Books - A longstanding commitment to profitable growth -
Investor Day June 01, 2006

A long history of growth and acquisitions

- **1826**: Hachette is founded by Louis Hachette
- **1980**: Hachette acquired by Jean-Luc Lagardère
- **1986**: Reinforcement in the Educational sector: acquisition of the Hatier Publishing Group
- **1996**: Acquisition of British publishing groups Orion and Cassell
- **1998**: Acquisition of the British Watts Publishing Group (children’s) and acquisition of Wiedza i Zycie (Poland, Illustrated Books)
- **2000**: Acquisition of British Publishing Group, Octopus (illustrated books)
- **2001**: • Acquisition of parts of Editis’ publishing assets:
  - Anaya (Spain)
  - Larousse, Dunod, Armand Colin, Dalloz (France)
- **2003**: Acquisition of Time Warner Book Group, 5th largest US Trade publisher (Fiction, Illustrated, Juvenile)
- **2004**: • Acquisition of Hodder Headline, 4th largest British publisher, whose presence in Education, Fiction and Juvenile publishing fits well with Hachette Livre’s list.
- **2006**:
Books - A longstanding commitment to profitable growth -

Investor Day June 01, 2006

Focused on the markets where paper will prevail

**Book publishing**

**Consumer**

- Trade* 67%
- Literature / Fiction - Non Fiction
- Illustrated books
- Reference & Partworks

**Education**

- 33%
- « K-12 » Primary / Secondary College/university

**Main countries**

- France
- UK
- USA
- Spain
- Latin America
- Japan

**Role of paper-based content**

* Hachette Livre 2005 data, pro-forma with 12 months integration of Time Warner Book Group
Books - A longstanding commitment to profitable growth -

Investor Day June 01, 2006

From local leadership to global presence

Benchmark 2005 (Trade & Education) including the acquisition of Time Warner Book Group

in € Millions

- Pearson -
- Mc Graw Hill Education - 2,151
- Hachette Libre - 2,104
- Random House - 1,828
- Scholastic* - 1,673
- De Agostini* - 1,592
- Reed Elsevier - 1,315
- Holtzbrinck* - 1,145
- HarperCollins* - 1,068
- Houghton Mifflin - 1,032

Hachette Livre & TWBG

# 3 worldwide
# 1 Europe
# 1 France
# 1 UK
# 1 Australia N-Zealand
# 2 Spain
# 5 USA

Note: strong impact of the €/$ exchange rate on US groups.
* Holtzbrinck (2003-2004), De Agostini (2002-2004), Scholastic & HarperCollins (Data for year ending 30.06.05)
Data 2005, excluding professional sales and book clubs whenever possible
A significant transformation: from French to multi-local leader

Split in sales by country  
(1997-2005)

- 1997: France 88%, Other 12%
- 2001: France 69%, Other 31%
- 2004*: France 50%, Other 50%
- 2005**: France 38%, Other 62%

* Hachette Livre 2004 data, pro-forma with total integration of Hodder Headline
** Hachette Livre 2005 data, pro-forma with 12 months integration of Time Warner Book Group
Healthy organic growth and acquisitions have fuelled expansion ...

Hachette Livre like-for-like sales analysis
(1996-2005, € Millions)

- 1996
  - 542
  - 172***

- Organic Growth
  - 224

- External Growth
  - 1,327

- 2005**
  - 2,093
  - 11

Discontinued Business*

Direct Sales of Encyclopaedias ("Courtage")

Hachette Livre 2005 data, pro-forma with 12 months integration of Time Warner Book Group

Discontinued sales

* Direct Sales of Encyclopaedias ("Courtage")

** Hachette Livre 2005 data, pro-forma with 12 months integration of Time Warner Book Group

*** Discontinued sales
... and Hachette Livre has more than doubled its size in three years

→ Hachette Livre’s targets - formulated in 2003 - have been met:
  - To be at the core of the consolidation of the French and Spanish markets (acquisition of Editis)
  - To boost the international development of partworks
  - To accelerate Hachette Livre’s external growth in Europe, in priority in the UK and Spain, as well as in education, within reasonable financial limits

![Imprints Turnover Chart]

* Organic growth of the Hachette Livre 2003 perimeter, excluding any organic growth from acquisitions (included in the acquisitions perimeter)
** Hachette Livre 2005 data, pro-forma with 12 months integration of Time Warner Book Group
Books - A longstanding commitment to profitable growth -

Investor Day June 01, 2006

With growth also came a substantial profitability improvement

[Graph showing Sales and operating margin (2000-2005, € Millions, and % of sales)]

Sales, French GAAP standards
Sales, IFRS standards
Operating margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (€ Millions)</th>
<th>Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>830</td>
<td>7.0%</td>
</tr>
<tr>
<td>2001</td>
<td>846</td>
<td>7.7%</td>
</tr>
<tr>
<td>2002</td>
<td>950</td>
<td>9.6%</td>
</tr>
<tr>
<td>2003</td>
<td>959</td>
<td>11.1%</td>
</tr>
<tr>
<td>2004</td>
<td>1,432</td>
<td>12.1%</td>
</tr>
<tr>
<td>2005</td>
<td>1,644</td>
<td>11.5%</td>
</tr>
</tbody>
</table>

Acquisitions
Octopus + Bruño
Editis + Hodder Headline (3 months)
Hodder Headline (12 months)
Books - A longstanding commitment to profitable growth -

Investor Day June 01, 2006

Better performance than top industry player averages

Operating Profit / Sales* (%, 2004)

<table>
<thead>
<tr>
<th>Market average Education</th>
<th>12.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market average Trade</td>
<td>6.9%</td>
</tr>
<tr>
<td>Market with Hachette Livre mix</td>
<td>8.8%</td>
</tr>
<tr>
<td>Hachette Livre</td>
<td>12.1%</td>
</tr>
</tbody>
</table>

* Benchmark of the 25 leading consumer publishers worldwide (for which data were available)

page 9
Books - Solid growth prospects -

Investor Day June 01, 2006

The book market continues to offer solid growth prospects

→ The market in which Hachette Livre operates is growing
  - In emerging markets, books embody the access to knowledge (management books, testimonials, self-help books) and education
  - In mature countries, marketing and segmentation create new avenues of growth
    - Books complement other media
    - Segmentation and range extensions leverage our brands and bestsellers
    - New segments have emerged: mangas, religious books, audio-books

→ Book publishing has fared well through the turmoil created by new technologies. In our core markets, Book publishing will benefit - not suffer - from new technologies
  - Books have successively weathered the press, radio, cinema, and TV "storms"
  - Books are today a fast moving consumer good, perfectly adapted to modern retail
  - Digital media consumption does not affect time spent reading books
  - Digital formats have not proven to add value. However, Book publishing will increasingly rely on the Internet
    - Internet is becoming a new media, which we will use to support our brands
    - It will help us provide complementary tools for teachers and students in conjunction with textbooks
    - It is already an additional retail channel, making books more ubiquitous than ever
The global book market is growing, even in industrialized countries.

**Books - Solid growth prospects -**

Investor Day June 01, 2006

**Market size 2004 and CAGR 2000-2004**

*(publishers net sales)*

- **Developed markets**
  - USA: 2.8%
  - UK: 2.3%
  - France: 4.0%
  - Spain: 3.3%
  - CAGR 2.8%

- **Emerging markets**
  - China: 9.0%
  - Latin America: 1.1%
  - Eastern Europe: 8.6%
  - India: 10.0%
  - CAGR 6.6%

**Market Size 2004 in €**

- USA: 23.2 bn
- UK: 5.3 bn
- France: 2.6 bn
- Spain: 1.9 bn

Books have maintained their consumer appeal and keep attracting new readers thanks to the development of children fiction, e.g. Harry Potter.

*Books provide access to knowledge*

* Eastern Europe, China and India: 2003 data
Books - Solid growth prospects -

Investor Day June 01, 2006

Marketing and segmentation have fuelled market growth

Marabout turnover vs. Market turnover

CAGR = 21.4%  
(vs. market at 4.0%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Marabout turnover (in M€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>14.5</td>
</tr>
<tr>
<td>2001</td>
<td>18.8</td>
</tr>
<tr>
<td>2002</td>
<td>25.4</td>
</tr>
<tr>
<td>2003</td>
<td>28.5</td>
</tr>
<tr>
<td>2004</td>
<td>32.6</td>
</tr>
<tr>
<td>2005</td>
<td>38.2</td>
</tr>
</tbody>
</table>
Books - Solid growth prospects -
Investor Day June 01, 2006

New segments have emerged

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Religious</td>
<td>8.6%</td>
<td>2.8%</td>
<td>2.3%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Audio-Books</td>
<td></td>
<td>30.6%</td>
<td></td>
<td>44.6%</td>
</tr>
<tr>
<td>Religious</td>
<td></td>
<td>23.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Humour</td>
<td></td>
<td></td>
<td>16.3%</td>
<td></td>
</tr>
<tr>
<td>Partworks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mangas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Books - Solid growth prospects -

Investor Day June 01, 2006

Books have their share of innovation breakthroughs

- A new life for best-sellers (and back-list sales)
- Development of illustrated books: children, women interest, science
- Books are often pre-published as series in newspapers
- Hyper-segmentation (e.g. collection, price architecture)
- Segmentation (e.g. tourism, children, self help)
- New media / channel rather than new competitor
- Movies and radio programs allow to develop new segments and leverage recognition of celebrities / characters
- New formats (paperback) new channels (clubs, mass retail) : mass market books mirror the development of mass media

# of new books releases / year

| Hardcover | 11 000 (1900’s) |
| Paperback | 13 000 (1920’s) |
| Illustrated books | 15 000 (1950’s) |
| Press | PHOTO AND IMAGE |
| Movies | Tele-Vision |
| Radio | INTERNET |

Year:
- 11 000 (1900’s)
- 13 000 (1920’s)
- 25 000 (1990’s)
- 44 000 (2000’s)
Books - Solid growth prospects -
Investor Day June 01, 2006

Internet reach and book sales have grown in parallel

**Weekly hours spent in media-related activities**
Non-users vs. experienced Internet users, in the US
(hours, 2004)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Non users</th>
<th>Experienced Internet users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listening to music</td>
<td>4.8</td>
<td>6.5</td>
</tr>
<tr>
<td>Listening to the radio</td>
<td>8.1</td>
<td>8.3</td>
</tr>
<tr>
<td>Reading books</td>
<td>5.5</td>
<td>5.3</td>
</tr>
<tr>
<td>Watching TV</td>
<td>3.1</td>
<td>2.0</td>
</tr>
<tr>
<td>Reading magazines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reading newspaper</td>
<td>4.7</td>
<td></td>
</tr>
</tbody>
</table>

**Internet penetration vs. book industry growth in the US**

- 2000: 20.8
- 2001: 21.1
- 2002: 22.4
- 2003: 23.4
- 2004: 23.7

- Book Market ($bn)
- At home internet users (M of users)
Books - Solid growth prospects -
Investor Day June 01, 2006

Internet becomes a new media for books

<table>
<thead>
<tr>
<th>Internet is a new sales channel</th>
<th>Internet complements textbooks</th>
<th>Internet is a new media to promote books</th>
</tr>
</thead>
</table>
| The development of on-line bookstores **enhances the visibility of books** and backlist in particular | Textbooks are the inescapable pillar of school programs:  
- exhaustive, not amendable  
- fits the basic reflexes of cognitive learning (linear and chronological vs. indexed)  
- Internet is a powerful complement: tutorials, testing, relationship management | Web sites offer new opportunities to  
- promote best-sellers  
- provide range visibility  
- Enrich the content of brands |
Books - Solid growth prospects -
Investor Day June 01, 2006

The web offers new opportunities to promote brands and books

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in # of copies sold</td>
<td>+ 3%</td>
<td>+ 6%</td>
</tr>
<tr>
<td>Change in # of pages read</td>
<td>+ 42%</td>
<td>+ 75%</td>
</tr>
</tbody>
</table>
Books - Solid growth prospects -  
Investor Day June 01, 2006

The development of on-line bookstores enhances books visibility

<table>
<thead>
<tr>
<th></th>
<th>Share of on-line sales (%, 2004)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>10.5%</td>
</tr>
<tr>
<td>UK</td>
<td>9.0%</td>
</tr>
<tr>
<td>Germany</td>
<td>4.5%</td>
</tr>
<tr>
<td>France*</td>
<td>2.4%</td>
</tr>
<tr>
<td>Spain</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

Leaders actively promote the depth and breadth of their offer

- **Amazon.com**: #1 most visited merchant website in Europe in 2002 (17.3 M visitors)  
  "Online shopping from the earth's biggest selection of books, magazines, music."

- **Barnes & Noble.com**: 7th most visited merchant website in Europe in 2002 (1.7 M visitors)  
  "Barnes & Noble.com is the Web's premier destination for Books, DVD, Music…"  
  "Over 100 million new, used, rare, out of print, and international books for sale."

- **BookFinder.com**:  
  "La plus grande Fnac, disponible en ligne 24h/24"

- **France**: 2005 data

- Traditional bookstores are compelled to maintain a large assortment to remain competitive

- In countries where book prices are not regulated, on-line bookstores are not the most aggressive on price
Digital products and services create additional opportunities in education

- New products and services are developed, for which brands are of key importance: services to teachers and schools, performance evaluation systems, independent courses, digital services complementary to textbooks

### Educational publishing skills

<table>
<thead>
<tr>
<th>Mainly paper</th>
<th>Digital support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textbooks</td>
<td>Paper Supplementals</td>
</tr>
<tr>
<td>~$360M</td>
<td>~$130M</td>
</tr>
</tbody>
</table>

#### Description

- Textbooks (paper or electronic)
- Textbooks for teachers and parents
- Exercise books
- Print
- Exercises on CD-Rom, Internet, Video or Films
- Content management, Students follow up, …
- Centralized Tests system

* 2002 data
Books - Solid growth prospects -
Investor Day June 01, 2006

Hachette Livre has developed strong digital know-how in education

**Production of digital Education tools**
- Market of digital education supports is growing in all countries
- Hachette Livre education publishers have created a wide range of digital and interactive educative products

**Diffusion/ Distribution of digital educative content**
"Digital Education Newsstand" (KNE)
- KNE is an on-line catalogue with digital education products (exercise books, interactive lessons), dictionaries and atlas.
- The products can be tested and purchased on-line.

**Schools Digital Work Environment**
- Definition
  - Services for teachers, students and parents: Agenda, homework list, results book, lessons, absence book ...  
  - At home or at school, DWE is available on the internet

**Hachette Livre’s offer**
- Scolastance
  - Intranet and Extranet providing school services and teaching skill supports
  - Scolastance is a strategic tool to enter a school

Example of an interactive map by Hatier: Events leading to World War I
Our business model, based on a balanced mix of activities, provides further organic growth prospects

→ The business model is based on
  - A balanced mix of activities
    - Balance between the cyclical high margin education business and the more steady trade business
    - Balance between three language clusters
  - an organizational model that commands decentralization and autonomy where it counts and economies of scale in support functions

→ Recent additions to the portfolio reinforce the model and offer additional growth opportunities
  - Editis: reinforced leadership in France, strong base in Spain/South America
  - Hodder Headline: scale in the UK, strong foothold in the Education market
  - Time Warner Book Group: scale in the Anglo-Saxon world (US, UK, Australia-New Zealand)
Books - A business model based on checks and balances -

Investor Day June 01, 2006

Hachette Livre has a balanced portfolio

Hachette Livre 2005 pro-forma turnover*

* Hachette Livre 2005 data, pro-forma with 12 months integration of Time Warner Book Group
** Including professional and university activities
Hachette Livre has international presence in all key market segments

**International markets**

**PARTWORKS**
- Hachette Collections (FR)
- Hachette Partworks (UK)
- Salvat (SP)
- Hachette Fascicoli (IT)
- Hachette Partworks (Japan)

**REFERENCE**
- Larousse (FR)
- Chambers Harrap

**Local markets**

**TRADE**
- Hachette Livre (FR)
- Octopus, Orion, Hodder Headline, TWBG (UK)
- TWBG (USA)
- Anaya, Bruño (SP)
- Wiedza i Zycie (PO)

**EDUCATION**
- Hachette Livre (FR)
- Hodder Headline (UK)
- Anaya, Bruño (SP)

Source: internal data
The virtuous circle of leadership

**Publishing**
- Magnet for best selling authors, as leaders offer:
  - Dense commercial presence
  - Ability to invest in brand creation

**Manufacturing**
- Economies of scale in:
  - Paper purchase
  - Printing and binding

**Commercial Presence**
- Regular presence in point of sales via sales force / merchandisers
- Ability to negotiate with "central buyers"
- In retail stores which carry narrow ranges (e.g. hypermarkets), the leader is bound to have an over-proportionate share of shelf

**Distribution**
- Ability to compete for third party distribution contracts
- Economies of scales in warehousing and logistics
- State-of-the-art facilities
Books - Contributor to the consolidation of the industry -

Investor Day June 01, 2006

Investments required to create brands will benefit the leaders

---

**Trade**

- Best-selling authors increasingly attracted by leading imprints and publishing groups
- Logistics expertise and clout key to ensure visibility of new releases
- Marketing skills increasingly important to promote books
- Increasing upfront investments to pre-empt best-sellers rights

**Education**

- A high entry-barrier market, highly concentrated, with few local market leaders reaping all benefits from size
- Strong upfront investments in the creation process of textbooks
- Important commercial effort and market know how to assure return on investment
  (the reputation of the brand is more important than price in the selection process)
- Increasing pressure from the market to offer add-on products
  (supplementals, teachers handbooks, audiovisual support)

---
Books - Contributor to the consolidation of the industry -

Investor Day June 01, 2006

Entering the UK market, the first step towards international stature

→ The acquisition of Hodder Headline was a unique opportunity for Lagardère
  - To become #2 player in the UK Trade market, the second largest in Europe which has experienced consistent growth
  - To establish a presence in the UK Education market with a strong and very profitable activity
  - To replicate its diversified publishing/distribution business model in the UK
  - To realize significant synergies in distribution back-office, printing, IT, in children books, illustrated books and overseas activities (Australia, New Zealand)

→ Hodder Headline enjoys a very attractive position
  - It is a well established publisher: # 4 publisher in the UK Trade Market and # 6 in the Education/School market
  - Hodder Headline is one of the publishers with the most balanced portfolio. It is present in every segment in which Hachette Livre participates
Books - Contributor to the consolidation of the industry -
Investor Day June 01, 2006

Hodder Headline has a balanced and diversified portfolio*

Hodder Headline sales by activity (% 2005)

<table>
<thead>
<tr>
<th>Activity</th>
<th>UK Consumer: 98.2 M£**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td></td>
</tr>
<tr>
<td>Trade</td>
<td></td>
</tr>
<tr>
<td>Consumer</td>
<td></td>
</tr>
</tbody>
</table>

- Hodder General: £ 39.8 M
  - General fiction (60%) and non fiction (40%)
  - Imprints: Hodder & Stoughton, Spectre, NEL, Coronet, Flane
- Headline: £ 39.8 M
  - Mass market with bestselling authors (J. Patterson, P. Vicenzi)
  - Imprints: Review, Headline
- Religions: £ 3.6 M
  - Christian books, humour books

** Hodder Headline business was not included in former presentations to investors

* Revenue 2005

Overseas: 23.6 M£

- Imprints: Hodder Headline Australia, Hodder Moa Beckett (Nz), Photogenique (Nz)

Good position
Opportunity for HL to expand its business model

Education: 39.4 M£

- Activities: Schools (secondary textbooks), Further/higher Education, Consumer Education (Home learning & adult education), Health Sciences (further education & professionals textbooks related to health), Journal & References

The most successful education publisher with a wide portfolio of activities
Opportunity to explore growth potential in digital education

Established player with a strong portfolio of authors
Leveraging cross marketing / cross selling opportunities between children's and education

Lagardère
In the Spanish speaking market, Hachette Livre is the leader in education and holds the #3 position in the trade market. Hachette Livre sales in Spain + Latin America amount to €259.9 M in 2005, vs. €62.7 M in 2001.

**Books - Recent additions to the portfolio reinforce the model -**

**A strong foothold in the attractive Spanish-speaking book market**

- **The Spanish market is developed and feeds the Latin American market**
  - #1 country for the production of books
  - #4 export country

**Book production by inhabitant**

<table>
<thead>
<tr>
<th></th>
<th>Spain</th>
<th>France</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>18</td>
<td>10</td>
<td>6</td>
</tr>
</tbody>
</table>

(1000 inhabitants, 2004)

- Anaya reinforces the group's presence in the Spanish speaking world
  - In the Spanish speaking market, Hachette Livre is leader in education and holds the #3 position in the trade market

**Positions in the Spanish Education & Trade Market**

- Education
  - Other
  - EDB
  - OUP
  - Santillana
  - Santa Maria
  - Hachette Livre

- Trade
  - Other
  - Hachette Livre
  - Planeta
  - ~200 players

- Hachette Livre sales in Spain + Latin America amount to €259.9 M in 2005, vs. €62.7 M in 2001

* Hachette Livre’s position here above excludes its partworks, reference and distribution businesses.

---

* Lagardère
Books - Recent additions to the portfolio reinforce the model -

Investor Day June 01, 2006

TWBG has demonstrated superior, bestseller-driven, revenue growth

→ Favorable segment mix, and growing within segments faster than the market
→ Its key strength and market positioning is in identifying and developing bestsellers in a wide array of categories (Adult Fiction, Youth, Spiritual / Religious)
→ Bestsellers (> 300,000 copies) account for a significant % of revenues, involving some fluctuations inherent in bestseller performance, but strong underlying growth trends

**TWBG estimated market shares (Nielsen)**
*(Units M, 2005)*

<table>
<thead>
<tr>
<th>Market share</th>
<th>3%</th>
<th>8%</th>
<th>16%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>Trade US</td>
<td>among broad-based publishers (Top 6)</td>
<td>among bestsellers</td>
</tr>
</tbody>
</table>

**Global Revenue**
*(US$ M)*

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>356</td>
<td>355</td>
<td>369</td>
<td>414</td>
<td>413</td>
<td>479</td>
<td>571</td>
</tr>
</tbody>
</table>

**EBITDA margin**
*(% Net revenues)*

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9.7%</td>
<td>8.6%</td>
<td>10.4%</td>
<td>10.8%</td>
<td>7.8%</td>
<td>9.9%</td>
<td>15.2%</td>
</tr>
</tbody>
</table>

Growth trend: +7.8% p.a.
Establishing a US presence in trade, a strategic opportunity

- Prior to the acquisition, Hachette Livre was the only top player not present on both sides of the Atlantic

- Hachette Livre gets access to the key bidding procedures of potential best-selling titles

- Entry into this market represents significant upside potential for Hachette Livre:
  - secures bestseller rights flows for the UK as well as for France and Spain
  - offers the opportunity to better exploit our UK catalogues overseas

[Transatlantic channeling of bestsellers (35 titles)]
**Books** - Recent additions to the portfolio reinforce the model -

Investor Day June 01, 2006

Time Warner Book Group activities

**Split in sales by geographic area**
(% of net sales, 2005)

- USA: 78%
- ANZ*: 15%
- UK: 4%
- Other: 3%

**Split in sales by Imprints**
(% of net sales, 2005)

- Little, Brown Adult: 33%
- Warner Books Adult: 26%
- UK imprints**: 19%
- Nashville: 10%
- Young Readers: 7%
- Audio-Books: 4%
- Bulfinch: 3%

* Including ~4M$ for Lothian business, acquired by Time Warner Book Group in November 2005
** Including Australian and New Zealand imprints
Books - Recent additions to the portfolio reinforce the model -  
Investor Day June 01, 2006

Time Warner Book Group imprints

**Warner Books: mainstream publishing with mass market bias**
- Hardcover, mass market and trade paperback
- Adult Fiction and non fiction, Practical series (well-being and business), Crime fiction, Religious books

**Net sales growth rates (CAGR 2002-2005)**
- Relevant Market: -1%
- Warner Books: 2%

**Key Authors**
- N. Sparks, J. Patterson, D. Baldacci, J. Stewart

**Little Brown: Hardcover bestseller focus, Literary background**
- Hardcover, Paperback (since 1993) and a low share of mass market Paperback (since 1991)
- Various imprints: Little, Brown, Arcade and Back Bay (paperbacks)
- Adult Fiction and non fiction

**Net sales growth rates (CAGR 2002-2005)**
- Relevant Market: 1%
- Little, Brown: 8%

**Key Authors**
- M. Gladwell, J. Patterson, M. Connelly
## Books - Recent additions to the portfolio reinforce the model -

**Investor Day June 01, 2006**

### Time Warner Book Group imprints

#### Young Readers: Series-driven hits on dynamic market

- Juvenile books
- Hardbound and Paperbacks (since 2002)
- Many collections (Gossip Girl, The Clique, etc.)

<table>
<thead>
<tr>
<th>Relevant Market</th>
<th>Young readers</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>18%</td>
</tr>
</tbody>
</table>

**Net sales growth rates (CAGR 2002-2005)**

#### Nashville: At the forefront of market growth

- Include two imprints:
  - Warner Faith (created in 2001) – religious books
  - Center street (created in 2003/04) – values and sensibility of heartland America

<table>
<thead>
<tr>
<th>Relevant Market</th>
<th>Nashville</th>
</tr>
</thead>
<tbody>
<tr>
<td>14%</td>
<td>173%</td>
</tr>
</tbody>
</table>

**Net sales growth rates (CAGR 2002-2005)**

#### Key Authors

- J Patterson, L Harrison, C von Ziegesar
- Osteen, Meyer, Kingsbury

![Imprints](image-url)
Books - What's next for Hachette Livre?

Investor Day June 01, 2006

Hachette Livre will contribute to the consolidation of the industry in its three key language clusters

- Hachette Livre is now ideally positioned to benefit from local markets growth
  - Leader advantage in France, UK, and Spain (Education), strong base in the US
  - ... whereas growth will increasingly be pre-empted by leading players advantaged by
    - increasing level of investments required (in both Education and Trade)
    - concentration of retailers
  - Favorable cycles in educational markets in 3 countries (France, Spain, UK) 2005-2010

- Hachette Livre intends to continue to play an active role in the consolidation of the industry, focusing on key areas:
  - Leveraging the recently acquired scale in the UK, the US and Australia / New Zealand, by acquisition
  - Extracting revenue synergies from the English cluster of activities
  - Reinforcing our position in the Spanish language cluster
  - Establishing a foothold in India as a first step in the 3rd English speaking market
  - Monitoring the potential developments in China
Books - What's next for Hachette Livre?

Investor Day June 01, 2006

Opportunities for growth in 3 key areas (segments, markets)

**Market Share Analysis**

**US**
- Trade: 60%
- Education: 46%
- Pearson
- Time Warner Book Group
- Simon & Schuster
- HarperCollins
- Pearson (Penguin)
- Random House
- Room for growth

**UK**
- Trade: 40%
- Education: 55%
- Pearson
- Holtzbrinck
- Pearson (Penguin)
- HarperCollins
- Random House
- Hachette Livre
- Room for growth

**Spain**
- Trade: 25%
- Education: 40%
- Santillana
- Océano
- Hachette Livre
- RHM
- Room for growth

* Hachette Livre 2005 data, pro-forma with 12 months integration of Time Warner Book Group
** 200 little players on the Spanish Trade market
Books  - What's next for Hachette Livre?
Investor Day June 01, 2006

In summary ...

→ Hachette Livre is one of the few book publishing groups with **global reach** and **multicultural exposure** (English, French, Spanish)

→ Thanks to Hachette Livre’s financial performance, the Group provides authors and publishers with **the stability and the visibility that is necessary to achieve excellence** in book publishing

→ The group has demonstrated its agility to **capture above average growth performances** and be the **driver of the industry consolidation**