

## ▶ 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 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;
- 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 running the business, and the Supervisory Board which represents the shareholders and is responsible for control of the Company's accounts and management. The Managing Partners cannot be members of the Supervisory Board, and the general partners cannot 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 Commanditée-Arco**

A French corporation with share capital of €40,000

121 avenue de Malakoff – 75116 Paris, France

### 7.2.2 MANAGING PARTNERS

At 31 December 2009, the Company was managed by two Managing Partners:

- Mr. Arnaud Lagardère and
- the company Arjil Commanditée-Arco

#### 7.2.2.1 ARNAUD LAGARDÈRE

4 rue de Presbourg – 75116 Paris, France

*Born 18 March 1961*

Number of Lagardère SCA shares held directly and indirectly (see Chapter 8, section 8.1.8.1): 12,610,893

Mr. Arnaud Lagardère's appointment was renewed by the Supervisory Board on proposal of the general partners on 11 March 2009, for a period of six years to run until 11 March 2015.

In addition, Mr. Arnaud Lagardère is the Chairman of Lagardère (SAS) and Lagardère Capital & Management (SAS) and also holds the share capital of these companies, which held 9.62% of Lagardère SCA's share capital on 31 December 2009.

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, Lagardère SCA

#### **B) OTHER POSITIONS AND APPOINTMENTS HELD IN THE GROUP**

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

Chairman of the Supervisory Board, Lagardère Services (SAS) (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

Director, Lagardère Ressources (SAS)

121 avenue de Malakoff – 75216 Paris

Chairman, Lagardère Unlimited Inc.  
 2711, Centerville Road, Suite 400 de 19808 Wilmington, USA  
 Permanent Representative of Lagardère Unlimited Inc.  
 Managing Member of Lagardère Unlimited LLC  
 4711, Centerville Road, Suite 400 de 19808 Wilmington, USA  
 Director and Chairman, 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

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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  
 President, Association des Amis de Paris Jean-Bouin CASG

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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

### **D) OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS**

Chairman, Lagardère Images (SAS)  
 28 rue François 1<sup>er</sup> – 75008 Paris (*until October 2004*)  
 Chairman and Chief Executive Officer, Lagardère Thématiques (SA)  
 28 rue François 1<sup>er</sup> – 75008 Paris (*until November 2004*)  
 Manager, Lagardère Élevage  
 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)  
28 rue François 1<sup>er</sup> – 75008 Paris (*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*)

Chairman, Lagardère Active Broadband (SAS)  
121 avenue de Malakoff – 75216 Paris (*until June 2008*)

Director, LVMH - Moët Hennessy Louis Vuitton (SA)  
22 avenue Montaigne – 75008 Paris (*until May 2009*)

Permanent representative of Lagardère Active Publicité  
to the Board of Directors, Lagardère Active Radio International (SA)  
28 rue François 1<sup>er</sup> – 75008 Paris (*until May 2009*)

#### 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 (and Mr. Dominique D’Hinnin and Mr. Thierry Funck - Brentano since 10 March 2010)

Arjil Commanditée-Arco was appointed Managing Partner on 17 March 1998.

When this appointment was renewed for a further six-year period on 10 March 2010, the Supervisory Board, in application of the provisions of article 14-2 of the by-laws, approved the following persons as the company’s legal representatives upon proposal of the general partners:

- Mr. Arnaud Lagardère, Chairman and Chief Executive Officer,
- Mr. Philippe Camus, Deputy Chairman and Chief Operating Officer,
- Mr. Pierre Leroy, Deputy Chairman and Chief Operating Officer,
- Mr. Dominique D’Hinnin, Chief Operating Officer,
- Mr. Thierry Funck-Brentano, Chief Operating Officer.

In their capacity as legal representatives of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA, Messrs Philippe Camus and Pierre Leroy, and since 10 March 2010 Messrs Dominique D’Hinnin and Thierry Funck-Brentano, are Co-Managing Partners of Lagardère SCA.

#### **Positions held by Arjil Commanditée-Arco in other companies**

None

#### **Positions held by legal representatives of Arjil Commanditée-Arco in other companies (at 31 December 2009)**

**Arnaud Lagardère** (see above)

**Philippe Camus**

4 rue de Presbourg – 75116 Paris, France

*Born 28 June 1948*

Number of Lagardère SCA shares held: 10,000

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 POSITION**

Co-Managing Partner, Lagardère SCA

**B) OTHER POSITIONS AND APPOINTMENTS HELD IN THE GROUP (AT 31 DECEMBER 2009)**

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

Member of the Supervisory Board, Lagardère Active (SAS)

Director, Éditions P. Amaury (SA)

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

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

Director, Cellfish Media, LLC

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Deputy Chairman and Chief Operating Officer, Arjil Commanditée-Arco (SA)

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**C) OTHER POSITIONS AND APPOINTMENTS HELD OUTSIDE THE GROUP**

Chairman of the Board of Directors, Alcatel-Lucent

Director, Schlumberger

Senior Managing Director, Evercore Partners, Inc.

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**D) OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS**

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, 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*)

Director, Accor (*until September 2008*)

Director, Crédit Agricole SA (*until May 2009*)

**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, Lagardère SCA

Secretary General, Groupe Lagardère

**B) OTHER POSITIONS AND APPOINTMENTS HELD IN THE GROUP**

Chairman, Lagardère Ressources (SAS)

Member of the Supervisory Board, Arlis (SAS)

Director, Hachette SA (Lagardère Media)

Director, Hachette Livre (SA)

Member of the Supervisory Board, Lagardère Services (SAS) (formerly Hachette Distribution Services)

Member of the Supervisory Board, Lagardère Active (SAS)

Member of the Supervisory Board, Lagardère Sports (SAS)

Director, Lagardère Active Broadcast (a Monaco company)

Director, Lagardère Entertainment (SAS)

Member of the Supervisory Board, Le Monde SA

Chairman, Désirade (SAS)

Director, Sogead Gérance (SAS)

Manager, Financière de Pichat & Compagnie (SCA) (formerly Arjil & Cie)

Chairman, Lagardère Participations (SAS) (formerly Matra Participations)

Chairman, Lagardère Expression (SAS)

Chairman, Sofrimo (SAS)

Chairman, Holpa (SAS)

Permanent representative of Matra Participations to the Board of Directors, Galice (SA)

Director, Ecrinvest 4 (SA)

Administrator, Fondation Jean-Luc Lagardère

Chairman and Chief Executive Officer, Lagardère Paris Racing Ressources (SASP)

Manager, TeamLagardère (SNC)

Director of Lagardère UK Ltd. 32 Sackville Street - Mayfair – W1S3EA London, United Kingdom

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Director, Lagardère Capital & Management (SAS)

Director, Chief Operating Officer, Arjl Commannditée-Arco (SA)

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**C) OTHER POSITIONS AND APPOINTMENTS HELD OUTSIDE THE GROUP**

Director, IMEC (Institut Mémoires de l'Édition Contemporaine)

President, Fondation pour la Mémoire de la Création Contemporaine

Member of the Consultative Committee, Sotheby's

Member of the Board of Directors, Association Doucet-Littérature

Member of the Médicis Prize jury

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#### D) OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

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, Hagena (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)

Chairman of the Supervisory Board, Financière de Pichat (SAS) (formerly Arjil & Associés) (until April 2008)

Director, Hachette Filipacchi Presse (SA) (until June 2008)

Member of the Supervisory Board, Matra Manufacturing & Services (SAS) (until October 2009)

### 7.2.3 MEMBERS OF THE SUPERVISORY BOARD

#### List of members of the Supervisory Board during 2009

		Date of first appointment or renewal	End of current period of office
Chairman of the Board Chairman of the Audit Committee	<b>Raymond H. Lévy</b>	11 May 2004	AGM 2010 <sup>(*)</sup>
Member of the Board	<b>Bernard Arnault</b>	11 May 2004	AGM 2010 <sup>(*)</sup>
Member of the Board	<b>René Carron</b>	11 May 2004	AGM 2010 <sup>(*)</sup>
Member of the Board	<b>Martine Chêne</b>	29 April 2008	AGM 2014 <sup>(*)</sup>
Member of the Board	<b>Georges Chodron de Courcel</b>	2 May 2006	AGM 2012 <sup>(*)</sup>
Member of the Board Member of the Audit Committee	<b>François David</b>	29 April 2008	AGM 2014 <sup>(*)</sup>
Member of the Board	<b>Groupama SA</b> represented by <b>Mr. Helman le Pas de Sécheval</b> (Chief Financial Officer, Groupama) Member of the Audit Committee	29 April 2008	(**)
Member of the Board	<b>Pierre Lescure</b>	29 April 2008	AGM 2014 <sup>(*)</sup>
Member of the Board Member of the Audit Committee	<b>Christian Marbach</b>	2 May 2006	AGM 2012 <sup>(*)</sup>
Member of the Board Member of the Audit Committee	<b>Bernard Mirat</b>	2 May 2006	AGM 2012 <sup>(*)</sup>
Member of the Board	<b>Javier Monzón</b>	29 April 2008	AGM 2014 <sup>(*)</sup>
Member of the Board Member of the Audit Committee	<b>Amélie Oudéa-Castéra</b>	2 December 2009	AGM 2010 <sup>(*)</sup>
Member of the Board Member of the Audit Committee	<b>Didier Pineau-Valencienne</b>	29 April 2008	AGM 2014 <sup>(*)</sup>
Member of the Board	<b>Henri Proglío</b>	11 May 2004	(***)
Member of the Board	<b>François Roussely</b>	11 May 2004	AGM 2010 <sup>(*)</sup>
Board Secretary	<b>Laure Rivière-Doumenc</b>		

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

(\*\*) Groupama SA resigned from the Supervisory Board on 23 December 2009 and was replaced by Mr. Xavier de Sarrau at the Board Meeting of 10 March 2010.

(\*\*\*) Mr. Henri Proglío resigned from the Supervisory Board on 16 November 2009 and was replaced by Mrs Amélie Oudéa-Castéra at the Board Meeting of 2 December 2009.

**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<sup>(\*)</sup>

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 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, Sogead

Director, Sogead Gérance

Honorary Chairman, Renault SA

***Other positions and appointments held during the last five years***

Chairman of the Supervisory Board, Sogead

Director, Renault Finance (Switzerland)

Director, Louis Dreyfus Citrus

**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<sup>(\*)</sup>

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 of the Board of Directors, Christian Dior SA

Chairman, Groupe Arnault SAS

Director, Christian Dior Couture SA

Director, Société Civile du Cheval Blanc

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

Director, Carrefour SA

***Outside France***

Director, LVMH - Moët Hennessy Louis Vuitton Japan KK, Japan

Director, LVMH - Moët Hennessy Louis Vuitton Inc., USA

***Other positions and appointments held during the last five years***

Member of the Supervisory Board, Métropole Télévision "M6" SA

Director, Raspail Investissements SA

<sup>\*</sup> Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

**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<sup>(\*)</sup>

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****In France**

Chairman, Caisse Régionale de Crédit Agricole des Savoie

Deputy Chairman, Fédération Nationale du Crédit Agricole

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

Director, Sacam Participations

Director, GDF Suez

Director, Scicam

President, Fondation pour l'Agriculture et la Ruralité dans le Monde (FARM)

President, Grameen-Crédit Agricole Microfinance Foundation

**Outside France**

Director, Fiat SpA

**Other positions and appointments held during the last five years**

Permanent representative of Crédit Agricole SA, Administrator, Fondation de France

Director, Sacam

Director and Deputy Chairman, Banca Intesa Spa (Italy)

Chairman, Caisse Locale de Crédit Agricole de Yenne

Chairman, Gecam

Member of the Supervisory Board, Eurazeo

Director, Rue Impériale

Director, Sapacam

Director, Sofinco

**Martine Chêne**

64 rue du Parc – 34980 Saint Gély du Fesc, France

*Born 12 May 1950*

Date of appointment: 29 April 2008

End of current period of office: AGM 2014<sup>(\*)</sup>

Number of Lagardère SCA shares held: 150

<sup>(\*)</sup> Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Mrs Martine Chêne joined the Lagardère Group in 1984, and is now employed as an archivist at Hachette Filipacchi Associés (HFA). She is the secretary of HFA's Works Committee, a CFDT union representative and an employee representative. She represents the CFDT union on the Group Employees' Committee.

***Positions and appointments held in other companies***

Mrs Martine Chêne exercises no positions in any other companies.

***Other positions and appointments held during the last five years***

Mrs Martine Chêne has not held any positions or appointments in the last five years.

**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<sup>(\*)</sup>

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***

Director, Bouygues

Censor, Scor SE

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)

Deputy Chairman, Fortis Bank SA/NV (Belgium)

Director, Erbé SA (Belgium)

Director, GBL - Groupe Bruxelles Lambert (Belgium)

Director, Scor Holding (Switzerland) AG (Switzerland)

Director, Scor Global Life Rückversicherung Schweiz AG (Switzerland)

Director, Scor Switzerland AG (Switzerland)

***Other positions and appointments held during the last five years***

Director, Banca Nazionale del Lavoro (Italy)

Member of the Supervisory Board, Sagem

Chairman, BNP Paribas Emergis SAS

<sup>(\*)</sup> Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Chairman and Director, BNP Paribas UK Holdings Ltd. (United Kingdom)

Director, BNP Paribas (Suisse) SA (Switzerland)

Director, BNP Paribas ZAO (Russia)

Director, Capstar Partners SAS

Censor, Scor Global Life (formerly Scor Vie)

### **François David**

12 cours Michelet – 92800 Puteaux, France

*Born 5 December 1941*

Date of appointment: 29 April 2008

End of current period of office: AGM 2014<sup>(\*)</sup>

Number of Lagardère SCA shares held: 150

Member of the Audit Committee of Lagardère SCA

Mr. François David is a graduate of the Institut d'Études Politiques de Paris and has a degree in sociology. He began his career at the French Finance Ministry in 1969, as an administrative officer with a range of duties in the Foreign Trade Mission. In 1986 he was appointed Chief of Staff at the Foreign Trade Ministry. He became Head of Foreign Trade relations at the French Ministry of Finance and Economics in 1987, and was the General Director of International Affairs at Aerospatiale from 1990 to 1994. Mr. François David has been Chairman of the Board of Directors of Coface since 1994.

### **Positions and appointments held in other companies**

#### ***In France***

Chairman of the Board of Directors, Coface Services

Director, Vinci

Director, Rexel

Member of the Conseil de l'Ordre de la Légion d'Honneur

#### ***Outside France***

Chairman of the Supervisory Board, Coface Kerdtversicherung AG (Germany)

Chairman of the Board of Directors, Coface Assicurazioni (Italy)

### **Other positions and appointments held during the last five years**

Director, EADS

Chairman, International Credit Insurance & Surety Association (ICISA)

European Adviser, CityGroup

### **Groupama SA<sup>(1)</sup>**

A French corporation with share capital of €1,186,513,168

8-10 rue d'Astorg – 75008 Paris, France

Date of appointment: 29 April 2008

End of current period of office: Groupama resigned from the Board on 23 December 2009.

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

<sup>(\*)</sup> Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

<sup>(1)</sup> 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.

Mr. Helman le Pas de Sécheval is an engineer belonging to the 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 Chief Financial Officer of Groupama. He is currently Chief Executive Officer of Groupama Centre Atlantique.

### **Positions and appointments held in other companies**

#### **In France**

Deputy Chairman of the Board of Directors, Groupama Banque

Director, Bouygues SA

Permanent representative of Groupama SA to the Board of Directors, Silic

Permanent representative of Groupama to the Board of Directors, GIE Groupama Systèmes d'Information

Permanent representative of Groupama SA, member of the Managing Board, SCA du Château d'Agassac

Permanent representative of Groupama SA, co-manager, SCI du Château d'Agassac

#### **Outside France**

Director, Groupama Assicurazioni SpA

### **Other positions and appointments held during the last five years**

Chairman of the Board of Directors, Groupama Immobilier

Chairman of the Board of Directors, Groupama Private Equity

Chairman of the Board of Directors, Groupama Asset Management

Chairman of the Board of Directors, Compagnie Foncière Parisienne

Deputy Chairman of the Supervisory Board, Banque Finama

Director, Groupama Vita SpA

Director, Nuova Tirrena

Censor, Gimar Finance & Compagnie

Director, Groupama International

Permanent representative of Gan Assurance Vie to the Supervisory Board, Locindus

Director, Scor

Director, Scor Vie

### **Pierre Lescure**

38 rue Guynemer – 75006 Paris, France

*Born 2 July 1945*

Date of appointment: 29 April 2008

End of current period of office: AGM 2014<sup>(\*)</sup>

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, Chairman and Chief Executive Officer of the pay TV channel Canal+, and Chief Executive Officer of Vivendi Universal. He is currently manager of the Théâtre Marigny, in Paris.

### **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

<sup>(\*)</sup> Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

**Outside France**

Member of the Board of Directors, Kudelski (Switzerland)

**Other positions and appointments held during the last five years**

Chairman, Lescure Farrugia Associés

**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<sup>(\*)</sup>

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 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 (CGG)

Censor, Sofinnova

**Other positions and appointments held during the last five years**

Director, Erap

Chairman, Oseo-Services (formerly the “Agence des PME”)

**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<sup>(\*)</sup>

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, GT Finance

Director, Fimalac

Censor, Holding Cholet-Dupont

**Javier Monzón**

Avenida De Bruselas, 33-35, 28108 Arroyo de la Vega – Alcobendas, Madrid, Spain

*Born March 1956*

Date of appointment: 29 April 2008

<sup>(\*)</sup> Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

End of current period of office: AGM 2014<sup>(\*\*)</sup>

Number of Lagardère SCA shares held: 150

Mr. Javier Monzón has a degree in economics and has held the following main positions during his career: Corporate Banking Director at Caja Madrid where he began his career; after occupying the posts of Finance Director, then General Manager for development of international business, he became Chairman of Telefonica International; Worldwide Partner in Arthur Andersen and Managing Partner of Corporate Finance Consulting Services in Spain. He is presently Chairman of the Spanish technology firm Indra Sistemas.

#### **Positions and appointments held in other companies**

##### *Outside France:*

Member of the Board of Directors, ACS Actividades de Construcción y Servicios SA (Spain)

Member of the Board of Directors, ACS Servicios y Concesiones SL (Spain)

Permanent representative of Indra Sistemas SA to the Board of Directors, Banco Inversis, SA (Spain)

Member of the Board of Directors, YPF SA (Argentina)

#### **Other positions and appointments held during the last five years**

Permanent representative of Indra Sistemas SA to the Board of Directors, Inversis Networks, SA (Spain)

Permanent representative of Indra Sistemas SA to the Board of Directors, Marco Polo Investments SCRSA (Spain)

Chairman of the Board of Directors, Europraxis Atlante SL (subsidiary of Indra Sistemas SA in Spain)

#### **Amélie Oudéa-Castéra**

25 avenue Matignon – 75008 Paris, France

*Born 9 April 1978*

Date of appointment: 2 December 2009<sup>(\*)</sup>

End of current period of office: AGM 2010<sup>(\*\*)</sup>

Number of Lagardère SCA shares held: 150

Member of the Audit Committee of Lagardère SCA

A former professional tennis player, Mrs Amélie Oudéa-Castéra is a graduate of the Institut d'Études Politiques de Paris and ESSEC Business School, holds a master's degree in law and attended the École Nationale d'Administration. She joined the Axa group in 2008 and became Project Director for Finance, Strategy and Operations on 1 January 2010.

#### **Positions and appointments held in other companies**

Conseillère Référendaire, Cour des Comptes

#### **Other positions and appointments held during the last five years**

Mrs Amélie Oudéa-Castéra has not held any other positions or appointments in the last five years.

#### **Didier Pineau-Valencienne**

24-32 rue Jean Goujon – 75008 Paris, France

*Born 21 March 1931*

Date of appointment: 29 April 2008

End of current period of office: AGM 2014<sup>(\*\*)</sup>

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.

<sup>(\*)</sup> Coopted by the Supervisory Board at the meeting of 2 December 2009.

<sup>(\*\*)</sup> Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

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

Chairman of the Investment Committee, Sagard

Director, Fleury Michon

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

Director, BIPE Association

Executive lecturer, HEC Paris Business School

Advisor, Centre d'Enseignement Supérieur de la Marine

**Outside France**

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

**Other positions and appointments held during the last five years**

Director, Pernod Ricard

Director, Wendel Investissement

Director, Aventis

Director, AFEP

Director, Axa

Director, Vivarte

Director, AON

Member of the Trustees, IASC (USA)

Director, Axa Financial (USA)

Senior Advisor, Crédit Suisse

**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: Mr. Proglio resigned from the Board on 16 November 2009

Number of Lagardère SCA shares held: 150

Mr. Henri Proglio is a graduate of the Paris Business School HEC. He has been Chairman and Chief Executive Officer of Veolia Environnement, and, since November 2009, Chairman and Chief Executive Officer of EDF.

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

Chairman of the Board of Directors, Veolia Environnement

Director, CNP Assurances

Director, Natixis

Director, Dassault Aviation

Member of the Supervisory Board, Veolia Eau

Chairman of the Board of Directors, Veolia Propreté

Chairman of the Board of Directors, Veolia Transport

Member of the Supervisory Boards A and B, Dalkia (SAS)

**Outside France**

Director, Veolia Environment North America Operations

**Other positions and appointments held during the last five years**

Director, Sarp Industries

Censor, Supervisory Board, Caisse Nationale des Caisses d'Epargne

Director, Veolia Transport Northern Europe

Director, Veolia Environmental Services, Plc

Director, Veolia Transport Australasia

Director, Veolia UK Ltd (United Kingdom)

Director, Veolia ES Australia

Director, Thales

Member of the Supervisory Board, Elior

Member of the Supervisory Board, CNP Assurances

Director, EDF International

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, B 1998 SL and FCC (Spain)

Director, Onyx UK Holdings (United Kingdom)

Director, Safise

Director, Wasco (formerly USFilter) USA

Director, Sarp

Director, Veolia ES Asia

Director, Casino, Guichard-Perrachon

Director, Siram

Manager, Veolia Eau

Chairman of the Board of Directors, Veolia Water

Director, Dalkia International

Director, Société des Eaux de Marseille

Member and Chairman of the Supervisory Board, Dalkia France

Member of the Supervisory Board, Natixis

**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<sup>(\*)</sup>

Number of Lagardère SCA shares held: 150

<sup>(\*)</sup> Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

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 Deputy Chairman of Crédit Suisse Europe.

**Positions and appointments held in other companies**

Conseiller Maître, Cour des Comptes

**Other positions and appointments held during the last five years**

Chairman and Chief Executive Officer, Crédit Suisse - France

Chairman, Crédit Suisse Banque d'Investissement France

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

**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, with the exceptions, in the case of the Supervisory Board, of Mr. Raymond Lévy who has an employment agreement, and in the case of the Managing Partners, of the service agreement between LC&M (controlled by Mr. Arnaud Lagardère) and Lagardère Ressources. For more information on this agreement, see section 7.5.1 below and the Statutory Auditors' report on related party agreements and commitments in Chapter 6, section 6.8.

#### 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.

To the best of Lagardère SCA's knowledge, no potential conflict of interest exists between the duties of the members of the Supervisory Board or the Managing Partners to Lagardère SCA and their personal interests, or between those duties and any other responsibilities they may hold.

#### 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 by the Supervisory Board in 2008 and 2009 for free share allocations (see the Special report of the Managing Partners on allocations of free shares, in section 7.3.5).

### 7.3 REMUNERATION AND BENEFITS

#### 7.3.1 MANAGING PARTNERS AND MEMBERS OF THE EXECUTIVE COMMITTEE

At 31 December 2009, the Executive Committee included:

Messrs Arnaud Lagardère,	General and Managing Partner,	} <b>Managing Partners</b>
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,	
Ramzi Khiroun,	Spokesman for the Managing Partners	
	Head of External Relations	

##### Members of the Executive Committee

- receive immediate and deferred remuneration (retirement benefits);
- 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 (LC&M) and accounts for most of the management fees charged by LC&M to Lagardère Ressources (see section 7.5.1). Messrs Arnaud Lagardère and Dominique D'Hinnin also receive remuneration from EADS for the functions they occupy on the EADS Board of Directors. This remuneration is reported in the following tables, but is not concerned by the comments in section 7.3.1.1.

### 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 Group performance-related component based on two parameters of equal importance in relation to the individual targets:
  - the percentage differential between the midpoint of the forecast range for progression in recurring operating profit before associates of companies in the Media segment as announced to the market at the start of the year, and the actual progression in that recurring operating profit for the year concerned;
  - the percentage differential between net cash from operating activities as forecast in the budget for the year, and net cash from operating activities stated in the consolidated cash flow statement for the year concerned.

For 2008, application of these two parameters resulted in a coefficient of 0.65 times the target amounts. Due to the economic situation, for 2009 only an estimated forecast for recurring operating profit before associates was announced, excluding the Lagardère Active division. This resulted in a coefficient of 1.66 times the target amounts and was disregarded because it is incomplete. Only the net cash from operating activities parameter was used in the calculation, leading to a coefficient of 1.28 times the targets.

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

#### B) PENSIONS

The members of the Executive Committee who are also managers or salaried employees of LC&M benefit from an additional pension plan set up by LC&M 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.

At 31 December 2009, the Group's Defined Benefit Obligation as defined by IAS 19 under this plan amounted to €35.1 million.

#### C) TERMINATION INDEMNITIES

Neither LC&M 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 for personal purposes.
- 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

(in euros)	2007	2008	2009
<b>“LAGARDÈRE”</b>	(1)	(2)	(3)
Fixed salary and benefits in kind	5,153,795	6,296,183	6,576,920
Variable portion of salary paid (in respect of the previous year)	3,794,600	3,455,060	2,565,983
Attendance fees	78,570	49,846	20,425
<b>Total</b>	<b>9,026,965</b>	<b>9,801,089</b>	<b>9,163,328</b>
<b>“EADS”</b>	(4)	(5)	(5)
Fixed salary and benefits in kind	60,000	60,000	220,000
Variable portion of salary paid (in respect of the previous year)	43,750	125,500	-
Attendance fees	75,000	50,000	60,000
<b>Total</b>	<b>178,750</b>	<b>235,500</b>	<b>280,000</b>

(1) Messrs Lagardère, Camus, Leroy, D'Hinnin, Gut (full-time from 17 September 2007), Funck-Brentano, Molinié (from 1 July 2007).  
(2) Messrs Lagardère, Camus, Leroy, D'Hinnin, Gut, Funck-Brentano, Molinié (full-time).  
(3) Messrs Lagardère, Camus, Leroy, D'Hinnin, Gut, Funck-Brentano (full-time), Mr. Molinié (until 30 June) and Mr. Khiroun (from 1 October).  
(4) Mr. Lagardère for his position on the Board of Directors.  
(5) Messrs Lagardère and D'Hinnin for their positions on the Board of Directors.

The “Lagardère” variable portion of salary to be paid in 2010 in respect of 2009 amounts to €3,637,120. Members of EADS’ Board of Directors are no longer paid a variable portion of salary.

#### B) SHARE SUBSCRIPTION AND PURCHASE OPTIONS

Date of Plan	Date of AGM	Number of options originally granted	Exercise price	Number of beneficiaries	Options exercised in 2009	Options forfeited at end 2009	Options outstanding at end 2009 <sup>(*)</sup>	Exercise period
Subscription options								
None								
Purchase options								
<b>Plans expired</b>								
19.12.2001	23.05.2000	185,000	€46.48	7	0	0	0	19.12.2003 to 19.12.2008
19.12.2002	23.05.2000	185,000	€51.45	7	0	0	0	19.12.2004 to 19.12.2009
<b>Plans in force</b>								
18.12.2003	23.05.2000	178,000	€51.45	6	0	0	179,976	18.12.2005 to 18.12.2013
20.11.2004	11.05.2004	178,000	€51.92	6	0	0	179,991	20.11.2006 to 20.11.2014
21.11.2005	11.05.2004	240,000	€56.97	6	0	0	240,000	21.11.2007 to 21.11.2015
14.12.2006	11.05.2004	242,000	€55.84	6	0	0	242,000	14.12.2008 to 14.12.2016

(\*) After adjustment in 2005.

### C) FREE SHARE ALLOCATION RIGHTS

Date of Plan	Date of AGM	Number of rights granted	Number of beneficiaries	Number of shares vested in 2009	Number of rights cancelled in 2009	Number of rights outstanding at end 2009	Vesting date
<b>Plan expired in 2009</b>							
28.12.2007	27.04.2007	107,000	7	0	0	0 <sup>(*)</sup>	29.12.2009
<b>Plan in force</b>							
01.10.2009	31.12.2009	126,000	6	0	0	126,000	02.10.2011 <sup>(**)</sup>

(\*) As the stock market performance condition for final allocation of shares was not fulfilled at 29 December 2009, no free shares were allocated.  
(\*\*) 2 October 2013 for beneficiaries who are not resident in France for tax purposes.

#### 7.3.1.3 REMUNERATION AND BENEFITS OF THE MANAGING PARTNERS

##### Mr. Arnaud Lagardère

Summary of remuneration and benefits						
(in euros)	2007		2008		2009	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
<b>“LAGARDÈRE”</b>						
Fixed salary	914,700	914,700	978,729	978,729	1,140,729	1,140,729
Variable portion of salary	976,506	854,841 <sup>(1)</sup>	534,072	976,506 <sup>(1)</sup>	1,044,480	534,072 <sup>(1)</sup>
Exceptional remuneration	-	-	-	-	-	-
Attendance fees	6,334	8,300 <sup>(1)</sup>	6,650	6,334 <sup>(1)</sup>	7,125	6,650 <sup>(1)</sup>
Benefits in kind	3,120	3,120	3,600	3,600	12,764	12,764
<b>Total</b>	<b>1,900,660</b>	<b>1,780,961</b>	<b>1,523,051</b>	<b>1,965,169</b>	<b>2,205,098</b>	<b>1,694,215</b>
<b>“EADS”</b>						
Fixed salary	60,000	60,000	54,375	54,375	100,000	100,000
Variable portion of salary	113,734	43,750 <sup>(1)</sup>	-	113,734 <sup>(1)</sup>	-	-
Exceptional remuneration	-	-	-	-	-	-
Attendance fees	60,000	60,000	10,000	10,000	10,000	10,000
Benefits in kind	-	-	-	-	-	-
<b>Total</b>	<b>233,734</b>	<b>163,750</b>	<b>64,375</b>	<b>178,109</b>	<b>110,000</b>	<b>110,000</b>
<b>Total</b>	<b>2,134,394</b>	<b>1,944,711</b>	<b>1,587,426</b>	<b>2,143,278</b>	<b>2,315,098</b>	<b>1,804,215</b>

(1) Amounts paid in respect of the previous year. Since the variable portion of salaries can only be calculated after the year-end, it is paid during the following year.

The variable portion of salary paid to Mr. Lagardère 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 or any rights to the allocation of free shares.

- Subscription or purchase options granted during the year: None.
- Subscription or purchase options exercised during the year: None.
- Performance shares granted during the year: None.
- Performance shares that vested during the year: None.

<b>Total remuneration and benefits received and stock options and performance shares granted</b>			
(in euros)	<b>2007</b>	<b>2008</b>	<b>2009</b>
Remuneration and benefits receivable for the year (details in previous table)	2,134,394	1,587,426	2,315,098
Value of options granted during the year	None	None	None
Value of rights to performance shares granted during the year	None	None	None
<b>Total</b>	<b>2,134,394</b>	<b>1,587,426</b>	<b>2,315,098</b>

### Mr. Philippe Camus

<b>Summary of remuneration and benefits</b>						
(in euros)	<b>2007</b>		<b>2008</b>		<b>2009</b>	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
Fixed salary	998,923 <sup>(2)</sup>	998,923 <sup>(2)</sup>	1,123,458 <sup>(2)</sup>	1,123,458 <sup>(2)</sup>	1,047,115 <sup>(2)</sup>	1,047,115 <sup>(2)</sup>
Variable portion of salary	369,835	347,503 <sup>(1)</sup>	276,589	369,835 <sup>(1)</sup>	378,480	276,589 <sup>(1)</sup>
Exceptional remuneration	-	-	-	-	-	-
Attendance fees	-	6,450 <sup>(1)</sup>	-	-	-	-
Benefits in kind	-	-	-	-	-	-
<b>Total</b>	<b>1,368,758</b>	<b>1,352,876</b>	<b>1,400,047</b>	<b>1,493,293</b>	<b>1,425,595</b>	<b>1,323,704</b>

(1) Amounts paid in respect of the previous year. Since the variable portion of salaries can only be calculated after the year-end, it is paid during the following year.  
(2) Fixed annual salary of €1,088,000 excluding exchange rate effect due to the fact that most of Mr. Camus' salary is paid in the US by Lagardère North America.

<b>Rights to performance shares granted in 2009</b>						
Date of AGM authorisation	Date of Plan	Number of shares allocated in 2009	Value under IFRS2	Vesting date	End of holding period	Performance condition
28 April 2009	31 December 2009	25,000	572,000	1 April 2014	1 April 2014	(1)

(1) Based on changes in recurring operating profit before associates of the Media segment for 2010 and 2011 and free cash flows for 2010 and 2011.

These rights are granted subject to certain conditions described in the Special Report of the Managing Partners presented in section 7.3.5.

- Subscription or purchase options granted during the year: None.
- Subscription or purchase options exercised during the year: None.
- Performance shares granted during the year: 25,000.
- Performance shares that vested during the year: None.

On 28 December 2007, Mr. Philippe Camus was granted rights to receive 20,000 free shares of Lagardère SCA, valued at €579,000. As the stock market performance condition applicable for final allocation of these shares had not been fulfilled at 29 December 2009, no shares were allocated at the end of the year and the rights lapsed.

Total remuneration and benefits received and stock options and performance shares granted			
	2007	2008	2009
Remuneration and benefits receivable for the year (details in previous table)	1,368,758	1,400,047	1,425,595
Value of options granted during the year	None	None	None
Value of rights to performance shares granted during the year	(1)	None	572,000
<b>Total</b>	<b>1,368,758</b>	<b>1,400,047</b>	<b>1,997,595</b>

(1) See comments above table.

### Mr. Pierre Leroy

Summary of remuneration and benefits						
(in euros)	2007		2008		2009	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
Fixed salary	864,000	864,000	924,000	924,000	1,062,000	1,062,000
Variable portion of salary	782,977	751,512 <sup>(1)</sup>	614,895	782,977 <sup>(1)</sup>	808,800	614,895 <sup>(1)</sup>
Exceptional remuneration	-	-	-	-	-	-
Attendance fees	7,600	20,220 <sup>(1)</sup>	6,650	7,600 <sup>(1)</sup>	6,650	6,650 <sup>(1)</sup>
Benefits in kind	3,120	3,120	3,600	3,600	7,512	7,512
<b>Total</b>	<b>1,657,697</b>	<b>1,638,852</b>	<b>1,549,145</b>	<b>1,718,177</b>	<b>1,884,962</b>	<b>1,691,057</b>

(1) Amounts paid in respect of the previous year. Since the variable portion of salaries can only be calculated after the year-end, it is paid during the following year.

Rights to performance shares granted in 2009						
Date of AGM authorisation	Date of Plan	Number of shares allocated in 2009	Value under IFRS2	Vesting date	End of holding period	Performance condition
28 April 2009	31 December 2009	25,000	633,750	1 April 2012	1 April 2012	(1)

(1) Based on changes in recurring operating profit before associates of the Media segment for 2010 and 2011 and free cash flows for 2010 and 2011.

These rights are granted subject to certain conditions described in the Special Report of the Managing Partners presented in section 7.3.5.

- Subscription or purchase options granted during the year: None.
- Subscription or purchase options exercised during the year: None.
- Performance shares granted during the year: 25,000.
- Performance shares that vested during the year: None.

On 28 December 2007, Mr. Pierre Leroy was granted rights to receive 20,000 free shares of Lagardère SCA, valued at €579,000. As the stock market performance condition applicable for final allocation of these shares had not been fulfilled at 29 December 2009, no shares were allocated at the end of the year and the rights lapsed.

Total remuneration and benefits received and stock options and performance shares granted			
	2007	2008	2009
Remuneration and benefits receivable for the year (details in previous table)	1,657,697	1,549,145	1,884,162
Value of options granted during the year	None	None	None
Value of rights to performance shares granted during the year	(1)	None	633,750
<b>Total</b>	<b>1,657,697</b>	<b>1,549,145</b>	<b>2,517,912</b>

(1) See comments above table.

Share subscription and share purchase options <sup>(1)</sup>						
Date of AGM	Plans expired		Plans in force			
	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan
Date of Board of Directors or Executive Board meeting as relevant	Not relevant to Lagardère SCA which is a limited partnership with shares Date of grant = date of decision by the Managing Partners					
Total number of shares available for subscription and purchase <sup>(1)</sup> Of which: number that may be subscribed and purchased by Managing Partners and Members of the Supervisory Board <sup>(1)</sup> :	1,271,740 <sup>(*)</sup>	1,313,639 <sup>(*)</sup>	1,453,451 <sup>(*)</sup>	1,586,519 <sup>(*)</sup>	1,683,844	1,844,700
Mr. Arnaud Lagardère	50,560	50,554	0	0	0	0
Mr. Pierre Leroy	30,336	30,333	40,444	40,447	50,000	50,000
Mr. Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Date from which options can be exercised	19/12/2003	19/12/2004	18/12/2005	20/11/2006	21/11/2007	14/12/2008
Date on which options expire	19/12/2008	19/12/2009	18/12/2013	20/11/2014	21/11/2015	14/12/2016
Subscription or purchase price	€46.48 <sup>(*)</sup>	€51.45 <sup>(*)</sup>	€51.45 <sup>(*)</sup>	€51.92 <sup>(*)</sup>	€56.97	€55.84
Number of shares acquired at 15 March 2009	30,336 <sup>(2)</sup>					
Total number of subscription and purchase options cancelled or forfeited:						
Mr. Arnaud Lagardère	50,560	50,554	-	-	-	-
Mr. Pierre Leroy		30,333	-	-	-	-
Mr. Philippe Camus	20,224	20,222	-	-	-	-
Subscription and purchase options <sup>(1)</sup> outstanding at end 2009:						
Mr. Arnaud Lagardère	0	0	-	-	-	-
Mr. Pierre Leroy	0	0	40,444	40,447	50,000	50,000
Mr. Philippe Camus	0	0	30,333	30,336	50,000	50,000

(1) Share purchase plans only.  
(2) Exercised by Mr. Pierre Leroy on 20 December 2005.  
(\*) After adjustment on 6 July 2005.

Other information								
Members of the managing bodies	Employment contract <sup>(1)</sup>		Additional pension plan		Indemnities or benefits receivable or likely to become receivable due to a termination or change of function		Indemnities payable under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Mr. Arnaud Lagardère Position: Managing Partner  Date of appointment: } <i>Renewed on 11 March 2009</i> End of term of office: } <i>for a six-year period</i>		X	X			X		X
Mr. Pierre Leroy Position: <sup>(1)</sup> Date of appointment: End of term of office:	NA <sup>(1)</sup>		X			X		X
Mr. Philippe Camus Position: <sup>(1)</sup> Date of appointment: End of term of office:	NA <sup>(1)</sup>		X			X		X

(\*) Chief Operating Officer of Arjil Commandité-Arco whose term of office as Managing Partner of Lagardère SCA was renewed on 10 March 2010 for a further six-year period.  
 (1) NA: Not applicable. The AFEP/MEDEF corporate governance recommendations that company officers should not hold employment contracts with the company only apply to the following persons: chairman of the board, chairman and chief executive officer, general manager of companies having a board of directors; chairman of the management board, chief executive officer of companies having a management board and supervisory board; managing partner of French limited partnerships with shares (SCA).

## 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. 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.

The basic remuneration is equal to the total attendance fees divided by the number of shares held for each member.

The Supervisory Board has decided to modify the distribution of attendance fees between members as from 2009 in order to reflect the actual participation by Board members in Board and Audit Committee meetings.

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

	2008	2009
Raymond H. Lévy	125,000	111,111.10
Bernard Arnault	25,000	22,222.22
René Carron	25,000	22,222.22
Martine Chêne	-	16,666.67
Georges Chodron de Courcel	25,000	22,222.22
François David	-	50,000.00
Groupama SA	75,000	66,666.67
Pierre Lescure	25,000	22,222.22
Christian Marbach	75,000	66,666.67
Bernard Mirat	75,000	66,666.67
Javier Monzón	-	16,666.67
Didier Pineau-Valencienne	75,000	66,666.67
Henri Proglío	25,000	22,222.22
Felix G. Rohatyn (USA)	25,000 <sup>(1)</sup>	5,555.56
François Roussely	25,000	22,222.22
<b>Total attendance fees paid</b>	<b>600,000</b>	<b>600,000</b>

(1) Less withholding tax.

Mr. Raymond H. Lévy also received from the Group a gross amount of €222,456 in 2009 in consideration for his advisory services (€224,456 in 2008). In his capacity as director or member of the Supervisory Boards of several other Group companies, Mr. Lévy also received attendance fees in the amount of €15,200 (€12,456 in 2008).

### 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 AND THEIR RELATIVES DURING 2009

### 7.3.3.1 MANAGING PARTNERS

#### Arnaud Lagardère

##### **Operations entered into by Lagardère Capital & Management**

- Between 1 June and 5 November 2009: early settlement of 6,872,754 puts acquired over-the-counter and outside the market by the company to hedge part of his portfolio of Lagardère SCA shares, against payment of an indemnity totalling €108,702,234.
- 4 June 2009: delivery of 902,329 shares sold forward in 2007 and 2008

#### Philippe Camus

17 March 2009: purchase of 6,192 Lagardère SCA shares at a unit price of €19.775.

### 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 2009 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 subscription and purchase options during 2009.

#### GENERAL

1. In the course of 2009, no new options to subscribe or purchase Lagardère SCA shares were granted.

The main characteristics of the plans in force at the end of 2009 or which expired in 2009 are summarised in the table below.

Plan	Date of AGM	Number of options originally granted	Exercise price	Number of beneficiaries	Options exercised in 2009	Options forfeited at end of 2009	Options outstanding at end of 2009	Period of exercise
<b>Subscription options</b>								
None								
<b>Purchase options</b>								
Plan expired in 2009:								
19.12.2002	23.05.2000	1,299,000	€51.45	416	0	-	0	19.12.2004 to 19.12.2009
Plans in force:								
18.12.2003	23.05.2000	1,437,250	€51.45	445	-	196,797	1,214,132	18.12.2005 to 18.12.2013
20.11.2004	11.05.2004	1,568,750	€51.92	481	-	215,439	1,360,420	20.11.2006 to 20.11.2014
21.11.2005	11.05.2004	1,683,844	€56.97	495	-	181,855	1,501,989	21.11.2007 to 21.11.2015
14.12.2006	11.05.2004	1,844,700	€55.84	451	-	130,100	1,714,600	14.12.2008 to 14.12.2016
<b>Total</b>							<b>5,791,141</b>	

The 19 December 2002 Plan expired on 19 December 2009. Of the 1,299,000 options initially granted in December 2002, none were exercised during 2009, and only 187,579 options representing less than 15% of the total number of options granted could be exercised because of market price levels.

2. In the course of 2009, no new options to subscribe or purchase shares were granted by companies under the majority control of Lagardère SCA<sup>(1)</sup>.

(1) For information relative to EADS, see the EADS Registration Document.

The main characteristics of the plans in force today or which expired in 2009 are summarised in the table below.

Date of AGM Date of grant	Exercise price	Exercise period	Number of options granted	Number of beneficiaries	Number of options forfeited	Options outstanding	Period of repurchase <sup>(2)</sup>
<b>Plan in force: none</b>							
<b>Plan expired in 2009: Hachette SA</b>							
18.06.1997 22.07.1999	€253.85 <sup>(1)</sup>	22.07.1999 to 21.07.2009	1,525 <sup>(3)</sup>	63	75	0	23.07.2004 to 23.07.2009
<p>(1) Following the merger on 31 December 2007 of Hachette Holding (formerly Hachette Filipacchi Médias, HFM) into Hachette SA, Hachette SA 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, 27 beneficiaries remain, holding a total of 732 options. Each option enabled its holder to subscribe 91 Hachette SA shares at a per-share price of €253.85. The 91 Hachette SA shares subscribed were to be exchanged for 550 Lagardère SCA shares in accordance with the commitments undertaken in the public offerings of 2000. No options were exercised in 2009 and the plan expired on 23 July 2009.</p> <p>(2) Beneficiaries had the right to redeem their shares or exchange them for Lagardère shares. In the case of Hachette Holding, this was the period allowed for exchange for Lagardère shares.</p> <p>(3) Each option entitled the holder to subscribe 91 Hachette SA shares.</p>							

### **INFORMATION ON THE COMPANY'S OFFICERS AND LAGARDÈRE GROUP EMPLOYEES**

In 2009, members of the managing bodies of Lagardère SCA, their legal representatives and Group employees did not exercise any share purchase options and thus purchased no Lagardère SCA shares under the share purchase options granted to them in the years 2002 to 2006.

#### **The Managing Partners**

## FREE SHARE ALLOCATION RIGHTS GRANTED TO EMPLOYEES ON SHARES OF LAGARDÈRE SCA OR ITS SUBSIDIARIES

### SPECIAL REPORT OF THE MANAGING PARTNERS ON THE ALLOCATION OF FREE SHARES

Dear Shareholders,

Pursuant to article L. 225-197-4 of the Commercial Code, you will find below the required information on transactions carried out during the financial year 2009 which concern allocations of free shares.

\*\*\*

The policy on the allocation of free shares, like the previous policy governing the allocation of purchase options, is intended primarily to give the Lagardère Group's executives worldwide a stake in the Group's growth and consequent rise in value.

It also offers a means of singling out executives who have made a notable contribution to the Group's results through their positive action.

In addition, it instils loyalty among those whom the Company wishes to retain for many years, specifically young executives with strong potential for professional growth, through whose efforts the Group will ensure its continued growth as part of an established long-term strategy.

**1)** The first bonus share plan, implemented on 28 December 2007 and involving 594,350 shares granted to 387 individuals, included a so-called market performance condition applicable on 29 December 2009, stipulating that the average of the 20 most recent opening prices for Lagardère SCA shares preceding 29 December 2009 must be at least €51.14.

In view of the financial crisis that has arisen since the allocation date, this condition was not met; accordingly the plan lapsed on 29 December 2009 and no shares could be definitively allocated.

**2)** Based on the authorization granted by the General Meeting of 28 April 2009 (14<sup>th</sup> Resolution), Mr. Arnaud Lagardère, in his capacity as Managing Partner of the Company, proceeded at the close of 2009 with the allocation of bonus Lagardère SCA shares to selected employees and senior managers of Lagardère SCA and its related companies as defined by law.

The allocation of 1 October was defined as follows:

- **Number of beneficiaries:** 335 persons.
- **Number of shares granted:** 521,525 shares (0.398% of the number of shares comprising the capital stock).
- **Acquisition period:** Two years; the shares allocated will not be definitively awarded until 2 October 2011, on the condition that at that date the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross negligence.
- **Retention period:** Two years; once definitively granted, the shares must be kept in a registered account until 2 October 2013, inclusive, at which time they become transferable and may be traded under the terms and conditions established by applicable law.

For beneficiaries who reside overseas for tax purposes, the acquisition period has been set at four years, i.e. until 2 October 2013; in exchange, pursuant to a decision by the General Meeting, these beneficiaries are not subject to any retention period.

The total number of free shares granted during the 2009 financial year to the ten largest beneficiaries who are not Lagardère SCA officers was 157,000 free Lagardère SCA shares, or an average of 15,700 shares per person.

On 31 December 2009, Mr. Arnaud Lagardère, in his capacity as Managing Director, awarded to Messrs Philippe Camus and Pierre Leroy, employees of Lagardère Capital & Management and Managing Partners, as part of the 2009 allocation, the right to receive 25,000 free shares each (representing 0.019% of the number of shares comprising the capital stock), following a decision by the Supervisory Board, meeting on 2 December, pursuant to the provisions of the AFEP-MEDEF Code governing this allocation.

The characteristics of this allocation and the conditions to which it is subject are as follows:

- **Acquisition period:** The shares granted will not be definitively acquired until 1 April 2012 with regard to Mr. Pierre Leroy and 1 April 2014 with regard to Mr. Philippe Camus, a United States resident for tax purposes, subject to their fulfilment of the conditions governing performance and presence.
- **Performance conditions:** In view of the current economic and financial environment, the extremely limited short-term visibility available to most of the companies and the diversity of the Group's activities and development in various markets, the objectives have been defined on an annual basis rather than a multi-year basis, as would be the case during a normal period of operations. Similarly, in view of the instability of the financial markets, the objectives were defined on the basis of internal corporate criteria rather than in part on the basis of market performance conditions, since Lagardère SCA no longer has any suitably comparable competitors. Consequently, two objectives were adopted: one based on the change in REBIT for the Media Division companies in 2010 and 2011 by comparison with the target 2010 and 2011 REBIT established in the Group's Consolidated Annual Budgets; the second based on the change in free cash flow in 2010 and 2011 compared with the figures defined in the Consolidated Annual Budgets prepared at the start of the year. If each of these four target objectives is met, the free shares assigned to each objective (i.e. one quarter of the total quantity per target objective) will be granted in full; if between 50% and 100% of the objective is met, the free shares will be granted in proportion to the percentage of the objective that is fulfilled, in linear fashion.
- **Presence conditions:** In order to claim definitive allocation of the shares, Messrs Philippe Camus and Pierre Leroy must still be serving as executives of Lagardère SCA on 1 April 2012; this condition will be deemed met in the event of their removal from their executive position or the non-renewal of their appointment for reasons other than negligence.
- **Retention of shares:**

With regard to Mr. Pierre Leroy, 100% of the shares actually granted must be retained in a registered account for a period of no less than two years, i.e. from 1 April 2012 to 1 April 2014.

With regard to both beneficiaries:

- pursuant to a decision by the Supervisory Board on 12 March 2008, 25% of the shares actually granted must be held in a registered account until the beneficiary ceases to serve as a legal representative of Lagardère SCA;
- pursuant to a decision by the Supervisory Board on 2 December 2009, an additional 25% of the shares actually granted must be held in a registered account until the value of the Lagardère SCA shares held is at least equal to one year of fixed and variable gross compensation; this condition will be assessed at the start of each year in light of the average December share price and the fixed compensation received over the course of the preceding year as well as the maximum theoretical amount of variable compensation.

At the close of the mandatory retention periods defined above, the corresponding shares will become transferable and may be traded under the terms and conditions established by law and in accordance with the fixed trading periods established by Lagardère SCA in the "Charter for Transactions carried out on Lagardère SCA shares by employees of the Lagardère Group" which provides for just three windows each year: between the 3<sup>rd</sup> and 30<sup>th</sup> day following the publication of annual and interim results, and the date of the annual shareholders' meeting.

### **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 7.5% interest in EADS NV (after the sale in March 2009 of 2.5% of the share capital in redemption of the last Mandatory Exchangeable Bonds), 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 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;
- 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 one of the Managing Partners who is the 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 for its services, generally of 0.9% of sales revenues (or gross margin for Hachette Distribution Services).

### ***The Operating Units***

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

Each business 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 Supervisory Board members (Board of Directors in the case of Hachette Livre) 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 Lagardère SCA through its subsidiary Hachette SA as the sole shareholder 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 business division concerned:

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

The Financial Committee's Chairman reports directly to the Managing Partners when 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 business division on a monthly basis, and take any necessary corrective action.

## 7.4.2.2 THE SUPERVISORY BOARD

### REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

The purpose of this report is to provide the information required under article L. 226-10-1 of the French Commercial Code principally concerning the membership and operation of the Supervisory Board, and the internal control and risk management procedures applied by the Company.

All preparatory work for this report (including interviews with the Management) was presented at an Audit Committee meeting. The Supervisory Board approved the terms of the report at its meeting of 10 March 2010.

#### **Membership and renewal of appointments**

In accordance with the Company's by-laws, the Supervisory Board is composed of a maximum of fifteen members, appointed for a maximum term of six years.

Following the resignation of Mr. Henri Proglio on 16 November 2009, replaced by Mrs Amélie Oudéa-Castéra on 2 December 2009, and the resignation of Groupama on 23 December 2009, replaced by Mr. Xavier de Sarrau on 10 March 2010, the Board comprised the following 14 members on 10 March 2010.

		Date of first appointment or renewal	End of current period of office
Chairman of the Board Chairman of the Audit Committee	<b>Raymond H. Lévy</b> Honorary Chairman of Renault SA	11 May 2004	AGM 2010
Member of the Board	<b>Bernard Arnault</b> Chairman and Chief Executive Officer of LVMH	11 May 2004	AGM 2010
Member of the Board	<b>René Carron</b> Chairman of the Board of Directors of Crédit Agricole SA	11 May 2004	AGM 2010
Member of the Board	<b>Martine Chêne</b> Former archivist at Hachette Filipacchi Associés. Former CFDT union representative on the Group Employees' Committee	29 April 2008	AGM 2014
Member of the Board	<b>Georges Chodron de Courcel</b> Chief Operating Officer of BNP Paribas	2 May 2006	AGM 2012
Member of the Board Member of the Audit Committee	<b>François David</b> Chairman of the Board of Directors of Coface SA	29 April 2008	AGM 2014
Member of the Board	<b>Xavier de Sarrau</b> Lawyer	10 March 2010	AGM 2014
Member of the Board	<b>Pierre Lescure</b> Chairman and Chief Executive of Canal+ SA	29 April 2008	AGM 2014
Member of the Board Member of the Audit Committee	<b>Christian Marbach</b> Former Chairman of the French innovation agency ANVAR	2 May 2006	AGM 2012
Member of the Board Member of the Audit Committee	<b>Bernard Mirat</b> Former Deputy Chairman and Chief Executive Officer of Société des Bourses Françaises	2 May 2006	AGM 2012
Member of the Board	<b>Javier Monzón</b> Chairman of the Spanish company Indra Sistemas	29 April 2008	AGM 2014
Member of the Board	<b>Amélie Oudéa-Castéra</b> Axa Project Director for Finance, Strategy, Operations	2 December 2009	AGM 2010
Member of the Board Member of the Audit Committee	<b>Didier Pineau-Valencienne</b> Former Chairman and Chief Executive Officer of Schneider SA	29 April 2008	AGM 2014
Member of the Board	<b>François Roussely</b> Chairman of Crédit Suisse-France	11 May 2004	AGM 2010

These members form a competent, independent and attentive Supervisory Board, fully able to represent shareholders' interests.

A review of each Board member's position has concluded that nine Supervisory Board members – nearly two thirds of the Board – currently qualify as “independent” directors as defined by the AFEP-MEDEF report on corporate governance for listed companies, as applied by Lagardère (see below). The nine members concerned are:

- Mrs Martine Chêne,
- Mr. François David,
- Mr. Xavier de Sarrau,
- Mr. Pierre Lescure,
- Mr. Christian Marbach,
- Mr. Bernard Mirat,
- Mr. Javier Monzón,
- Mr. Didier Pineau-Valencienne,
- Mr. François Roussely.

### ***Operation 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 (updated on 2 December 2009) which also define the duties incumbent on each member, and the code of professional ethics each individual member is bound to respect.

These rules concern the following:

- 1. The independence of Board members:** the minimum quota for independent members is fixed at half 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.
- 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 by-laws, 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 inside 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 Partners and Financial Markets Authority (AMF) must be informed of any transactions in shares within five days of their completion.
- 5. The existence of an Audit Committee:** its task is to prepare the Board meetings for subjects within its remit.

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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 and the Group's strategy. It also defines an annual schedule for the coming year's meetings: at least five are planned for 2010.

During 2009, the Supervisory Board met four times, in March, June, September and December, with an attendance rate of 93% at the March meeting, 78% at the June meeting, 86% at the September meeting and 77% at the December meeting.

The meetings of March and September were held primarily to examine the parent company and consolidated financial statements and general business position and outlook; like the other meetings, they were preceded by an Audit Committee meeting. The March meeting also renewed Mr. Arnaud Lagardère's term of office as Managing Partner, amended the Supervisory Board's internal rules, did preparatory work for the Annual General Meeting, and finalised the Board's report to the shareholders. At the June meeting, the Board examined the current position of the advertising market, EADS and Lagardère Services (presentations were given by the teams from the relevant entities) and reviewed the changes in the way the Audit Committee operates. In December, the Board formally recorded Henri Proglio's resignation, coopted Amélie Oudéa-Castéra to replace him and examined the positions of Lagardère Active, EADS and Lagardère Sports (presentations were given by the teams from the relevant companies).

### **Audit Committee**

In application of its internal rules (as modified to include the new legal provisions applicable to the audit committees from 1 September 2009), it meets at least four times a year and its tasks include the following:

- to review the accounts and the continuity of the accounting methods used for the Lagardère SCA parent company and consolidated financial statements, and to monitor the process for elaboration of financial information;
- to monitor the audit of the parent company and consolidated financial statements by the Statutory Auditors;
- to monitor Statutory Auditors' independence;
- to issue a recommendation on the Statutory Auditors nominated for appointment at the shareholders' meeting;
- to ensure that the Company has internal control procedures, particularly procedures for (i) elaboration and processing of accounting and financial information used to prepare the accounts, (ii) risk assessment and management, (iii) compliance by Lagardère SCA and its subsidiaries with the main regulations applicable to them; the Audit Committee is informed of any observations and/or suggestions from the Statutory Auditors regarding these internal control procedures and examines the report of the Chairman of the Supervisory Board on internal control procedures and risk management;
- to monitor the efficiency of internal control and risk management systems;
- more specifically to review, as regards the internal auditing of the Company, its business activities, audit programme, organisation, operation and realisations;
- to review the agreements directly or indirectly binding the Group and the senior managers of Lagardère SCA;
- to prepare an annual summary of business over the past year for release to the shareholders.

The members of the Audit Committee interview the Group's main senior managers when necessary, and the Statutory Auditors also present a report on their work.

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

The Audit Committee met six times in 2009, in February, March, June, July, October and November.

All meetings were attended by all Committee members, giving an attendance rate of 100%.

The February meeting involved a review of intangible assets and impairment methods, analysis of recent acquisitions, presentation and examination of the Chairman's draft report.

The March meeting concerned the consolidated financial statements for 2008.

In June, the Committee focused on the internal audit activity, relations with the Statutory Auditors, and the effectiveness of internal control and risk management (including a review of Lagardère SCA's proposed action plan and measures for its implementation); finally, it examined the state of relations with Lagardère Capital & Management (LC&M).

The purpose of the July Audit Committee meeting was to examine the financial statements for the first half-year of 2009.

In October, the meeting included a presentation of the Committee's role and missions in the light of new regulations; the Committee also examined the initial results of the legal reporting system and the corresponding improvement plan, as well as reporting on counterparty risks.

At the last meeting of the year in November, the agenda concerned internal audit activities during the second half-year and the audit plan for 2010, and the Committee examined the external review by specialist consultants of the Group's Internal Audit, Risk Management and Internal Control.

These meetings took place in the presence of the Chief Financial Officer, the Director of Management Controls, the Director of Internal Audit and the Statutory Auditors. They were also attended by the senior executives concerned by the issues on the agenda, particularly the Central Accountancy Director, the Group's Legal Director and the Director of Risks.

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

Audit Committee members reserve the right to interview the Statutory Auditors without the Management in attendance.

### **Compliance with French corporate governance regulations – AFEP-MEDEF**

The Company has applied the corporate governance principles brought together in the AFEP-MEDEF Code de *Gouvernement d'Entreprise des Sociétés Cotées* (Code of Corporate Governance for Listed Companies) revised in December 2008. This Code is available from the Corporate Governance section of Lagardère's website.

As stated in the Introduction to the Code, most of the recommendations it contains have been established with reference to companies with a board of directors. Companies with a management board and supervisory board, and limited partnerships with shares must make the necessary adjustments. By its very principle, a limited partnership with shares has strict separation of powers between the managing partners who run the company (and thereby the general partners who have

unlimited liability), and the supervisory board, which only reviews management actions after completion and does not participate in management.

Given Lagardère's specificities in terms of French law and its own by-laws as a limited partnership with shares, the Board has adopted an organisation structure considered appropriate to the nature of its work under the law and the recommendations of the AFEP-MEDEF Code for good governance.

The following comments concern the few recommendations not applied by Lagardère, and others not applied until recently but which the Board has decided to adopt.

#### **A) INDEPENDENCE OF BOARD MEMBERS**

In view of its control duties, the Board considers it necessary to have a majority of independent members (see above).

Each member's situation has therefore been examined in the light of the "criteria" for independence contained in the AFEP-MEDEF Code, which it has taken as a benchmark framework for analysis.

It has thus been decided:

- that Mrs Chêne's former employee status does not disqualify her as an independent member, since she benefited from a protective legal status due to her functions as union representative on the Group Employees' Committee. However, in the case of Mr. Raymond H. Lévy, employee status has been considered incompatible with qualification as an independent Board member;
- that the fact of having been a Board member for more than twelve years, which is the case for Mr. Mirat, does not disqualify him as an independent member; on the contrary, it is considered an asset in a control role;
- that the fact of being, or having been, a member of the Board of Directors or Supervisory Board of a company consolidated by Lagardère SCA or a company in which a Managing Partner or Supervisory Board member of Lagardère SCA holds a non-executive position does not affect the independence of Mr. François David, who was a director of EADS from 2004 to 2007, or of Mr. Pierre Lescure or Mr. Pierre Leroy (Co-Managing Partner of Lagardère SCA), who are both members of the Supervisory Board of Le Monde SA.

#### **B) TERMS OF OFFICE**

It was previously considered that for a Supervisory Board whose members should have sound experience of the Company's business, a six-year term of office, which is longer than the Code's recommendation of four years, was highly appropriate. Furthermore, given the number of members, with a six-year term one third of the Board could be renewed regularly, every two years.

The Board reviewed its position in early 2010 as it prepared to renew some of its members, and decided to reduce the term of office progressively from six to four years, in line with the position adopted by most listed companies. To move towards renewal of half of the Board rather than one third every two years, the terms of office submitted for renewal have been fixed at two years, while the terms of new members will be four years, such that at the end of the 2010 General Meeting some Board members will have two-year terms and others four-year terms, to expire at the end of the shareholders' meetings called respectively in 2012 and 2014 to approve the financial statements for the previous year.

#### **C) STRUCTURE OF THE BOARD**

As the Supervisory Board's mission is essentially to control the Company's accounts and management operations, it has set up an Audit Committee consisting of six members (four of whom qualify as independent under the criteria discussed above). The Audit Committee carries out preparatory work for Board meetings, mainly in the fields of accounting, finance and audit.

Since Lagardère systematically renewed one third of Board members every two years, it considered it unnecessary to set up an Appointments Committee as the Board itself could carry out the relevant work.

Also, given Lagardère's specificities as a limited partnership with shares, the Board considered that there was no need to set up a Remuneration Committee as the Supervisory Board has no specific duties regarding the Managing Partners' remuneration other than monitoring performance shares.

The senior executives are paid by another company, LC&M, under a management agreement with the Group that qualifies as a regulated agreement. This agreement is closely monitored by the Board, and the Board has asked the Audit Committee to have LC&M's accounts for this agreement presented to it every year, together with details of the remuneration concerned, which form an essential component of LC&M's expenses. The Committee is to report to the Board on this review and any resulting comments.

In early 2010 the Board decided to set up a committee to undertake preparatory work for Supervisory Board decisions required by the law or the AFEP-MEDEF corporate governance code regarding management remuneration for managers of a limited partnership with shares. Currently this only concerns supervision of the attribution of performance shares, as Lagardère SCA Managing Partners receive no termination payment if they leave the Company.

However, it considered that it could continue to select new Board members directly.

#### **D) OPERATION OF THE BOARD**

As recent regulations have significantly increased the workload for both the Board and its Audit Committee, leading to a progressive rise in the number of meetings, the Supervisory Board has decided to introduce a formal self-evaluation procedure from 2009, with the primary aim of assessing the preparation and quality of its own work and the work of the Audit Committee.

#### **E) REMUNERATION OF THE SUPERVISORY BOARD**

The distribution of attendance fees between members was modified in 2009, in order to reflect the actual participation by Board members in Board and Audit Committee meetings.

The total amount of attendance fees currently approved by the shareholders is €600,000, divided into two portions of €300,000 each:

- the first portion is allocated between all members of the Board, with a triple share for Audit Committee members and an extra allowance for the Chairman of the Board and Chairman of the Audit Committee. As a result, for the 14 Supervisory Board members and the six Audit Committee members in 2009, the standard share of attendance fees for a Board member was €10,714 and the standard share of attendance fees for an Audit Committee member was €32,142;
- the second portion is variable and is distributed according to actual attendance of the Supervisory Board and Audit Committee meetings.

#### ***Specific rules for attendance of general meetings by shareholders***

These rules are set out in the by-laws (articles 19 to 22), and mostly reported in Chapter 8, section 8.2.6 - "General Meetings". The Company's by-laws can be consulted on its website (Investor relations – Corporate governance – Articles of Association).

#### ***Internal control and risk management procedures***

Information on the internal control and risk management procedures used at Lagardère SCA is presented in the Reference Document.

A working party has been set up by the Group's Finance, Audit and Legal Divisions to define a method for presentation of internal control and risk management procedures in the Reference Document, and monitor their application.

This includes asking the head of each business division of the Lagardère Group to draw up a brief report on internal control and risk management procedures existing in the division, based on supporting documents and predefined specifications. I have examined the corresponding reports.

The working party's analysis using these reports leads to the conclusion that the internal control and risk management procedures in existence in the Group correspond to the description provided in section 7.4.3 of the 2009 Reference Document.

The internal control and risk management procedures in existence at EADS NV are described in the EADS Registration Document, and Canal+ France is covered by Vivendi's internal control and risk management system, which is described in the Vivendi Annual Report. These procedures are not reported in the Lagardère Reference Document.

#### **The Chairman of the Supervisory Board**

## 7.4.3 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

### 7.4.3.1 DESCRIPTION OF INTERNAL CONTROL PROCEDURES

#### A) *FRAMEWORK, RESPONSIBILITIES, OBJECTIVES AND SCOPE*

##### A.1 GUIDELINES FOLLOWED AND DUTIES

The following description of internal control procedures in place at Lagardère SCA is based on the published internal control framework 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; this working party based its analysis on the areas for attention defined in this framework and the associated implementation guidelines.

Each business division head in the Group has been asked to draw up a brief description, following predefined specifications, of their own division's internal control and risk management procedures, based on the relevant supporting documents.

##### A.2 OBJECTIVES AND LIMITATIONS OF THE INTERNAL CONTROL SYSTEM

Lagardère SCA has introduced a certain number of internal control procedures designed to ensure:

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

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

Naturally, the effectiveness of the internal control procedures is subject to the limitations inherent to any organised system.

##### A.3 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, those 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. The internal control system in place in 2009 at EADS NV and Canal+ France (which is subject to Vivendi group procedures) are described in the EADS Registration Document and the Vivendi Annual Report respectively.

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.

#### B) *ORGANISATION AND DEFINITION OF RESPONSIBILITIES*

Section 7.4 contains a description of the Group's internal organisation and operations: Managing Partners, Central Divisions, Operating Units, the Financial Committee and other committees. Each of them has a duty to implement internal control for the scope under its responsibility.

Some bodies are more specifically involved in implementation of internal control, mainly the following divisions: the Audit Division, the Group's Legal Division, and in the Finance Division, the Management Control Division, the Accounting Division and the Risk and Internal Control Division.

## C) INTERNAL CONTROL FOR PREPARATION OF FINANCIAL AND ACCOUNTING INFORMATION

### C.1 REFERENCE DOCUMENTS AND PROCEDURE GUIDES FOR FINANCIAL REPORTING AND THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The persons concerned by the Group's financial reporting must 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 provided to all concerned, particularly for the preparation of the consolidated financial statements. They include:

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

### C.2 PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS, REPORTING SYSTEM

#### C.2.1 *The reporting system: frequency and timing*

The Lagardère Group's reporting system is structured by Operating Units (OUs). It is decentralised, hence 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 and management system shared by all the financial departments in charge of providing the information required, whether specific to management indicators or intended for publication.

This unified organisation of the cycle relies on the financial departments of each Operating Unit, and the Group's Finance Division. Under the supervision of the Group's Finance Division, the reporting system is designed to meet management control needs and also to guarantee 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 used.

#### C.2.2 *Preparation of budgets*

During the final quarter of the calendar year, all business divisions of the Group establish their three-year budgets, 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.

### **C.2.3 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.

Careful attention is paid to regular revision of 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 evolutions in the following key indicators for each business 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;
- change in cash surplus or net indebtedness;
- capital employed;
- cash surplus or net indebtedness.

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 note 29.1.1 to the consolidated financial statements, in Chapter 6. A regular analysis of the counterparty risks described in the same note is also drawn up.

### **C.2.4 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 set out in memos applicable to all Group companies.

## **C.3 RELIABILITY AND CHANGES IN THE SINGLE DATABASE AND MANAGEMENT SYSTEM**

### **C.3.1 Reliability of data entry**

The single management system includes blocking controls which help prevent incidents and anomalies, and improve the reliability of data entry.

### **C.3.2 Security**

As described in 7.4.3.2 - D.8 (System and IT network security), the Group's IT Division, together with the Risks Division, carries out frequent internal-evaluation surveys to assess the security of the systems and IT networks contributing to improve the security of these systems and networks.

### **C.3.3 Changes in the single database and management system**

The single database and management system and its settings are upgraded to the latest versions as often as necessary. Specific resources (as described in C.3.2) are dedicated to data integrity, availability and confidentiality.

## **D) CONTROL PROCEDURES FOR COMMITMENTS AND CASH FLOWS**

### **D.1 INVESTMENT AND 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 budgets, or lower amounts if the transaction has any effect related to anti-trust regulations, namely with regard to mono and plurimedia concentration thresholds.

The acquisitions and disposals under consideration are presented to the Financial Committee, which is chaired by the Group's Chief Financial Officer.

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

This procedure does not apply to cash management, or to capital increases by consolidated and/or controlled companies through incorporation of current account advances.

### **D.2 FINANCE AND CASH MANAGEMENT**

The Cash Management and Financing Division defines the circumstances in which it uses banks for external financing or cash management services.

#### **D.2.1 External financing**

In general, only Lagardère SCA uses medium or long-term bank or market financing, and finances the business 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 section C.2.3, this division permanently monitors bank covenants which are binding on the whole Group.

#### **D.2.2 Cash/Treasury management**

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

#### **D.2.3 Hedging policy and market risk monitoring**

The hedging and market risk monitoring policy is described in Chapter 3, section 3.5. 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.

## **E) COMPLIANCE WITH THE MAIN LAWS AND REGULATIONS APPLYING 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 3.3.1.

### **E.1 COMPLIANCE WITH THE MAIN LAWS AND REGULATIONS APPLYING TO LAGARDÈRE SCA**

The Group's Legal Division, which reports to the Group Secretary General, 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 all regulations that may concern Lagardère SCA as the ultimate holding company of the Group (anti-trust laws, competition law, etc) are properly applied.

It is involved in all legal aspects of the business of Lagardère SCA's and the companies at the head of each business division. In this capacity, it monitors application of stock exchange regulations, since Lagardère SCA is listed on the Euronext Paris *Compartiment A*, and in 2006 introduced the full procedure necessary to prepare lists of insiders, in application of EU regulations.

A database has also been set up at the instigation of the Group's Legal Division, to record corporate information on features of each of its French and foreign companies.

## **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 business 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 its entire portfolio of property and rights.

The Group's Operating Units own a large number of undeniably well-known brands, which are directly managed and protected by the units.

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, which is 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 over those brands.

As the Lagardère brand is being increasingly used through the Group's business, in view of the resulting exposure the Group set up a wide-ranging policy in 2007 to extend international protection of the Lagardère name to cover areas where the Group is currently in development or expanding. This policy was pursued in 2009, and protection for the Lagardère brand is now established in all the continents.

In 2009, Lagardère SCA completed the procedure for introducing licensing agreements for use of its brands by the four business divisions when necessary.

## **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 business divisions, including:

- acquisitions and disposals planned, which are reported under the procedure described in 7.4.3.1 - D.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.

### **7.4.3.2 DESCRIPTION OF RISK MANAGEMENT PROCEDURES**

Like any corporation, Lagardère is exposed to a variety of risks in the normal course of its business. The principal exposures identified are described in Chapter 3 "Risk factors". The Group pays particular attention to risk management, both at business division and central levels, under the coordination of central management.

#### **A) BASIC PRINCIPLES**

The Group accepts exposure to a controlled level of business risk in the course of its business activities.

The components of risk management are therefore designed to provide reasonable assurance that the level of risk taken by the Group is not likely to compromise the results expected by the Managing Partners.

These components help both to manage the risks inherent to the Group's business and to reduce undesirable additional risks. However, given the limitations inherent to addressing contingencies, these components cannot guarantee that all risks the Group may encounter in the future have been correctly analysed or even identified.

## **B) ORGANISATION AND DEFINITION OF DUTIES**

In compliance with the Group's general organisation structure, the operational and functional managers remain in charge of the risks related to their respective fields of activity.

The General Management at the Head Office focuses particularly on monitoring of risks that can only be assessed at Group level or are considered significant at Group level due to their individual or cumulative scale.

As a rule, risk management is an integral part of the Group's management procedures and cannot be separated from them. However, certain procedures are specifically dedicated to risks, for example risk mapping or setting up insurance coverage.

The Central Divisions play a support, monitoring and coordination role in this respect.

Within the Finance Division, the Risk and Internal Control Division is in charge of proposing and heading the risk management policy. Working closely with the other Central Divisions and the business divisions, the Risk and Internal Control Division provides methodological support and advice, particularly for identification, analysis and quantification of risks, and also when financial or insurance coverage is set up. It is responsible for providing a synthesis on the Group's risks.

The Group also takes internal measures to strengthen the risk control culture through information-sharing and awareness-raising, and to reinforce the specific visibility of certain emerging risks and the capacity to cope with potential crises.

## **C) IDENTIFICATION AND ANALYSIS OF RISKS**

A certain number of the Group's procedures contribute to risk identification, particularly:

- audit reviews,
- reporting activities described in sections 7.4.3.1 - C.1 and C.2, particularly for impairment tests and monitoring of off-balance sheet commitments,
- risk intelligence activities by the various administrative and business divisions,
- the investment procedure, which includes a section specifically dedicated to risks, and more generally pre-acquisition or pre-sale audits,
- review and regular renegotiation of insurance programmes,
- thematic reviews conducted as and when necessary, for instance the investigation of risks in IT systems and networks.

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

The factors taken into account for risk analysis include: potential severity, likelihood of occurrence, emergence period, possible scenarios, internal and external limiting or aggravating factors, current and proposed control measures.

## **D) MANAGEMENT PROCEDURES**

### **D.1 STRATEGIC AND COMMERCIAL RISKS: WORLDWIDE ADVERTISING MARKETS, ECONOMIC CLIMATE, CHANGES IN CONSUMER BEHAVIOUR**

The Group's procedures for management of strategic and commercial risks form an integral part of its decision-making process.

Among other duties, the business divisions' General Managements are responsible for monitoring risks related to the economic climate and the worldwide advertising markets, technological developments such as the expansion of digital products and instruments, and changes in consumer behaviour.

The Group has a strategic plan for each division, primarily covering the risks referred to above.

### **D.2 RISKS ASSOCIATED WITH MAJOR CONTRACTS**

As part of the management of risks related to contracts with a high unit value, described in section 3.2 of Chapter 3 "Risk factors", the Group carries out a regular review of major contracts for sports events in order to monitor developments and profitability prospects for those contracts.

### **D.3 LEGAL RISKS**

The management procedures for legal risks are an integral part of the relevant internal control procedures as described in section 7.4.3.1 - E.

### **D.4 RISKS ASSOCIATED WITH PAPER PRICES**

Lagardère is very attentive to changes in paper prices: Lagardère Publishing's paper purchases are supervised by its Technical Division, and Lagardère Active's paper purchases are supervised by its Paper Procurement Department.

The risk of unfavourable developments in paper prices can be alleviated by inclusion of price smoothing clauses in purchasing contracts whenever it is possible to negotiate such clauses on acceptable economic terms.

### **D.5 MARKET RISKS (INTEREST RATE, EXCHANGE RATE AND EQUITY RISKS)**

The following description is taken from note 29 to the consolidated financial statements in Chapter 6.

"Market risks are monitored at Group level by the Cash Management and Financing Division in cooperation with the Risk and Internal Control Division, under the responsibility of the Group's Chief Financial Executive.

Periodic reports are submitted to General Management. The Group has implemented a specific policy to reduce risks, introducing authorisation procedures and internal controls and using risk management tools to identify and quantify these risks. Derivatives are used exclusively in non-speculative hedging transactions.

#### ***Interest rate risks***

The Group does not use active interest rate management techniques in relation to any of its financial assets or liabilities.

Cash investments must be in fixed income instruments issued by high-quality entities, with maturities appropriate to the planned duration of the investment. No investments are made in speculative or risky instruments.

There are no derivatives related to these investments."

### **D.6 CREDIT AND COUNTERPARTY RISKS**

The following description is taken from note 29 to the consolidated financial statements in Chapter 6.

"Each division is responsible for managing its own credit risks in a decentralised way as appropriate to the specificities of its market and customer base.

For new customers with the potential for large volumes of business with the Group, analyses are carried out and information (such as external credit ratings or bank references) is sought before entering into transactions, and specific guarantees or credit insurance may be arranged as a result. Counterparty-specific credit limits may also be set.

In newly-consolidated activities, action is taken for progressive introduction of monitoring procedures appropriate for credit risks.

The Group has set up periodic reporting on counterparty risks, to monitor the Group's consolidated exposure to risks on the principal counterparties, the variations in accumulated receivables, and the level of related provisions, and to oversee the measures for control of this type of risk.

The Cash Management and Financing Division is responsible for ensuring that the financial institutions with which the Group does business are of good quality."

### **D.7 INDUSTRIAL AND ENVIRONMENTAL RISKS**

The Group pays careful attention to industrial risk prevention and environmental protection, in line with its social and environmental policy, which is presented in Chapter 5.

#### ***D.7.1 Prevention policy***

Management of industrial and environmental risks is the duty of the operational managers of the sites concerned, with particular emphasis on compliance with the relevant regulations and standards.

The operational managers of sites for which certain environmental risks have been identified apply the regulations concerned and implement operational procedures, quality systems and a range of security measures specific to the business lines.

In view of the industrial past of certain Lagardère sites, the Group remains attentive to any environmental damage that may come to light.

#### **D.7.2 Assessment of impact**

Due to the limited nature of the Group's industrial and environmental risks, costs related to evaluation, prevention and remediation of those risks are included in the relevant investment and expense items and are not separately valued.

#### **D.8 SYSTEM AND IT NETWORK SECURITY**

The Group's IT Division, together with the Risk and Internal Control Division, carries out recurrent internal-evaluation surveys to assess IT system and 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 via internet);
- control 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 applies to all Group employees.

The Group is also continuing to extend its secure communication network, both in France and internationally.

#### **D.9 INSURANCE**

The financial consequences of certain risks can be covered by insurance policies when this is justified by the scale of the risk, provided insurance coverage is available at acceptable conditions.

The major insurance policies cover property, business interruption and civil liability. Depending on the type of risk, coverage consists of permanent policies and additional or temporary coverage for specific projects.

The Group generally seeks to insure all insurable assets for their estimated value, and business interruptions for their estimated cost, in keeping with the relevant best practices.

However, given the diversity of situations and the specificities of the insurance market, it cannot be considered that the Group will be covered by insurance in all circumstances, nor that existing insurance coverage will always be effective.

The Risk and Internal Control Division is in charge of overseeing use of insurance in the Group, with a coordination and advisory role in this respect.

### 7.4.3.3 MONITORING AND CHANGES IN INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

#### A) 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 business divisions. Its scope of intervention includes all fully-consolidated companies.

The main areas covered are:

- monitoring internal control and risk management procedures;
- review of operational and financial risks;
- participation in connection with mergers, acquisitions or sales;
- 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 and details of their application. The Audit Committee is 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 business divisions on their own behalf.

#### B) SELF-EVALUATION OF INTERNAL CONTROL

An internal self-evaluation procedure exists for the internal control at Lagardère SCA's main entities/subsidiaries. Starting from 2010, this is carried out by the Risk and Internal Control Division.

The objectives are to further improve 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 Group reference framework consisting of six financial and eight operational processes, concerning 195 risks covered by 386 points of control. For each point of control, the self-assessment aims to list and assess the formalisation of existing procedures and controls. An action plan is drawn up where necessary for certain key controls in response to the areas for improvement identified.

Risk management is part of the cycles covered by the internal control's internal evaluation.

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

This information is included in the scope of audits carried out by the Group's Audit Division.

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

#### C) CHANGES IN INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The Group's General Management and operational managers adjust the internal control and risk management procedures according to the priorities identified as a result of all the monitoring actions.

In 2009, it decided:

- to set up a dedicated internal control function in the Finance Division, with the main purpose of supervising the Group's internal control procedures and establish a report; this led to creation of the Risk and Internal Control Division;
- to reinforce the risk mapping process;
- to make the audit plan multi-annual, with the accent on coverage of all significant entities in the Group, by rotation;
- to redefine the ways audit missions are implemented.

**STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 226-10-1 OF THE FRENCH COMMERCIAL CODE ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF LAGARDERE SCA**

To the shareholders,

In our capacity as Statutory Auditors of Lagardère SCA and in accordance with Article L. 226-10-1 of the French Commercial Code, we hereby report on the report prepared by the Chairman of your Company's Supervisory Board in accordance with the requirements of this article for the year ended 31 December 2009.

It is the responsibility of the Chairman of the Supervisory Board to prepare and submit for the Supervisory Board's approval a report on internal control and risk management procedures implemented by the Company. This report must provide the additional information required under Article L. 226-10-1 of the French Commercial Code relating to corporate governance.

It is our responsibility to:

- Report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information, and
- Confirm that this report includes the other information required by Article L. 226-10-1 of the French Commercial Code, having specified that it is not our responsibility to verify the fairness of this other information.

We have conducted our work in accordance with the professional standards applicable in France.

**Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information**

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of accounting and financial information.

These procedures consist mainly in:

- Obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- Obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- Determining if any material weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information in respect of the Company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with the provisions of Article L. 226-10-1 of the French Commercial Code.

**Other information**

We confirm that the report of the Chairman of the Supervisory Board also contains the other information required by article L. 226-10-1 of the French Commercial Code.

Courbevoie and Neuilly-sur-Seine, 23 March 2010

**The Statutory Auditors**

Mazars  
Bruno Balaire

Ernst & Young et Autres  
Jeanne Boillet

## 7.5 TRANSACTIONS CONCLUDED WITH RELATED PARTIES (MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD)

### 7.5.1 TRANSACTIONS CONCLUDED WITH LAGARDÈRE CAPITAL & MANAGEMENT (LC&M)

Lagardère Capital & Management, controlled and chaired by Mr. Arnaud Lagardère and with Mr. Pierre Leroy as Chief Operating Officer, 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 best environment required for expansion,
- to bring them the economic and financial power of a Group with sales of €8 billion,
- to supply the Group with strategic planning and operational services, coupled with high quality management services, including principally:
  - designing and developing economic 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 for action;
  - keeping a watchful eye on potential investments and divestments;
  - 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 remuneration and related working expenses of these managers, and the fees of outside French or international consultants that may be 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.

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As a result, in 2009, Lagardère Capital & Management invoiced €19.5 million to the Group, compared to €18.9 million in 2008.

Payroll costs recorded by Lagardère Capital & Management amounted to €16.0 million. This figure corresponds to €10.2 million for gross salaries, not including payroll taxes and the pension provision. After deducting other expenses (support costs reimbursed to the Group for €1.9 million and fees and miscellaneous expenses for €0.5 million), this left operating profit after tax from the above agreement of €0.66 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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