefits in kind	722,880	867,120
Variable portion of salary paid in respect of the previous year	753,300	751,512
Total gross salary	1,476,180	1,618,632
Attendance fees	16,590	20,220
Total	1,492,770	1,638,852

The variable portion of salary to be paid to Mr. Pierre Leroy in 2008 in respect of 2007 amounts to €782,977.

On 28 December 2007, Mr. Pierre Leroy was allocated 20,000 free shares of Lagardère SCA, subject to the conditions described in section 7-3-6.

Mr. Leroy holds the following stock purchase options on Lagardère SCA shares:

Year of grant	Number of options held	Exercise price (€)
2002	30,333	51.45
2003	40,444	51.45
2004	40,447	51.92
2005	50,000	56.97
2006	50,000	55.84

7-3-2 Supervisory Board

7-3-2-1 Remuneration of members of the Supervisory Board

The Combined General Meeting of 11 May 2004 fixed a total amount of €600,000 to be paid each year to members of the Supervisory Board as attendance fees.

Each member of the Supervisory Board is paid basic remuneration of €20,000. Members who are also members of the Audit Committee receive an additional amount equal to twice the basic remuneration, and the Chairmen of the Supervisory Board and the Audit Committee receive a further additional amount equal to the basic remuneration.

Attendance fees paid to members of the Supervisory Board were as follows (in euros):

	2006	2007
Raymond H. Lévy	100,000	100,000
Bernard Arnault	20,000	20,000
Manfred Bischoff (Germany)	6,667 (*)	-
Hubert Burda (Germany)	20,000 (*)	20,000 (*)
René Carron	20,000	20,000
Georges Chodron de Courcel	20,000	20,000
Bernard Esambert	20,000	5,000
Pehr G. Gyllenhammar (United Kingdom)	60,000 (*)	15,000 (*)
Pierre Lescure	20,000	20,000
Christian Marbach	60,000	60,000
Bernard Mirat	60,000	60,000
Groupama SA	60,000	60,000
Didier Pineau-Valencienne	60,000	60,000
Henri Proglío	20,000	20,000
Felix G. Rohatyn (USA)	20,000 (*)	20,000 (*)
François Roussely	20,000	20,000
Total attendance fees paid	586,667	520,000

(*) Less withholding tax.

Mr. Raymond H. Lévy also received from the Group a gross amount of €216,840 in 2007 in consideration for his advisory services (€212,172 in 2006). In his capacity as director or member of the Supervisory Boards of several other Group companies, Mr. Raymond H. Lévy also received attendance fees in the amount of €15,200 (€14,440 in 2006).

7-3-2-2 Share subscription and purchase options granted to the members of the Supervisory Board

None.

7-3-2-3 Free share allocation rights granted to the members of the Supervisory Board

None.

7-3-3 Transactions in Lagardère SCA shares by the Managing Partners and members of the Supervisory Board during 2007

7-3-3-1 Managing Partners

Arnaud Lagardère

15 May 2007: operations entered into by Lagardère Capital & Management

– Closing out the put purchase position: early settlement of two hedging positions consisting of:

- 322,917 puts purchased in May 2005 (exercise price: €40.645; maturity: 31 May 2007), and
- 322,917 puts purchased in May 2005 (exercise price: €40.645; maturity: 30 November 2007), total premium received by LCM: €16,000.

– Rolling forward the put purchase position: signature of two tunnels:

- purchase of 322,917 puts (exercise price: €40.645; maturity: 1 September 2009), financed by the sale of 322,917 calls (exercise price: €75; maturity: 1 September 2009), and
- purchase of 322,917 puts (exercise price: €40.645; maturity: 1 March 2010), financed by the sale of 322,917 calls (exercise price: €78; maturity: 1 March 2010).

May, June, July 2007: operations entered into by Lagardère Capital & Management

– Between 29 May and 12 July 2007, purchase on the market and over the counter of 3,279,017 Lagardère SCA shares at an average per-share price of €60.994 giving a total price of €199,999,947.95.

– Between 30 May and 30 July 2007, over the counter exchanges of puts for calls: signature of ten tunnels, each involving the purchase of approximately 327,900 puts against the sale of approximately 327,900 calls and payment by LCM of a net premium of €104,000 per tunnel:

- 1)** 30 May 2007: purchase of 329,305 puts (exercise price: €45.55; maturity: 28 May 2010) against the sale of 329,105 calls (exercise price: €78.95; maturity: 28 May 2010).
- 2)** 30 May 2007: purchase of 329,142 puts (exercise price: €45.57; maturity: 4 June 2010) against the sale of 329,142 calls (exercise price: €78.79; maturity: 4 June 2010).
- 3)** 31 May 2007: purchase of 322,846 puts (exercise price: €46.46; maturity: 11 June 2010) against the sale of 329,846 calls (exercise price: €80.53; maturity: 11 June 2010).
- 4)** 5 June 2007: purchase of 324,095 puts (exercise price: €46.28; maturity: 18 June 2010) against the sale of 324,095 calls (exercise price: €80.22; maturity: 18 June 2010).
- 5)** 5 June 2007: purchase of 327,530 puts (exercise price: €45.80; maturity: 25 June 2010) against the sale of 327,530 calls (exercise price: €79.38; maturity: 25 June 2010).
- 6)** 6 June 2007: purchase of 328,332 puts (exercise price: €45.69; maturity: 2 July 2010) against the sale of 328,332 calls (exercise price: €79.195; maturity: 2 July 2010).
- 7)** 7 June 2007: purchase of 330,705 puts (exercise price: €45.36; maturity: 9 July 2010) against the sale of 330,705 calls (exercise price: €78.62; maturity: 9 July 2010).
- 8)** 8 June 2007: purchase of 331,988 puts (exercise price: €45.18; maturity: 16 July 2010) against the sale of 331,988 calls (exercise price: €78.32; maturity: 16 July 2010).
- 9)** 11 June 2007: purchase of 332,081 puts (exercise price: €45.17; maturity: 23 July 2010) against the sale of 332,081 calls (exercise price: €78.29; maturity: 23 July 2010).
- 10)** 30 July 2007: purchase of 332,975 puts (exercise price: €46.4431; maturity: 30 July 2010) against the sale of 332,975 calls (exercise price: €80.5013; maturity: 30 July 2010).

– Between 30 May and 30 July 2007, 3-year over the counter forward sales of 328,228 Lagardère SCA shares at an average per-share price of €60.994 for a total price of €20,020,000, to part-finance the above operations.

All of these over the counter transactions were arranged outside the market with a top-ranking French bank.

21 December 2007: transfer by Mr. Arnaud Lagardère to Lagardère SAS, a company wholly-owned by Mr. Arnaud Lagardère, of 120,885 Lagardère SCA shares at a per-share price of €54.54 giving a total price of €6,593,067.90.

Philippe Camus

None.

Pierre Leroy

None.

7-3-3-2 Members of the Supervisory Board

None.

To the best of the Company's knowledge, no other transactions in company shares were undertaken in 2007 by Managing Partners or Supervisory Board members or their relatives.

7-3-4 Stock options granted to employees on shares of Lagardère SCA or its subsidiaries

Special report of the Managing Partners on share subscription and purchase options

Ladies and Gentlemen, Dear Shareholders,

In application of article L.225-184 of the French Commercial Code, you will find below the information required by the said article on changes in stock options during 2007.

General

- 1) In the course of 2007, no new options to subscribe or purchase Lagardère SCA shares were granted. Instead, the Managing Partners decided to allocate free shares.

The main characteristics of the plans in force today or which expired in 2007 are summarised in the table below.

Plan	Date of AGM	Number of options originally granted	Exercise price (in €)	Number of beneficiaries	Options exercised in 2007	Options forfeited at end 2007	Options outstanding at end 2007	Exercise period
Subscription options								
18 Dec. 2000	23 May 2000	1,254,500	62.31	458	3,529	229,342	-	18 Dec. 2002 to 17 Dec. 2007
Purchase options								
19 Dec. 2001	23 May 2000	1,258,000	46.48	421	150,715	113,992	669,139	19 Dec. 2003 to 19 Dec. 2008
19 Dec. 2002	23 May 2000	1,299,000	51.45	416	117,115	94,973	1,032,587	19 Dec. 2004 to 19 Dec. 2009
18 Dec. 2003	23 May 2000	1,437,250	51.45	445	20,026	69,976	1,342,953	18 Dec. 2005 to 18 Dec. 2013
20 Nov. 2004	11 May 2004	1,568,750	51.92	481	8,637	81,674	1,496,208	20 Nov. 2006 to 20 Nov. 2014
21 Nov. 2005	11 May 2004	1,683,844	56.97	495	-	48,250	1,635,594	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006	11 May 2004	1,844,700	55.84	451	-	27,300	1,817,400	14 Dec. 2008 to 14 Dec. 2016

The last share subscription plan outstanding expired on 17 December 2007. Of the 1,254,500 options initially granted in 2000, only 3,529 were exercised during 2007, and 997,404 options representing nearly 80% of the total number of options granted were not exercised or could not be exercised because of market price levels.

2) In the course of 2007, no new options to subscribe or purchase shares were granted by companies under the majority control of Lagardère SCA.

The main characteristics of the plans in force today or which expired in 2007 are summarised in the table below.^(*)

Date of AGM Grant date	Exercise price (in €)	Exercise period	Number of options granted	Number of beneficiaries	Number of options forfeited	Number of options remaining	Repurchase period ⁽¹⁾⁽²⁾
Hachette Holding							
18 June 1997 18 June 1997	37.44	18 June 1997 to 17 June 2007	1,577 ⁽³⁾	11	64	0 ⁽⁵⁾	19 June 2002 to 19 June 2007
18 June 1997 22 July 1999	46.20 ⁽⁷⁾	22 July 1999 to 21 July 2009	1,525 ⁽⁴⁾⁽⁷⁾	63 ⁽⁷⁾	75	732 ⁽⁶⁾⁽⁷⁾	23 July 2004 to 23 July 2009
Virgin Stores							
25 Sept. 2002 5 July 2004	99.40	5 July 2008 to 5 July 2014	10,000	6	2,000	8,000 ⁽⁸⁾	5 July 2008 to 5 July 2014

(1) Beneficiaries have the right to redeem their shares or exchange them for Lagardère shares.

(2) In the case of Hachette Holding, this is the period allowed for exchange for Lagardère shares.

(3) Each option entitled the holder to subscribe 300 shares.

(4) Each option entitled the holder to subscribe 500 shares.

(5) The remaining 64 options were exercised in 2007.

(6) 136 options were exercised in 2007.

(7) Following the merger on 31 December 2007 of Hachette Holding (formerly Hachette Filipacchi Médias) into Hachette SA, this company assumed all of the rights and obligations related to the subscription options outstanding, and the exercise prices and number of shares under option were adjusted on the basis of the exchange ratio used for the merger. Consequently, there remains 27 beneficiaries who together hold 732 options. Each option now enables its holder to subscribe 91 Hachette SA shares at a per-share price of €253.85. The 91 Hachette SA shares subscribed will be exchanged for 550 Lagardère SCA shares in accordance with commitments undertaken in 2000 in the public offerings.

(8) Following agreements for the sale of Virgin Stores, in February 2008 the beneficiaries abandoned their rights to shares still under option.

Information on the Company's officers and Lagardère Group employees

In 2007, members of the managing bodies of Lagardère SCA and their legal representatives did not subscribe or purchase any Lagardère SCA shares under the share subscription or purchase options granted to them in the years 2000 to 2006.

Also in 2007, the total number and unit price of shares subscribed or purchased through the exercise of one or more options on the shares of Lagardère SCA or one of its subsidiaries as stated above, by any of the ten main beneficiaries (employees of the Group other than members of Lagardère SCA's managing bodies), were as follows:

Total number of shares subscribed or purchased	Subscription or purchase price (in €)	Companies	Grant date
19,200	34.44	HFM	18 June 1997
44,500	46.20	HFM	22 July 1999
34,382	46.48	Lagardère SCA	19 December 2001
14,662	51.45	Lagardère SCA	19 December 2002
3,539	51.45	Lagardère SCA	19 December 2003
3,034	51.92	Lagardère SCA	20 November 2004

The Managing Partners

(*) For details of options granted by EADS, see EADS' Registration Document.

7-3-5 Free share allocation rights granted to employees on shares of Lagardère SCA or its subsidiaries

Special report of the Managing Partners on allocations of free shares

Ladies and Gentlemen, Dear Shareholders,

In application of article L.225-197-4 of the French Commercial Code, you will find below the information required by the said article on free shares allocated to employees during 2007.

Under the authorisation granted by the Annual General Meeting of 27 April 2007 (14th resolution), on 28 December 2007 Mr. Arnaud Lagardère, in his capacity as Managing Partner of your Company, allocated free shares of Lagardère SCA to certain employees of the Company and its related companies within the meaning of current legislation.

The aim of the policy implemented is primarily to encourage the personal involvement of Group executives throughout the world in the development of the Lagardère Group and the resulting value created.

It is also used to reward those executives who make a particular contribution to the Group's results through their positive action.

Lastly, it is used to develop loyalty in employees the Company hopes to keep for the long term, especially young high-potential executives, who can help the Group achieve continuity of growth within the framework of its long-term strategy.

The characteristics of this operation are as follows:

- Number of beneficiaries: 387.
- Number of shares allocated: 594,350 shares, or 0.44% of the number of shares making up the share capital.
- Vesting period: 2 years; the shares will vest on 29 December 2009, providing that on that date:
 - the average of the last twenty opening market prices of Lagardère SCA shares is no less than €51.14;
 - the beneficiary has not resigned or been dismissed for serious misconduct.
- Holding period: 2 years; once vested, the shares must be kept and will remain registered in the name of the beneficiary until 29 December 2011 inclusive, after which date they may be freely transferred or traded as allowed by current legislation.

Messrs Philippe Camus and Pierre Leroy, employees of Lagardère Capital & Management, were each allocated rights to 20,000 free shares. In application of article L.125-197-1 of the French Commercial Code, the Supervisory Board decided in view of their capacity as legal representatives of Arjil Commandité-Arco, a corporate Managing Partner of Lagardère SCA, that 25% of these shares, once vested, must be kept until their beneficiary ceases to occupy his position in the management of Lagardère SCA.

The number of free shares allocated in 2007 to the ten main beneficiaries other than members of Lagardère SCA's managing bodies totalled 141,000 shares, i.e. an average of 14,100 shares per individual.

At the close of the Paris Bourse on 28 December 2007, the market price of each Lagardère SCA share thus allocated was €50.66.

In addition, we inform you that on 22 June 2007 Newsweb's Management Board allocated to one of its members 10,000 free Newsweb shares with €0.15 par value each, representing 0.35% of the company's capital.

These shares will only be remitted after a two-year period from the allocation date, provided the beneficiary has not been dismissed for serious misconduct during the period. A minimum holding period of two years then applies.

The Managing Partners

7 - 4 Organisation, operation and control of the Company and the Group

7-4-1 General organisation of the Group

The consolidated financial statements of the Lagardère Group include some 550 companies. The full list of consolidated companies with their addresses can be found in the notes to the consolidated financial statements (see Chapter 6).

Lagardère SCA is the holding company that controls all the subsidiaries and other participating interests, draws up the strategy for the Group, guides and finances its development, makes the main management decisions to this end, and ensures those decisions are implemented both at its own level as the Group's Parent Company and in the operating subsidiaries.

Lagardère SCA itself has no personnel; the human and operational resources required for policy implementation and control of its Group's business activities belong to a service company called Lagardère Ressources, a wholly-owned subsidiary of Lagardère SCA as its sole shareholder.

Operational activities of the Group include:

- Activities in the field of the Media, through Hachette SA (named Lagardère Media for commercial purposes) which controls operational business activities in the Book Publishing, Distribution Services, Press, Radio/Television, Audiovisual Production, New Media and Sports divisions, respectively via the following companies Hachette Livre, Lagardère Services, Lagardère Active and Lagardère Sports.
- The 12.51% interest in EADS NV, held through a subsidiary itself owned by the French State and the Lagardère Group.

Other smaller business activities constitute the Other Activities segment and are under the direct control of Lagardère SCA.

7-4-2 Organisation and operation of Lagardère SCA

7-4-2-1 The Managing Partners

The general management of the Company is the responsibility of the Managing Partners who are appointed by the Supervisory Board on the unanimous proposal of the general partners. The Managing Partners represent the Company in its relations with third parties and engage its responsibility.

Drawing on the Executive Committee, comprised of several Group key management executives under the chairmanship of Arnaud Lagardère, the Managing Partners' role is to:

- draw up the strategy of the Group,
- guide development and control,
- take the major management decisions required for this and ensure those decisions are implemented both at the level of the Parent Company and in the various operating units.

The Executive Committee enlists the help of any of the Group's senior managers it considers to be of use to accomplish its mission.

* * *

To make sure the decisions taken are fully implemented and to check their implementation, the Managing Partners have set up a specific organisation, mainly composed of:

- the Group's Central Divisions, and
- the Financial Committee.

The Group's Central Divisions

Three members of the Executive Committee have been given the task of organising and leading the Group's major central structures. The responsibilities necessary for implementation of the decisions taken, as well as follow-up and monitoring, are allocated between their three posts: the Group Secretary General, the Group Chief Financial Officer and the Chief Human Relations and Communications Officer.

The Internal Audit Division as well as certain specific divisions or departments, report directly to the Managing Partners.

In order to carry out the different missions entrusted to them, the Group's Central Divisions, their teams, and the corresponding material resources are grouped together within a single company, Lagardère Ressources, a wholly-owned subsidiary of Lagardère SCA. This company, chaired by the Co-Managing Partner and Group Secretary General, employs almost 200 people, all reporting to the Central Directors and therefore ultimately to the Managing Partners of Lagardère SCA. As the missions entrusted to these central divisions are just as much for the benefit of Lagardère SCA as for all of the subsidiaries, these companies have various service agreements with Lagardère Ressources, which receives a fee of generally 0.9% of sales revenues (or gross margin for HDS) for its services.

The Operating Units

Operating activities are conducted by legally independent companies grouped together in the following divisions or operating units: Lagardère Publishing, Lagardère Services, Lagardère Active (which now covers all the Group's activities in the media, audiovisual and digital sectors), and Lagardère Sports.

Each division has its own organisation, which has been set up by the Head of the division under the Managing Partners' control; the various companies and resources in the division are grouped together under a specific holding company: Hachette Livre for the Lagardère Publishing division, Lagardère Services for the Press Distribution division, etc.

Each Division Head is responsible for the general management of the holding company concerned whose board of directors or supervisory board members are mostly also members of Lagardère SCA's Executive Committee.

Thus, all the members of these holding companies' governing, managing and supervisory bodies are appointed by the Managing Partners of Lagardère SCA through the general meetings of the said companies.

The Financial Committee

After the Executive Committee, the Financial Committee is the second most important entity for the tracking and control of the Group's operational activities.

The Financial Committee is chaired by the Group's Chief Financial Officer, and members include representatives of each of the Group's principal Central Divisions, as well as their respective management controllers, providing all the requisite skills for it to accomplish its mission.

Its principal task is to examine and monitor the following, in cooperation with the chief managers of each division concerned:

- the budget for the coming year;
- the three-year plan;
- the annual and interim accounts;
- any significant investments (or disposals), particularly acquisitions of shareholdings in non-Group companies.

The Financial Committee reports directly to the Managing Partners since they are not represented at its meetings.

Other Committees

Each month, the Reporting Committee, also chaired by the Group's Chief Financial Officer, conducts a review with all operating units' financial managers of the results achieved against the budget and the new budgetary forecasts, to enable the Managing Partners to monitor the progress and financial position of each division on a monthly basis, and take any necessary corrective action.

7-4-2-2 The Supervisory Board

Membership and renewal of appointments

In accordance with the applicable laws and regulations (see Chapter 8, section 8-2-4), the Supervisory Board in charge of permanent oversight of the Company's management is composed of a maximum of fifteen members, appointed for a maximum term of six years. One third of the Board is renewed every two years, and each member must hold at least 150 shares issued by the Company.

At 31 December 2007, the Board comprised 12 members. A list of members, together with their date of appointment, end of term of office and other information is shown in section 7-2-3.

The membership of the Supervisory Board guarantees the Board's competence, independence and availability to represent the shareholders' interests.

A review of each Board member's position has concluded that currently eight of the Supervisory Board members have no direct or indirect relationship of any kind with the Company, the Group or management that could compromise their freedom of judgement or participation in the Board's work. They thus qualify as "independent" directors as defined by the AFEP-MEDEF report on corporate governance for listed companies. These members are:

- Mr. Helman le Pas de Sécheval, Groupama's representative,
- Mr. Pierre Lescure,
- Mr. Christian Marbach,
- Mr. Bernard Mirat,
- Mr. Didier Pineau-Valencienne,
- Mr. Henri Proglino,
- Mr. Felix G. Rohatyn,
- Mr. François Roussely.

Beyond the combined expertise of its members, the Board includes a majority of independent members thanks to the presence of important personalities who have accepted a post on the Supervisory Board.

Operations of the Supervisory Board

The terms and conditions of the Supervisory Board's organisation and operations are set forth in a set of internal rules which also define the duties incumbent on each member, and the code of professional ethics each individual member undertakes to respect.

These rules concern the following:

- 1) The independence of Board members: the quota for independent members is fixed at half at least of the total serving members. Independent members must have no direct or indirect relations of any kind with the Company, Group or management that could compromise their freedom of judgement or participation in the work of the Board. The Board reports on this matter to the shareholders annually after review, based on certain internally-defined criteria.
- 2) The annual number of meetings: a schedule for the coming year is fixed annually, based on a proposal by the Chairman.
- 3) The duties of each member: apart from the fundamental duties of loyalty, confidentiality and diligence, members' obligations also concern knowledge of the law, regulations and statutes, ownership of a significant number of shares, declaration to the Board of any conflict of interest, and regular attendance at meetings.
- 4) Trading in shares of the Company and subsidiaries: as Board members have access to non-public information and in-depth knowledge on certain aspects of the life of the Company and Group, they are expected to refrain from trading in Company shares, except within the following constraints contained in the Board's internal rules:
 - no trading in shares may take place during certain defined periods,
 - it is recommended that acquisitions should take place once a year, at the end of the shareholders' meeting, in the form of a block purchase for all Board members carried out through the Company,
 - shares must be retained for at least six months after the end of a Board member's term of office,
 - the Chairman, Managing Partner and the Financial Markets Authority (AMF) must be informed of any transactions in shares within five days of their completion.
- 5) The Audit Committee: its task is to prepare the Board meetings (see below).

The Supervisory Board meets regularly to review the financial situation and operations of the Company and its subsidiaries, the annual and interim financial statements, the outlook for each of the business activities, the Group's strategy and the operations of the Internal Audit Division. It also defines an annual schedule for the coming year's meetings: at least four are planned for 2008.

During 2007, the Supervisory Board met four times, in March, June, September and November, with an attendance rate of 67% at the March meeting, 92% at the June meeting and 75% at the other two meetings.

The main meetings of March and September, held primarily to examine the parent company and consolidated financial statements, were preceded by an Audit Committee meeting. The March meeting also involved preparatory work for the annual general meeting. The June and November meetings were held specifically to examine the general position and strategic outlook for Lagardère Active (with a presentation by management teams from that business segment) and for the Sports division (with a presentation by Lagardère Sports' teams).

Audit Committee

An Audit Committee of the Supervisory Board meets at regular intervals the better to prepare the work of the Board.

This Committee is chaired by Mr. Raymond H. Lévy and includes Messrs Helman le Pas de Sécheval, Christian Marbach, Bernard Mirat and Didier Pineau-Valencienne. More than half of the members are independent. The meetings are open to the Statutory Auditors.

In application of its internal rules, it meets at least four times a year and its tasks include the review of:

- the accounts, to ensure the continuity of the methods, quality, exhaustiveness and sincerity of the financial statements;
- the existence and proper operation of the internal control procedures, especially in terms of risk exposure;
- more specifically, as regards the internal auditing of the Company, its business activities, audit program, organisation, operation and realisations;
- the agreements binding the Group and the senior managers of Lagardère SCA.

The members of the Audit Committee have the same documents available to them as the Statutory Auditors, whose work summaries they review; they also hear the main senior managers of the Group.

The Chairman of the Supervisory Board reports to the members of the Board on the work conducted by the Audit Committee.

The Supervisory Board's meetings in March and September 2007 were preceded by meetings of the Audit Committee, in February and September 2007. The Audit Committee also met in June and November 2007.

These four half-day meetings were attended by all Committee members (with the exception of one who sent his apologies for the February meeting, and one who sent his apologies for the September meeting). In addition to the annual and half-yearly financial statements, the Committee reviewed the activities of the Internal Audit Division, and heard a presentation by one of the Managing Partners on the accounts of Lagardère Capital & Management (LCM), and discussed the IT risk audit, risk mapping and organisation of risk management in the Group.

These meetings took place in the presence of the Chief Financial Officer, the Central Accountancy Director (at the meetings reviewing the annual and half-yearly financial statements), the Director of Management Controls, the Director of Internal Audit, and the Statutory Auditors. The main documents reviewed in the course of each of these meetings were sent out in advance to the members of the Audit Committee.

When the Audit Committee reviews the financial statements, the Chief Financial Officer gives a presentation of risk exposure and significant off balance sheet commitments.

Compliance with French corporate governance regulations

The Company has applied the corporate governance principles brought together in the AFEP-MEDEF report issued in October 2003.

Since Lagardère is a limited partnership with shares, with clear separation of powers between the Managing Partners who run the Company and the members of the Supervisory Board who review management actions but can in no way participate in management, the Board has adopted an organisation structure considered appropriate to the content and nature of its work. Consequently, an Audit Committee was set up to prepare Board meetings in the main areas of accounts, finance and audit.

Given Lagardère's specificities, in terms of French law and its own by-laws, as a limited partnership with shares, the Board has decided that a Remuneration Committee is not necessary, and since one third of Board members are renewed every two years, it has not been considered appropriate to form an Appointments Committee since the Board can carry out the relevant functions itself.

For the same reasons, regarding the independence of members, the Board considers the criterion of the length of terms of office as a management control, and therefore an essential criterion for assessment of expertise that cannot deprive Board members of their independent status. Similarly, the fact that two Board members are also both members of a supervisory board of another company or companies will not result in loss of their independent status.

To date, no formal evaluation of the Board's work has been carried out. Since 2006, given the increasing complexity of the work required, the number of Board meetings has been raised from two to four. The number of Audit Committee meetings remains unchanged at a minimum of four per year.

7-4-3 Internal control procedures

7-4-3-1 Description

The following description of internal control procedures in force at Lagardère is based on the published internal control guidelines recommended by the Financial Markets Authority (AMF). This description has been prepared by a working party set up within the Group to establish its methods and monitor application.

A) Objectives of the internal control system

Lagardère SCA has defined and is responsible for implementing a certain number of internal control procedures designed to ensure:

- compliance with applicable laws and regulations;
- application of the instructions and orientations set by the Managing Partners;
- proper operation of the Group's internal processes, particularly regarding protection of its assets;
- reliability in information systems;

and in general contribute to control of its business, effectiveness of operations and efficient use of resources.

Naturally, given the limitations inherent to any organised system, internal control cannot provide an absolute guarantee that the Group's objectives will be achieved.

B) Scope of the internal control system

The procedures described below apply to subsidiaries that are fully consolidated in the Lagardère Group financial statements.

As Lagardère SCA only exercises significant influence over companies accounted for by the equity method, these companies are not covered by the Group's internal control system, although the Group may have specific control rights related to its status as a special shareholder. EADS NV, as a listed company, describes its internal control system in its own Registration Document for 2007.

Companies that have recently entered the scope of the Lagardère SCA internal control system are progressively adapting their own internal control procedures for harmonisation with the Group's system.

C) Financial information and the reporting chain

C - 1 Consolidated financial statements, reporting system

C-1-1 Reference documents and procedure guides

All persons concerned by the Group's financial reporting adhere to a collection of reference documents defining the common principles for establishing the consolidated financial statements and monitoring forecasts. In particular, the "Guide du Reporting du Groupe Lagardère" (Lagardère Group Reporting system guide) provides details of a Charter for consolidation procedures, and a set of definitions of the main indicators used in the consolidated reporting package. There are also user and operator guides to the management system used by all Group companies, with details of the corresponding tasks.

Other key documents are also provided to all concerned, particularly for the preparation of the consolidated financial statements:

- a document setting out the methods for annual impairment tests applied to intangible assets and goodwill arising upon acquisitions;
- a framework document defining the off-balance sheet items to be disclosed in the notes to the financial statements, and the treatment applicable;
- specific instructions issued when there are changes in accounting standards or their application.

C-1-2 The reporting system: frequency and timing

The Lagardère Group's reporting system is structured by Operating Units (OUs). It is decentralised, and each Operating Unit is responsible for producing its own figures.

The financial and non-financial information collected and consolidated using the Lagardère Group's reporting system must comply with legal requirements and satisfy the Group's own control and management needs. This information includes an income statement by activity and management indicators specific to each business type.

The overall reporting cycle is based on common principles and uses a single data base shared by all the financial departments in charge of sending the information required, whether specific to management accounts or intended for publication.

This uniformity of the cycle relies on the financial departments of each Operating Unit, and the Group's Finance Division. Under the supervision of the Finance Division, the reporting system is designed to meet management control needs and also to ensure the relevance and quality of the financial information published, thus fostering greater coherence between the various reporting systems, the business activities covered and the consolidation methods.

Forecasts

During the final quarter of the calendar year, all divisions of the Group establish their three-year forecasts, and submit to the Financial Committee a summary comprising the following key information with notes:

- sales;
- operating income and expenses;
- profit before finance costs and tax;
- net finance costs;
- profit for the year;
- cash flows from operations;
- free cash flow;
- cash flows from operating and investing activities;
- capital increases;
- dividends;
- capital employed;
- net indebtedness.

These data are integrated into the common data base referred to above, and used in preparing the Group's annual three-year plan.

Reporting, monthly Group reports

Each Group company's financial departments enter data from their own monthly accounts into the Group's financial data base.

For each Operating Unit, these data include a balance sheet and an income statement with notes, and the principal key indicators from the income statement.

Strict attention is paid regularly to revising forecast figures such as year-end estimates.

These data are included in the Monthly Group Report established by the Group's Management Control Division and submitted to the Managing Partners and Group's principal managers. This document lists the changes in the following key information for each division, with comments for each Operating Unit:

- sales;
- operating profit before associates;
- income from associates and other information;
- net finance costs;
- income tax expense;
- net income before discontinued operations and minority interests;
- cash flow from operations;
- change in working capital requirement;
- income taxes paid, interest paid and received;
- net purchases of tangible and intangible assets;
- free cash flow;
- net cash from financing activities;
- cash flows from operating and investing activities;
- cash surplus or net indebtedness;
- capital employed.

The Monthly Group Report is presented to the Group's Chief Financial Officer before final distribution.

The Finance Division also prepares a monthly analysis of cash flows and balances for each Operating Unit, and a breakdown of bank covenants described in Chapter 3, section 3-1-2.

C-1-5 Half-yearly and annual consolidated financial statements

Additional information is supplied for the establishment of the half-yearly or annual consolidated financial statements for publication.

Chapter 6 contains a description of the principles and methods used in establishing the consolidated financial statements. For certain types of information, such as breakdowns of intercompany transactions, off-balance sheet commitments and derivatives, procedures are described in a memo applicable to all Group companies.

C - 2 Commitments and cash flows**C-2-1 Investment/divestment procedure**

The Group's investment procedure applies to:

- all financial investments or divestments and
- all acquisitions and disposals of tangible or intangible assets of over €10 million if previously planned, or €5 million if the transaction was not included in forecasts, or of lower amounts if the transaction has any anti-trust effect, i.e. changes the Group's position with regard to mono and plurimedia concentration thresholds.

The Financial Committee assesses the strategic value of the proposed transaction and issues an opinion by any appropriate means to the Managing Partners, after verifying that the risks generated by the transaction are known and can be managed, and validating the underlying assumptions used to analyse profitability, based on the methodology and tables defined by the Group's Finance Division.

This procedure does not apply to cash management nor to capital increases by consolidated or controlled companies through incorporation of current account advances.

C-2-2 Finance and cash management

The Cash Management and Financing Division has introduced a procedure defining the circumstances in which it uses banks for external financing or cash management services.

External financing

In general, only Lagardère SCA uses bank or market financing in the medium or long term, and finances the divisions itself. Apart from the financing of normal business operations, the divisions retain responsibility for certain previously-negotiated transactions, or specific operations such as securitisation; however, these operations require advance authorisation and are reported to the Group's Finance Division on a regular basis.

The Group's Finance Division can thus monitor the use of capital by companies in the Group. As explained in the "Reporting" section above, this division permanently monitors bank covenants which are binding on the whole Group.

Cash/Treasury management

Cash investments must be in fixed-income instruments issued by first grade issuers, with maturities appropriate to the expected duration of the investments. Speculative or high-risk investments are not permitted.

Hedging policy and market risk monitoring

The hedging and market risk monitoring policy is described in Chapter 3, section 3-1 of this Reference Document. The Group's General Management and operational managers regularly adjust the hedging policy and the corresponding control system in the light of the resulting priorities.

C - 3 Reliability of IT systems and changes in the single management system**C-3-1 The single management system includes blocking signals which help prevent incidents and problems, and improve reliability of data entry**

C-3-2 *The Group's IT Division, together with the Risks Division, carries out frequent internal-evaluation surveys to assess the system and IT network security.*

These surveys examine:

- the organisation and general security of information systems;
- physical security (against intruders or accidents);
- workstations (administration and protection);
- networks (local, remote, and Internet);
- authorisation of access to resources;
- availability of applications and data.

All measures to preserve data confidentiality, protect the systems against intruders, and minimise the risk of system breakdown are adjusted based on the results of these surveys.

A charter for use of the information systems exists and applies to all Group employees.

The Group continues to extend its secure communication network, both in France and internationally.

C-3-3 *The single management system and its settings are upgraded to the latest versions as often as necessary, with specific resources (as described in C-3-2) dedicated to data integrity, availability and confidentiality.*

C - 4 Audit

The Group's Audit Division, supervised by the Managing Partners, carries out permanent internal audit work either as part of the annual audit plan or following specific requests from the Managing Partners and the Group's Finance Division or from the heads of the divisions. These audits cover all Group companies with the exception of EADS.

The main areas covered are:

- internal control reviews,
- participation in connection with mergers, acquisitions or sales,
- review of operational or financial risks,
- monitoring of action plans issued after audits.

The Group's Audit Division presents to the Audit Committee the annual audit plan, a summary of the work carried out, the resulting conclusions issued and details of their application.

The Audit Committee was thus able to examine the main conclusions resulting from internal audit work and ask any questions considered necessary.

In addition to the work done by the Group's Audit Division, further action may be taken directly by the divisions on their own behalf.

D) Internal evaluation of internal control

Internal evaluation applies for the internal control at Lagardère SCA's main entities/subsidiaries.

The objectives are to further the control and efficiency of operations for continuous improvement, and clearly define the internal control responsibilities of operational staff.

The methodology is based on definition of a set of Group reporting rules consisting of six financial and seven operational processes, concerning 186 risks covered by 376 points of control. For each point of control, the internal evaluation aims to list and formally define the existing procedures and controls. An action plan is drawn up where necessary for certain key controls in response to the areas for improvement identified.

The information collected in this way is used by operational management in their quality assessment of the internal control procedures they oversee, and for implementation of improvement plans.

This internal evaluation approach leads to better formal definition of internal control procedures, and their appropriation by all operational managers. Progress on the improvement plans identified by operational staff is also monitored.

E) Compliance with the main laws and regulations applicable to the Group – Protection of the Group's property and rights

The Group's business is governed by a certain number of laws and specific regulations, as set out in Chapter 3, section 3-2-1.

E - 1 Compliance with the main laws and regulations applicable to Lagardère SCA

The Group's Legal Division is responsible for ensuring that the main laws and regulations applicable to Lagardère SCA are complied with.

In particular, this division examines mergers and acquisitions (partnerships, acquisitions, disposals, internal restructurings, etc) that are significant for Lagardère SCA, and supervises Lagardère SCA's organisation of financing operations and off-balance sheet commitments.

The Group's Legal Division also ensures that procedures designed to guarantee compliance by Lagardère SCA with the anti-trust requirements of the French law of 30 September 1986 on freedom of communication are properly applied.

Finally, the Legal Division, which reports to the Group's General Secretariat, is involved in all legal aspects of Lagardère SCA's business. In this capacity, it monitors application of stock exchange regulations, since Lagardère SCA is listed on the Euronext Paris *Compartment A*, and in 2006 introduced the full procedure necessary to prepare lists of insiders, in application of EU regulations.

E - 2 Compliance with the main laws and regulations applicable to the divisions

The Group's Legal Division is informed of all procedures introduced in each division to ensure compliance with the laws and regulations specific to their activity, and these procedures are regularly monitored by these division's management bodies via their Legal Department or by external advisors.

E - 3 Litigation management

The Group's Legal Division manages all litigation involving Lagardère SCA, and any litigation involving the divisions when the potential consequences in terms of finance or image are considered significant for the Group. All other division-level litigation is handled by the Legal Department of the division concerned and/or by external advisors.

E - 4 Protection of the Group's property and rights

The Group's brands and intellectual property rights are an essential part of the property and rights it owns. In view of the importance of brand awareness for its business, particularly in press activities, audiovisual production, distribution and book publishing, the Group dedicates significant resources to protecting its portfolio of commercial brands. They are protected by registration, regularly renewed, and by legal action against any counterfeiters. The Group has set up a system for regular monitoring of brands, in liaison with specialist external advisors, to counteract all significant risks that may affect the validity of the Group's rights to these brands.

E - 5 Reporting of exceptional division transactions to the Group's Legal Division

The Group's Legal Division is informed of exceptional transactions planned by the divisions, including:

- acquisitions and disposals, which are reported under the procedure described in C-2-1 above. The Legal Division is represented at all financial committee meetings in order to keep abreast of such transactions.
- contractual commitments which individually involve financial commitments or off-balance sheet commitments that are significant at Group level, and
- legal restructuring plans involving major operational entities.

F) General risks

Like any corporation, Lagardère is exposed to a variety of risks in the normal course of its business. The principal measures taken to control and manage these risks are described in Chapter 3 "Risk factors" of this Reference Document.

In particular, Lagardère SCA and its divisions continue mapping their general risks, in order to rank the main risks to which the Group could consider itself exposed by seriousness, possibility of occurrence and degree of controllability.

More generally, the Group's General Management and operational managers adjust the risk control and management procedures according to the priorities identified by all the monitoring involved.

7-4-3-2 Report of the Chairman of the Supervisory Board concerning internal control procedures used for the preparation and processing of accounting and financial information

Ladies and Gentlemen,

In compliance with article L. 621-18-3 of the French Monetary and Financial Code introduced by Law n° 2003-706 of 1 August 2003 (known as the Financial Security Law), Lagardère SCA's Reference Document contains all the information concerning the preparation and organisation of the work of the Supervisory Board and the internal control procedures in place at Lagardère SCA.

The information concerning the preparation and organisation of the Supervisory Board's work during 2007 is set out in section 7-4-2-2 of the "Corporate Governance" chapter of the Reference Document and has been duly reviewed and validated by us.

Regarding the internal control system at Lagardère SCA, a working party was set up to establish a methodology for presenting internal control procedures in the Reference Document and monitor their application. This working party involved members of the Finance, Audit and Legal Divisions of the Lagardère Group.

Each division head in the Group has been asked to draw up a brief description, following predefined specifications, of their own internal control procedures, with the relevant supporting documents.

Based on the various documents reviewed by this working party, the internal control procedures currently in place within the Group appear consistent with the description provided in section 7-4-3-1 of the Reference Document for 2007. The working party gave regular presentations and reports on its work over the year.

Please note that the internal control procedures used at EADS NV are described in that company's Registration Document due to be filed with the Dutch authorities and published on the company's website; they are not therefore included in Lagardère SCA's Reference Document.

The Chairman of the Supervisory Board

7-4-3-3 **Statutory Auditors' report on the Report of the Chairman of Lagardère SCA's Supervisory Board concerning internal control procedures used for the preparation and processing of accounting and financial information**

(Free translation of a French language original)

To the Shareholders of Lagardère SCA,

As requested, in our capacity as Statutory Auditors of Lagardère SCA, we hereby present our report on the report concerning internal control procedures prepared by the Chairman of the Supervisory Board of your company for the year ended 31 December 2007.

In his report, the Chairman of the Supervisory Board describes in particular the preparation and organisation of the work of the Supervisory Board and the internal control procedures used by the Company, in accordance with the requirements of article L. 621-18-3 of the French Monetary and Financial Code.

This report presents our comments on the information contained in the report of the Chairman of the Supervisory Board concerning the internal control procedures relating to the preparation and processing of accounting and financial information.

We performed our procedures in accordance with professional guidelines applicable in France. Those guidelines require us to perform procedures to assess the fairness of the information contained in the report of the Chairman of the Supervisory Board on the internal control procedures used in the preparation and processing of accounting and financial information. These procedures primarily consist of:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of accounting and financial information underlying the information set out in the report of the Chairman of the Supervisory Board, and the existing documentation;
- obtaining an understanding of the work performed to prepare the information and existing documentation;
- determining whether the report of the Chairman of the Supervisory Board contains adequate information on any major shortcomings identified in the course of our examination in the internal control procedures relating to the preparation and processing of accounting and financial information.

On the basis of these procedures, we have no matters to report in connection with the information given on the Company's internal control procedures relating to the preparation and processing of accounting and financial information contained in the report of the Chairman of the Supervisory Board.

Courbevoie and Neuilly-sur-Seine, 28 March 2008.

The Statutory Auditors

Mazars & Guérard
Jacques Kamienny

Ernst & Young et Autres
Jean-François Ginies

7 - 5 Transactions concluded with related parties (Managing Partners and members of the Supervisory Board)

7-5-1 Transactions concluded with Lagardère Capital & Management

Lagardère Capital & Management, controlled and chaired by Mr. Arnaud Lagardère, who is also a General and Managing Partner of Lagardère SCA, is the material embodiment of the Group. Lagardère Capital & Management provides an array of management resources and skills to both the Group and each of its component parts, with the following aims:

- over the long term, to guarantee that the Group's operating businesses have the environment required for expansion,
- to bring them the economic and financial power of a Group with sales of €8.6 billion,
- to supply the Group with strategic planning and operational services, coupled with high quality management services, including principally:
 - designing and developing economic, political and financial strategic scenarios; providing project monitoring skills;
 - providing research and follow up concerning major markets and their evolution; assessing factors in different market environments that may create new opportunities;
 - keeping a watchful eye on potential investments, divestments and development of alliances with other companies;
 - managing business negotiations such as divestments, mergers and acquisitions;
 - orchestrating corporate operations, including state-of-the-art finance and capital management techniques;
 - establishing and maintaining relations in banking and finance, with particular attention to the characteristics of the various countries in which the Group does or plans to do business;
 - enhancing human resources by attracting high-potential management personnel;
 - providing overall management of the Group's image.

To attain these goals and accomplish its mission, Lagardère Capital & Management employs the principal senior managers forming the Group's Executive Committee. The role of the Executive Committee, in collaboration with the Managing Partners, is to develop and ensure the application of Group strategy, to lead the Group's development, to take the resultant necessary decisions and implement them globally at Parent Company level and in the Group's different business activities. Lagardère Capital & Management is responsible for paying the entire pay package and related working expenses of these managers, and the fees of outside French or international consultants possibly required.

Lagardère Capital & Management's mission is carried out within the framework of its agreement with Lagardère Ressources (formerly Matra Hachette Général). This agreement is described each year in the Auditors' Special Report issued under article L. 226-10 of the French Commercial Code and published in the annual report.

Since 2004, the remuneration of Lagardère Capital & Management is equal to the amount of expenses it incurs in carrying out its mission, plus a margin of 10%, with an absolute upper limit set at €1 million. Expenses charged are examined for each fiscal year by the Audit Committee, which pronounces an opinion on the way they are changing. After examination by the Audit Committee, this remuneration package was approved by the Supervisory Board on 12 March 2004.

As a result, in 2007, Lagardère Capital & Management invoiced €19.3 million to the Group, compared to €17.0 million in 2006.

Payroll costs recorded by Lagardère Capital & Management amounted to €15.8 million. This figure corresponds to €9.8 million for gross salaries and includes a pension provision. After deducting other expenses (support costs reimbursed to the Group and outside resources costs), this left operating profit after tax from the above agreement of €0.67 million.

7-5-2 Transactions concluded with members of the Supervisory Board

See sections 7-2-4-2 to 7-2-4-4.

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