



# GENERAL MEETING DOCUMENT

ANNUAL ORDINARY  
GENERAL MEETING  
OF 6 MAY 2014

*Lagardère*



6 May 2014

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**Annual Ordinary General Meeting**

**YEAR 2013**

**Lagardère SCA**

French partnership limited by shares (*société en commandite par actions*) with share capital of €799,913,044.60

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This English version has been prepared for the convenience of English language readers.

It is a translation of the original French *Document d'Assemblée Générale* prepared for the Annual Ordinary General Meeting. It is intended for general information only and in case of discrepancies the French original shall prevail.

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# *AGENDA*

# 1. AGENDA

- ▶ Report of the Managing Partners (report on the operations of the Company and the Group, and on the Company's financial statements for the year ended 31 December 2013).
- ▶ Special report of the Managing Partners on free share awards.
- ▶ Special report of the Managing Partners on share options.
- ▶ Report of the Supervisory Board.
- ▶ Report of the Chairman of the Supervisory Board on the Board's organisation and internal control and risk management procedures.
- ▶ Reports of the Statutory Auditors on the Company's financial statements, the consolidated financial statements and the agreements and commitments governed by article L. 226-10 of the French Commercial Code (*Code de commerce*).
- ▶ Report of the Statutory Auditors on the Chairman of the Supervisory Board's report on internal control and risk management procedures.
- ▶ Report of Mazars, independent third party entity, on the consolidated social, environmental and societal information.
- ▶ Approval of the Company's financial statements for the year ended 31 December 2013.
- ▶ Approval of the consolidated financial statements for the year ended 31 December 2013.
- ▶ Payment of an extra dividend of €6 per share deducted from "Share premiums".
- ▶ Allocation of the Company's profit and dividend distribution.
- ▶ Authorisation to be given to the Managing Partners to trade in the Company's shares.
- ▶ Issuing of an opinion on the components of remuneration payable or granted to Arnaud Lagardère, Managing Partner, in respect of 2013.
- ▶ Issuing of an opinion on the components of remuneration payable or granted to the representatives of the other Managing Partner in respect of 2013.
- ▶ Re-appointment of Xavier de Sarrau as a member of the Supervisory Board for a term of four years.
- ▶ Re-appointment of Martine Chêne as a member of the Supervisory Board for a term of three years.
- ▶ Re-appointment of François David as a member of the Supervisory Board for a term of three years.
- ▶ Re-appointment of Pierre Lescure as a member of the Supervisory Board for a term of two years.
- ▶ Re-appointment of Jean-Claude Magendie as a member of the Supervisory Board for a term of four years.
- ▶ Re-appointment of Javier Monzón as a member of the Supervisory Board for a term of three years.
- ▶ Re-appointment of Patrick Valroff as a member of the Supervisory Board for a term of four years.
- ▶ Appointment of Yves Guillemot as a member of the Supervisory Board for a term of four years to replace resigning member Antoine Arnault.
- ▶ Re-appointment of Mazars as Statutory Auditor of the Company for a term of six years and appointment of Thierry Colin as Substitute Auditor.
- ▶ Powers for formalities.



## *MESSAGE FROM THE MANAGING PARTNERS*

## 2. MESSAGE FROM THE MANAGING PARTNERS

The Lagardère group delivered excellent performances in 2013 despite a difficult global economy, with exceptional net income and an increase in recurring EBIT from Media activities above our guidance.

More specifically, Lagardère Publishing delivered strong results, with the publication of several best-sellers in France and abroad in General Literature, in addition to the success of Partworks and e-books. Lagardère Services maintained fast-paced growth in Travel Retail thanks to growth in Duty Free and Food Services, achieved through strategic acquisitions in Europe and the renewal of the SNCF concession contract in France. At Lagardère Active, Radio and TV Production turned in good performances and combined with effective cost control, offset the negative trends in Magazines. Finally, Lagardère Unlimited continued its recovery over the course of year.

True to our commitment, significant progress was made towards implementing the Group's strategy to refocus and further grow its business, with the disposal of minority stakes in EADS, Canal+ France and Amaury in 2013. We also pursued the development of

growing businesses, such as Travel Retail and TV Production and reduced our exposure to declining activities, with the restructuring of the Magazine Publishing business and the launch of a divestiture process for LS distribution.

Lagardère ended the year with a strong financial position, a solid liquidity position and an improved cash position.

I would particularly like to commend the efforts and talent of the men and women who work for our Group. More than ever their commitment and professionalism make us proud and are our greatest asset as we look to the future.

And I would like to thank you, dear shareholders, for your loyalty and your support.

**Arnaud Lagardère**

General and Managing Partner of Lagardère SCA





## *REPORTS OF THE MANAGING PARTNERS*

## 3.1 MANAGEMENT REPORT OF THE MANAGING PARTNERS

### Dear Shareholders,

We have convened this Annual Ordinary General Meeting primarily to:

- ▶ report to you on the operations, position and outlook of the Company and of the Lagardère group as a whole;
- ▶ submit for your approval the Company's financial statements and the consolidated financial statements for the year ended 31 December 2013;
- ▶ propose the payment of an extra dividend of €6 per share, the overall amount of which will be deducted from "Share premiums";
- ▶ allocate the Company's profit for the year, propose the payment of a dividend of €10.30 per share, corresponding to €1.30 for the ordinary portion and €9 for the extra portion which was paid as an interim dividend at the end of May 2013;
- ▶ re-appoint and/or replace eight members of the Supervisory Board;
- ▶ re-appoint Mazars as Statutory Auditor and appoint a new Substitute Auditor;
- ▶ issue an opinion on the remuneration payable or granted to the Managing Partners in respect of 2013 in accordance with the recommendations of the AFEP-MEDEF code of corporate governance.

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Pursuant to the provisions of the French Commercial Code and stock market regulations, we hereby present the following two documents which contain all the reports and information we are required to provide for your Annual General Meeting:

- ▶ the General Meeting Document, sent with the notice of meeting and posted online on the Company's website;
- ▶ the Reference Document, also posted online on the Company's website and made available to you at the same time.

In addition to the Message from the Managing Partners, the **General Meeting Document** includes:

- ▶ the agenda;
- ▶ this management report of the Managing Partners, which contains:
  - a summary of the position, operations and results of the Lagardère group in 2013,
  - a presentation of the resolutions submitted to you for approval;
- ▶ the two special reports of the Managing Partners;
- ▶ the reports of the Supervisory Board and its Chairman;
- ▶ the reports of the Statutory Auditors and Mazars' report on the consolidated social, environmental and societal information;
- ▶ the proposed resolutions.

The **Reference Document** contains the Annual Financial Report within the meaning of the stock market regulations and includes all the information to be provided in the management report pursuant to the French Commercial Code, as well as all the other information required under the stock market regulations.

The Reference Document is structured based on the format required by European regulations on the contents of prospectuses. Apart from providing information to the markets, it also forms an integral part of the management report of the Managing Partners, in as much as it contains information on:

- ▶ the operations and position of the Company and the Group:
  - Chapter 5
  - Chapter 8.3
  - Chapter 9
- ▶ the financial statements, results and financial position:
  - Chapter 6
- ▶ key risks:
  - Chapter 3
- ▶ the organisation of the Company and the Group and corporate governance:
  - Chapter 7
- ▶ information about the share capital, shareholders and main provisions of the Articles of Association:
  - Chapter 8

We shall therefore confine ourselves below to a summary of the Lagardère group's results and operations in 2013 and a presentation of the resolutions submitted to you for approval. Please refer to the Reference Document for more comprehensive information on each of these subjects.

## 3.1.1

## RESULTS AND ACTIVITIES IN 2013

## 3.1.1.1 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

**Significant improvement of recurring EBIT from Media activities <sup>(1)</sup> (+5.9% <sup>(2)</sup>) in a difficult global economy.**

**Net income – Group share: €1,307 million**

- Net sales: €7,216 million, down 1.3% on a like-for-like basis <sup>(3)</sup>
- Recurring EBIT from Media activities: €372 million, up 5.9% at constant exchange rates
- Net income – Group share: €1,307 million thanks to the gain on EADS disposal

**Proposals to maintain the ordinary dividend at €1.3 per share and of an exceptional distribution of 6€/share**

**2014 Recurring EBIT from Media activities target: growth between 0% and +5% <sup>(4)</sup>**

2013 saw significant progress in the continuing implementation of the Lagardère group re-focus strategy:

- Disposal of minority stakes (EADS, Canal+ France and Amaury);
- Development of growing businesses (Travel Retail and TV Production);
- Reducing exposure to declining activities (restructuring the Magazines Publishing business and initiating a divestiture process for LS distribution).

For the first time, activities related to print products accounted only for 49% of the Group's net sales (down two percentage points relative to 2012).

In a difficult global economy, the Lagardère group reported good performances with, of particular note, an exceptional net income and a 5.9% increase in recurring EBIT from Media activities at constant exchange rates, performing just above announced guidance (growth between 0% and 5% at constant exchange rates).

- **Net sales totalled €7,216 million**, down -1.3% on a like-for-like basis, with an upward momentum at the end of the year.

- **Recurring Media EBIT came out to €372 million, up 4.0% on 2012 at current exchange rates, on the back notably of:**

- strong recurring EBIT (€223 million) and good performance turned in by **Lagardère Publishing**, with a slight increase in profitability (10.8%, up 0.1 pt), thanks to good results in General Literature and Partworks;
- a €96 million Recurring EBIT at **Lagardère Services** (compared to €104 million in 2012). Brisk Travel Retail sales still do not offset the decline in press products;
- resilient recurring EBIT at **Lagardère Active** (€64 million). Effective cost control and good performance by Radio and TV Production offset the negative trends in Magazines;
- improving recurring EBIT at **Lagardère Unlimited** (-€11 million compared to -€33 million in 2012). Stable excluding the impact of the provision for the IOC <sup>(5)</sup> contract recognised in 2012.

- **Net income – Group share at €1,307 million**, compared to €89 million in 2012, thanks to the gain on EADS stake disposal. **Adjusted net income – Group share** (excluding the EADS contribution and non-operating items) **came in at €172 million, down €35 million** relative to 2012, attributable mainly to higher tax charges.

- **Cash flow from operations rose (€570 million, up €39 million)**, notably due to a very significant improvement in change in Working Capital Requirement (WCR). **Total net cash provided by operating and investing activities accounted for a net cash inflow of €3,445 million.**

- **The Group shows at the end of the year a net cash surplus of €361 million, compared to a net debt at year-end 2012 of €1,700 million.** This improvement is mainly attributable to the disposals of non-strategic assets.

#### A) NET SALES AND RECURRING EBIT BEFORE ASSOCIATES

**Net sales totalled €7,216 million, down slightly on a like-for-like basis (-1.3%),** and on a reported basis (-2.1%). The difference between reported and like-for-like data is due essentially to a negative foreign exchange effect (€112 million, in particular on the pound sterling, the US dollar and the Australian dollar), partially offset by a positive scope effect (+€55 million), primarily attributable to acquisitions in Travel Retail (Rome airports and DFS Wellington in Australia/New Zealand) and of the LeGuide.com group.

	Net sales (€m)		Change	
	2012	2013	Reported change 2013/2012	Like-for-like change 2013/2012
<b>Lagardère</b>	<b>7,370</b>	<b>7,216</b>	<b>(2.1%)</b>	<b>(1.3%) <sup>(6)</sup></b>
Lagardère Publishing	2,077	2,066	(0.5%)	+1.9%
Lagardère Services	3,809	3,745	(1.7%)	(0.9%) <sup>(7)</sup>
Lagardère Active	1,014	996	(1.9%)	(3.8%)
Lagardère Unlimited	470	409	(13.0%)	(13.6%)

(1) Lagardère Media division's recurring EBIT before associates. (2) At constant exchange rates. (3) At constant exchange rates and perimeter. (4) At constant exchange rates and excluding the effect of the potential disposal of Distribution activities. (5) International Olympic Committee. (6) -0.7%, excluding the end of tobacco sales in Hungary. (7) +0.3%, excluding the end of tobacco sales in Hungary.

**Recurring EBIT from Media activities stood at €372 million, up 4.0%.** Stripping out the negative foreign exchange effect (-€7 m), recurring EBIT stands at €379 million, up €21 million

(+5.9%) relative to 2012 and slightly above initially announced guidance (growth between 0% and 5% at constant exchange rates).

	Recurring EBIT before associates (€m)		Difference between 2013/2012 on a reported basis (€m)
	2012	2013	
<b>Lagardère Media</b>	<b>358</b>	<b>372</b>	<b>+14</b>
Lagardère Publishing	223	223	0
Lagardère Services	104	96	-8
Lagardère Active	64	64	0
Lagardère Unlimited	-33	-11	+22

#### Lagardère Publishing:

Stable recurring EBIT before associates and an improvement in the operating margin thanks to good performances in General Literature and Partworks.

#### Activity

**2013 was a good year with net sales at €2,066 million, up 1.9% on a like-for-like basis.**

#### Profitability

**Lagardère Publishing successfully raised its operating margin to 10.8% in 2013, up from 10.7% in 2012**, thanks to the excellent performance turned in by General Literature and Partworks. The division's recurring EBIT before associates was €223 million, up €6 m vs. 2012 at constant exchange rate. This result is achieved despite the anticipated decline in Education attributable to the absence of curriculum reform and the negative comparison effects (number of best-sellers in 2012). The negative foreign exchange impact brings the recurring EBIT evolution back to stability relative to 2012.

In **France**, recurring EBIT before associates edged up slightly: the good performance turned in by General Literature (notably, the publication of novels by E L James and Dan Brown) and Illustrated Books (*Asterix and the Picts*) offset the sharp decline in Education linked to the absence of curriculum reform.

In the **United States**, recurring EBIT before associates was significantly higher thanks to several best-sellers and the positive effects of growth momentum in Digital Books.

In the **United Kingdom**, recurring EBIT before associates was down slightly: the commercial successes recognised at the end of the year were offset by continuing difficulties internationally and the unfavourable comparison effect with 2012, that was marked by the release of numerous best sellers.

**Partworks** posted solid recurring EBIT before associates, with successful launches in Japan and in Russia.

Finally, recurring EBIT in **Spain/Latin America** was down, with, in particular, the absence of curriculum reform in Spain and the lingering effects of the economic crisis, partially offset by cost-cutting programmes.

#### Lagardère Services:

Fast-paced growth in Travel Retail, partly offset by declining press product sales.

#### Activity

2013 net sales totalled €3,745 million, down 0.9% on a like-for-like basis (up 0.3%, stripping out the impact of the end of tobacco sales in Hungary).

For 2013 as a whole, Travel Retail continued its solid trend, accounting now for 60% of Lagardère Services' sales compared to 56% in 2012.

#### Profitability

**The operating margin came out at 2.6%, with recurring EBIT before associates down slightly to €96 million.**

Travel Retail's recurring EBIT before associates rose €3 million due to the positive effects of acquisitions and extension and modernisation of networks and concepts and to the solid performance turned in by Duty Free and Food Services. Nonetheless, these factors were partially overshadowed by the decline in press products in travel essentials (Relay).

Distribution activities benefit from diversification efforts and continuing operational cost control that do not entirely offset the structural difficulties in print press products. Recurring EBIT before associates was down €11 million, including a loss and provision related to the bankruptcy of a customer (regional wholesaler) at Curtis (United States).

#### Lagardère Active:

Effective cost control and good performance by Radio and TV Production, offsetting the negative trend in Magazines.

#### Activity

2013 net sales totalled €996 million, down 1.9% on a reported basis and down 3.8% on a like-for-like basis.

#### Profitability

**The division successfully maintained its operating margin at 6.4%, with a recurring EBIT before associates of €64 million, virtually stable** relative to 2012. Thanks to continued structural and operational cost savings plan and the good performance of Radio and Television, the division successfully offset the decline in magazine circulation and, therefore, the associated advertising revenue.

#### Lagardère Unlimited:

Recurring EBIT before associates was up sharply but stable excluding the impact of the provision for the IOC contract recognised in 2012.

#### Activity

Net sales came out to €409 million, down on a reported basis (-13%) and on a like-for-like basis (-13.6%).

#### Profitability

**Recurring EBIT before associates came out at -€11 million, up €22 million relative to 2012**, when the provision on the contract signed with the IOC was recognised (-€22 million). Stripping out this item, recurring EBIT before associates was stable, with good performance by Sportfive (marketing of German football club rights

and, to a lesser extent, those of the ACN <sup>(1)</sup> and a reduction this year in the loss in European media rights activities, that offset the negative seasonality of the AFC <sup>(2)</sup> contract at World Sport Group.

**Recurring EBIT before associates of Non-Media activities stood at -€45 million** (compared to -€19 million in 2012) primarily due to the profit-sharing bonus paid to employees subsequent to the exceptional dividend linked to the disposal of EADS stake.

## B) OTHER INCOME STATEMENT DATA

### Consolidated income statement

(€m)	FY 2012	FY 2013
Net sales	7,370	7,216
Media Recurring EBIT before associates	358	372
Total recurring EBIT before associates	339	327
Income (loss) from associates *	105 **	7
Non-recurring/non-operating items	(216)	1,193
<b>Income before interest and tax</b>	<b>228</b>	<b>1,527</b>
Net interest expense	(82)	(91)
<b>Income before tax</b>	<b>146</b>	<b>1,436</b>
Income tax expense	(40)	(117)
Total net income	106	1,319
°attributable to minority interests	(17)	(12)
<b>Net income – Group share</b>	<b>89</b>	<b>1,307</b>

\* Before impairment losses.

\*\* Of which €89 m contribution from EADS.

#### Contribution from associates <sup>(3)</sup>

Net income from associates stood at €7 million, down sharply from 2012 (€105 million), when the Group received an €89 million contribution from EADS, €5 million from Marie Claire and €1 million from Amaury.

#### Non-recurring/non-operating items

**Non-recurring/non-operating items totalled €1,193 million, compared to -€216 million in 2012.** They mainly comprise:

- ▶ **the €1,671 million** gain on the sale of the ownership interest in EADS +€1,823 million and the losses on Canal+ France (-€137 million) and Amaury (-€9 million);
- ▶ **-€328 million** in impairment losses on property, plant & equipment and intangible assets at Lagardère Publishing (€24 million), especially on Partworks in Spain, at Lagardère Services on Payot Naville Distribution in Switzerland (€29 million), and at Lagardère Active (€272 million, including €219 m on Magazine Publishing and €35 m on the ownership interest in Marie Claire);
- ▶ **-€122 million in restructuring costs**, with €91 million at Lagardère Active, including estimated costs for the restructuring of the Magazine division;
- ▶ **-€28 million on the amortisation of acquisition-related intangible assets and costs**, including €14 million on concessions at Lagardère Services and €9 million at Lagardère Unlimited.

#### Income before interest and tax

**This item rose sharply to €1,527 million** compared to €228 million in 2012, mainly reflecting the capital gain on the disposal of EADS.

#### Net interest expense

**Net interest expense stood at €91 million**, up €9 million relative to 2012, stemming primarily from the cost of the partial redemption in the first half of 2013 of the bonds maturing in 2014 aimed at reducing the amount to be redeemed in October 2014. This transaction will translate into lower interest expenses in 2014.

#### Income tax expense

**Income tax expense stood at €117 million** versus €40 million in 2012 and includes notably:

- ▶ the additional 3% tax in France on dividends paid (€40 million);
- ▶ the capital gain tax on the disposal of EADS;
- ▶ the cancellation of a deferred tax asset, used in 2013 (€24 million).

**Factoring in all these items, net income came out at €1,319 million, of which €1,307 million is attributable to the Group and €12 million to minority interests.**

#### Adjusted net income – Group share

**Adjusted net income** (excluding the contribution from EADS and non-operating items) **came in at €172 million**, down €35 million relative to 2012, mainly attributable to a higher tax charge and by the cost of the partial redemption of the bonds maturing in 2014.

(1) Africa Cup of Nations. (2) Asian Football Confederation. (3) Before impairment losses.

(€M)	2012	2013
Net income – Group share	89	1,307
Equity-accounted contribution from EADS	(89)	-
Amortisation of acquisition-related intangible assets & other acquisition-related expenses *	27	20
Impairment losses on goodwill, property, plant & equipment and intangible fixed assets*	138	298
Restructuring costs *	37	117
Gains/(losses) on disposals *	5	(1,624)
Tax contribution on dividends	-	40
Exceptional bonus for employees employees *	-	14
<b>Adjusted net income excluding EADS</b>	<b>207</b>	<b>172</b>

\* Net of tax.

### Net income per share

Net income per share – attributable to the Group came out at €10.22 versus €0.70 in 2012.

Adjusted earnings per share attributable to the Group came out at €1.34 compared to €1.62 in 2012.

### C) OTHER FINANCIAL INFORMATION

#### Total cash flows from operating and investing activities

(€M)	2012	2013
Cash flow from operations before interest and tax	552	454
Changes in working capital	(21)	116
<b>Cash flow from operations</b>	<b>531</b>	<b>570</b>
Interest paid and received, income taxes paid	(140)	(235)
Cash generated by/(used in) operating activities	391	335
Acquisition of property, plant & equipment and intangible assets	(264)	(296)
Disposal of property, plant & equipment and intangible assets	20	8
Free cash flow	147	47
Acquisition of financial assets	(384)	(41)
Disposal of financial assets	65	3,410
(Increase)/decrease in short-term investments	28	29
<b>Net cash from operating &amp; investing activities</b>	<b>(144)</b>	<b>3,445</b>

**2013 cash flows from operations stand at €570 million**, up €39 million relative to 2012.

► **Drop in cash flow to €454 million**, reflecting the decline in recurring EBIT before associates, lower depreciation and amortisation expenses and provisions (for the record, a -€22 million provision for impairment on the IOC contract was recognised on the 2012 financial statements), the effect of restructuring costs and the profit-sharing bonus to employees during the period, and the decline in dividends received (specifically from EADS).

► At +€116 million, change in **Working Capital Requirements (WCR)** rose sharply (+€137 m) compared to 2012, notably attributable to the substantial improvement posted by Lagardère Publishing relative to 2012, when advances to authors were high. In 2013, Lagardère Unlimited also posted higher cash inflows linked to the AFC contract while Lagardère Active enjoyed a favourable inventory trend associated with TV Production.

**Interest paid** (net of interest received) rose €10 million to €86 million, due to expenses linked to the partial redemption of the debt issue maturing in 2014.

**Income taxes paid** were also up (€149 million in 2013 versus €64 million in 2012), and include notably €40 million in taxes linked to the dividends.

**Cash flow used in investing activities stands at -€337 million.**

► **Investments in property, plant & equipment and intangible assets, net of disposals, came in at €288 million**, up (+€44 million) relative to 2012, and mainly concern Lagardère Services (continuing development by setting up Travel Retail sales outlets) and to Lagardère Unlimited (regular purchases of sports rights).

► **Financial investments stood at €41 million**, and mainly relate to small acquisitions in the Lagardère Publishing, Lagardère Services and Lagardère Unlimited divisions.

**Total disposals of financial assets stand at €3,410 million**, and mainly concern the disposal of non-core stakes (EADS, Canal+ France and Amaury) in the amounts net of costs of €2,272 million, €1,017 million and €91 million, respectively.

**Total cash flow from operating and investing activities amounted to a net inflow of €3,445 million**, compared to a net outflow of €144 million in 2012 in connection notably with the significant disposals of financial assets and smaller investments in 2013.

#### Financial position

**The Group shows at the end of the year a €361 million cash surplus** compared to a net debt at year-end 2012 of €1,700 million. The difference is mainly attributable to the disposal of non-core stakes in EADS, Canal+ France and Amaury, partially offset by the payment of dividends (€1 156 m in exceptional dividend, €167 million in ordinary dividend and a €16 million to minority interests).

**The Group's liquidity position is still very solid**, with €3,429 million in available liquidity (available cash and short-term investments reported on the balance sheet totalling €1,784 million, and €1,645 million undrawn from the authorised syndicated credit). The debt repayment schedule presents a cautious profile, as the current financial debt in 2014 is limited to €806 million, corresponding principally to the redemption for an amount of €640 m in October 2014 of the bond issued in late 2009, which was partially redeemed in the first half of 2013.

#### D) OUTLOOK/DIVIDENDS

##### 2014 guidance on Recurring Media Ebit before associates

In 2014, the Media recurring EBIT before associates is expected to increase again by 0% to 5% compared to 2013, at constant exchange rates and excluding the effect of the potential disposal of Distribution activities.

### 3.1.1.2 PARENT COMPANY RESULTS

#### INCOME STATEMENT

The condensed income statement is as follows:

(IN MILLIONS OF EUROS)	2013	2012
Operating revenues	7	7
Operating profit	(17)	(16)
Net financial income (expense)	26	(20)
Earnings (loss) before tax and exceptional items	9	(36)
Net exceptional income	1,974	2
Income tax gain	24	88
Profit	2,007	54

#### Dividends

##### Annual dividend

The ordinary dividend proposed to the General Meeting of Shareholders to allocate income from the 2013 fiscal year is €1.3 per share, maintained at last year's level.

In light of the extraordinary interim dividend of €9 per share paid on May 31, 2013, the total annual dividend paid to allocate income from the 2013 fiscal year will be €10.3 per share.

##### Exceptional distribution

Following the disposal of Lagardère's minority stake in Canal+ France, a proposal to distribute a portion of the proceeds from this sale, i.e. €6 per share, will be submitted to the General Meeting of Shareholders on May 6.

\*\*\*

These amounts are consistent with the Group's dynamic shareholder remuneration policy combining stability on ordinary share dividends since 2007, and occasional operations such as share buybacks (in 2006, 2007 and 2008) and extraordinary distributions (in 2005, 2013 and 2014).

Note: the total amount of exceptional dividends distributed following 2013 assets disposals (EADS, Canal Plus and Amaury) represents 57% of the amount of the corresponding disposals.



**BALANCE SHEET**

The condensed balance sheet is as follows:

(in MILLIONS OF EUROS)	31 Dec. 2013	31 Dec. 2012
<b>Assets</b>		
Fixed assets	6,185	7,183
- of which investments in subsidiaries and affiliates	6,093	6,724
Current assets	47	40
- of which marketable securities and cash and cash equivalents	2	12
<b>Total assets</b>	<b>6,234</b>	<b>7,235</b>
<b>Liabilities and shareholders' equity</b>		
Shareholders' equity	4,227	3,558
- of which share capital	800	800
- share premiums and reserves	1,148	1,163
- retained earnings	1,428	1,541
- profit for the year	2,007	54
- interim dividend to be allocated	(1,156)	
Provisions for risks and liabilities	37	32
Liabilities	1,970	3,645
- of which debt	1,930	3,612
<b>Total liabilities and shareholders' equity</b>	<b>6,234</b>	<b>7,235</b>

Lagardère SCA is the holding company of the Lagardère group and did not have any employees at 31 December 2013.

**3.1.1.3 BUSINESS OVERVIEW****A) LAGARDÈRE PUBLISHING**

The world's third-largest trade book publisher for the general public and educational markets, Lagardère Publishing is a federation of publishing companies with a large degree of editorial independence. They are united by common management rules, a concerted effort to expand in digital activities, a coordinated strategy in respect of the global distribution giants, and the same high standards required of the people appointed to positions of responsibility in each company.

**2013 activities**

The fortunes of the book market in withstanding the economic crisis vary from country to country, and the rise of digital publishing, persistent albeit less pronounced, is bringing another set of challenges. Against this backdrop, Lagardère Publishing's brand Hachette Livre reported growth in both net sales and operating profit in 2013, despite adverse exchange rates, thanks to strict management, a leading position in digital and an ability to identify international bestsellers.

**2013 overview and 2014 priorities****What were the broad outlines of Lagardère Publishing's activity in 2013?**

"Contrary to what may have been feared following the out-of-court settlement of the dispute pitting the US Department of Justice against five international publishing groups, including Hachette Livre, the prices of e-books in the United States only edged down before stabilising at levels high enough to not devalue printed books, but low enough to remain attractive. The share of digital in Hachette Livre's net sales in the United States and the United Kingdom accordingly continued to rise, with positive effects on operating profit. Digital now accounts for 10.4% of the division's net sales.

Marketing of bestsellers with international potential continued, with the publication in several countries of books such as the thriller by J.K. Rowling (written under the pseudonym Robert Galbraith), the autobiography of Malala Yousafzai and the new Asterix comic book.

By contrast, 2013 was marked by the absence of curriculum reform in France and Spain."

**What are your priorities for 2014?**

"We aim to continue to strengthen our capacity to negotiate with major Internet platforms, pursue our organic growth in trade books, welcome new publishers and distributors, and successfully manage the first phase of school reform in Spain."

**Arnaud Nourry,**  
Chairman and Chief Executive Officer of Hachette Livre



## 2013 key events

### A good year in France

In a French market down 1.8%<sup>(1)</sup>, Lagardère Publishing delivered outstanding results, particularly in General Literature. The division published five of the bestselling books of the year in the French market<sup>(2)</sup>: the new Asterix comic book (2.3 million copies sold), the three volumes of the Fifty Shades trilogy (Lattès), which sold 2.8 million copies in 2013, and Dan Brown's *Inferno*.

These performances more than offset the expected decline in Education, due to the absence of curriculum reform.

Digital is slowly gaining ground, reaching 1.1% of total net sales and 3.3% of General Literature sales in France.

### Digital slowed in the United States, except at Hachette Book Group

The overall trade book market (print, e-books and audio books) fell by 2.9%<sup>(3)</sup> in the United States in 2013, after a year buoyed by the Fifty Shades phenomenon in 2012. This reflects a slight decline in printed books (down 2.6%<sup>(3)</sup> in value), while e-books, which account for 23.3%<sup>(3)</sup> of the market, stopped growing for the first time.

In Digital, Hachette Book Group (HBG) outpaced the market (33% compared to 26% in 2012).

The number of HBG's releases listed among the *New York Times* bestsellers was 206 print books and 84 e-books, a new record for this division. Among these releases, 35 print books and 17 e-books made it to the number one spot.

In July, HBG acquired Hyperion, Walt Disney's general-interest publishing imprint for adults, and its catalogue of over 1,000 titles.

### Excellent results in the United Kingdom

With 14.5% (print and e-books) of a market that contracted by 6.5%<sup>(4)</sup>, again in the wake of a year driven by the Fifty Shades trilogy in 2012, Hachette UK ranked second among British publishers, claiming 19 number one spots on the authoritative *Sunday Times* bestseller list, out of the total of 112 of the division's books to make the list. With 1.4 million copies sold, *My Autobiography* by Sir Alex Ferguson was the biggest commercial success of the year in the UK, closely followed by *The Cuckoo's Calling*, by a certain Robert Galbraith, who proved to be none other than J.K. Rowling.

Literature also had an illustrious year, with 26 Hachette UK releases winning major literary awards in 2013.

### Spain in the doldrums

The Spanish publishing market continued to decline as a result of the economic crisis, which has prompted regional governments to cut funding for textbooks. In this challenging environment, Lagardère Publishing enjoyed several successes, including *Asterix y los Pictos* (173,000 copies sold by Bruo) and *Yo soy Malala* (46,000 copies sold by Alianza Editorial), two of the division's international bestsellers.

Markets also contracted in Mexico and Argentina.

## Partworks, from strength to strength!

2013 was an exceptional year for Partworks, which logged sales growth driven by 54 new releases and 21 re-releases of existing products in 10 different countries.

Noteworthy among the division's bestsellers were *World Currencies* in Japan (1.6 million copies), *Marvel Super Heroes* in Germany (920,000 copies) and *Mini-pâtisseries* in France (2 million copies).

### Leading positions

- No. 3 publisher worldwide;
- No. 1 publisher in France;
- No. 2 publisher in the United Kingdom;
- No. 4 publisher in the United States;
- No. 2 publisher of digital bestsellers in the United States.

### Key dates

- 2 April 2013: Hodder Education (Hachette UK) acquires Galore Park, a British publisher of textbooks, pass notes and past papers for the Common Entrance market (end of primary school);
- 23 May 2013: Editions JC Lattès publishes the French translation of *Inferno*, the new novel by Dan Brown;
- 27 June 2013: launch of the programme offering on demand reprints of the digital collection of France's national library (Bibliothèque nationale de France) in partnership with Hachette Livre;
- 30 June 2013: Hachette Book Group acquires Hyperion, Walt Disney's general-interest publishing imprint for adults, with a catalogue of over 1,000 books and 30 forthcoming new releases;
- 6 August 2013: Hachette Livre becomes a partner of the Worldwide Web Consortium (W3C), the not-for-profit Internet regulator;
- 8 October 2013: simultaneous publication of *I Am Malala*, by Malala Yousafzai, in the United States, United Kingdom, France and Spain by the division's publishing houses;
- 24 October 2013: worldwide release of *Asterix and the Picts* in 24 languages and 15 countries.

### 2013 key figures

- 16,452 new titles published in 2013;
- 6,935 employees worldwide;
- 2 million copies of volumes 2 and 3 of the Fifty Shades trilogy sold in France in 2013;
- 24 translations of *Asterix and the Picts* published simultaneously in October 2013;
- 66,000 books available in print on demand in France thanks to the agreement between Hachette Livre and the Bibliothèque nationale de France;
- 10.4% of Lagardère Publishing's net sales generated by Digital.

(1) Source: Ipsos. (2) Source: GFK. (3) Source: AAP. (4) Source: Nielsen BookScan.

## B) LAGARDÈRE SERVICES

Lagardère Services is a global leader in Travel Retail and Local Distribution, with operations in 25 countries and four continents.

- ▶ LS travel retail operates retail activities in travel areas (Travel Essentials, Duty Free & Luxury and Food Services), with international brands including Relay and Aelia Duty Free;
- ▶ LS distribution covers national press distribution, press import/export and city-centre convenience outlets.

### 2013 activities

In 2013, Lagardère Services drew on its operational excellence, spirit of enterprise and innate flair for innovation to grow its operations and leadership in Travel Retail with acquisitions and concession wins, particularly in Food Services, and to consolidate its position in Distribution with increased diversification and the rationalisation of costs and processes.

### 2013 overview and 2014 priorities

#### What were the broad outlines of Lagardère Services' activity in 2013?

"We continued to adapt our Travel Essentials business to the decline of the press market, developing a new store concept for Relay, which was inaugurated at the Orly airport in Paris.

Highlights included the ten-year renewal of the SNCF concession in France, the opening of a food court in Frankfurt railway station in Germany, the extension of our Trib's fast-food format to new markets including Australia, and the signing of exclusive partnerships with major retailers such as Marks & Spencer in France.

We also made two major Travel Retail acquisitions in Europe, one in fashion and another in food services."

#### What are your priorities for 2014?

"We intend to continue along these lines in 2014, and to step up growth in our existing markets as well as in new regions in Asia-Pacific, the Middle East, Africa and Europe through acquisitions and new concession wins.

In Distribution, we will continue to pursue industrial and financial solutions enabling the division to strengthen its strategic positioning, while continuing to diversify its activities."

**Dag Rasmussen,**

**Chairman and Chief Executive Officer of Lagardère Services**

### 2013 key events

#### LS travel retail: retail services for the travelling public

LS travel retail, the division of Lagardère Services providing retail services for the travelling public, aims to become the market benchmark and the preferred partner for licensors and brands in travel areas. One of the world's largest operators in the sector, LS travel retail is now positioned on three market segments: Travel Essentials & Convenience, Duty Free & Luxury and Food Services.

2013 saw many successes in Food Services: the ten-year renewal of the SNCF concession contract in France, the launch of the food services concession at Frankfurt railway station (Germany), concession wins at Lille and Avignon railway stations, and the opening of numerous outlets, either directly owned, including Trib's, Hubiz, So! Coffee and Hello!, or under franchise, such as Café Leffe, Paul and Coffee Fellows. LS travel retail's Bulgarian subsidiary also opened eight outlets at Varna international airport and LS travel retail has announced Aelia Duty Free's move into Australia, at Adelaide Airport. Lastly, Lagardère Services opened 13 luxury boutiques at Shenzhen International Airport in China and entered Malaysia, with three new outlets.

2013 also saw the signing of agreements to acquire two major companies in Europe: Gerzon at Amsterdam's Schiphol Airport, reinforcing LS travel retail's leadership in fashion retailing in travel areas, and Airst, a food services specialist in the field of travel, offering the division a strategic platform for fast growth in Food Services.

2013 also saw a new international concept for Relay, designed to adapt the entire network under this store name in response to the dwindling market for reading material, particularly magazines, by offering new ranges of products and services for travellers.

#### LS distribution: consolidation of its strategic positioning

Faced with the decline in printed media, LS distribution continued to gain market share in Europe and North America, and pressed ahead with efforts to improve productivity and to diversify.

In 2013, LS distribution expanded its business portfolio through acquisitions, the marketing of new products, and distribution contract wins in e-tailing.

Significant examples are provided by Zalando, a German fashion and footwear specialist, and Pajar, a Canadian manufacturer of winter clothing.

LS distribution also signed distribution agreements with suppliers of electronic goods and services, the biggest being Western Union in Europe, Betfirst, a Belgian online betting website, and iTunes gift cards.

Lastly, LS distribution made acquisitions including Crossings, a specialist distributor of confectionery and gourmet food in the United States, which complements the Euro-Excellence activity in Canada, Burnonville Distribution, a Belgian distributor of non-food products to convenience store networks, and Sprinter Courier Service in Hungary.

#### Leading positions

- ▶ no. 3 Travel Retail operator worldwide, no. 1 in France, Poland and Czech Republic;
- ▶ no. 4 Food Services operator in travel areas worldwide;
- ▶ no. 1 national press distributor in Belgium (AMP), French-speaking Switzerland (Naville), Spain (SGEL), Hungary (Lapker) and the United States (Curtis Circulation Company);
- ▶ no. 1 international press distributor in Belgium, Spain, Hungary, French-speaking Switzerland, Czech Republic and Canada;
- ▶ Leading international chain of newsagents and convenience stores.

### Key dates

- February 2013: acquisition of Crossings, a specialist distributor of confectionery and gourmet food in the United States;
- June 2013: opening of the first food court at Frankfurt railway station (Germany), with an area of 1,000 square metres, and acquisition of Sprinter Courier Service, a company specialising in small package delivery in Hungary;
- July 2013: ten-year renewal of the SNCF concession in France (350 outlets). Arrival of Aelia Duty Free at Queenstown Airport in New Zealand, with the opening of two stores in the arrival and departure areas;
- September 2013: signing of a partnership with Airst, an international company specialising in Italian Food Services in travel areas, and inauguration of the new 4,800 square-metre Duty Free, Luxury & Gourmet Food court in Rome's Fiumicino International Airport. Acquisition of Burnonville Distribution, a Belgian specialist in the distribution of non-food products in convenience store networks;
- November 2013: opening of 13 luxury fashion boutiques at Shenzhen International Airport in China;

### 2013 key figures

- Travel Retail's contribution to Lagardère Services' net sales: 60.1%;
- LS travel retail's net sales in Duty Free & Luxury: €1.2 billion;
- Number of international airports with LS travel retail operations: 140;
- More than 4,000 stores in 25 countries;
- 1,500 Relay stores;
- Over 500 food services outlets in nine countries;
- Curtis Circulation Company's market share in North America: 32%;
- 46,000 newsagents in Europe and 140,000 in North America supplied daily by LS distribution.

### C) LAGARDÈRE ACTIVE

Lagardère Active plays a central role in the French media, with power built on such iconic brands as Elle, Paris Match, Europe 1, Gulli and Doctissimo. It is a major player in television and radio, with 22 radio stations worldwide, 12 TV channels and France's number one production company (studio shows and drama). France's premier magazine publishing group, with 37 press titles in France and 87 under license worldwide, Lagardère Active is also the largest media group in terms of audience on the Internet and mobile devices in France. Lagardère Publicité, its advertising sales brokerage department, is France's third-largest.

### 2013 activities

In 2013, Lagardère Active consolidated its leadership positions around its core businesses (Magazine Publishing, Audiovisual, Digital Pure Players and Advertising Sales Brokerage), while continuing to rein in costs. The emphasis was on building leading brands with the systematic use of digital technologies, the announcement of a resizing of the Magazine Publishing business and the creation of 11 brand universes.

### 2013 overview and 2014 priorities

#### What were the broad outlines of Lagardère Active's activity in 2013?

"Lagardère Active continued restoring its audience and its advertising revenues in the Audiovisual business, and strengthened its leadership in Audiovisual Production.

We also reorganised our Magazine Publishing activity, selling 10 titles in order to focus on our core brands and capitalise on their influence. Coupled with our continued efforts to rein in costs, this strategy helped boost operating profit despite lower sales, and resulted in a near doubling of the share of Digital revenues in our net sales."

#### What are your priorities for 2014?

"2014 will be devoted to the ramp-up of the digital side of our activities and the concretisation of our new organisation based on powerful brands in Magazine Publishing, Audiovisual, Audiovisual Production and Digital Pure Players. We will also press ahead with our diversification into digital activities on a service-based approach. Lastly, Advertising Sales Brokerage, whose operations have been moved closer to the writing and publishing teams, will create innovative new modes of cooperation with advertisers, offering new formats with substantial added value, not only for them, but also for Lagardère Active."

**Denis Olivennes,**

**Chairman and Chief Executive Officer of Lagardère Active**

### 2013 key events

#### Audiovisual highlights in 2013

Innovation plays an increasingly central role in Lagardère Active's audiovisual activities, allowing them to cement their market leadership in 2013.

- **radio:** with its new autumn schedule, Europe 1 continued its expansion, winning 156,000 new listeners in 2013 and ending the year as the most frequently downloaded French radio station. RFM, which is listened to for an average of 1 hour and 34 minutes a day, kept its ranking as the number two adult music radio station in France, and, Virgin Radio, France's fourth-most-popular radio station for the 25-34 age bracket, attracted more than 2.2 million listeners every day.
- **television:** in 2013, Lagardère Active's youth channels remained France's biggest Youth and Family offer, also becoming the country's leading online youth offer thanks to its digital developments. Gulli continued to bolster its brand by broadening its multichannel offering, attracting 6 million viewers daily. The division's other channels also moved on to the Internet via a partnership with Mely Group for June.fr and MCM.fr.
- **audiovisual production:** leader in its market, Lagardère Entertainment retained its ranking as France's leading producer of drama. In July 2013, it added a number one ranking in studio shows, with more than 1,181 hours produced. A third season of *Borgia* was launched, testifying to the series' continued international success, while record-breaking audiences for *Nos chers voisins* and *Pép's* on TF1 highlighted the quality of the division's productions.

### Emblematic press titles

In 2013, more than 25 million French people read one of Lagardère Active's 24 press titles, i.e., one person out of every two aged 15 and over<sup>(1)</sup>. The five leading titles (*Télé 7 Jours*, *Paris Match*, *Elle*, *Le Journal du Dimanche* and *Public*) were read by nearly 12 million French people every week. The division's international expansion continued with the launch of the new edition of *Elle* in Australia, bringing to 87 the number of press titles under licence worldwide. Following the international success of *Elle Men*, the Elle brand launched a new French version, *Elle Man*, in October.

### Digital: innovation and competitiveness

In 2013, Lagardère Active held on to its number one ranking in terms of audience share on the Internet and mobile devices in France. In addition, Public won its fourth OJD star as "Best Mobile Application", while BilletReduc.com was voted "Best Online Ticketing Site" by Fevad. Gulli was the first television channel to integrate augmented reality in its contents, with the help of Lagardère Publicité.

### Lagardère Publicité: at the forefront of innovation

Lagardère Publicité is France's third-ranking advertising sales brokerage in gross sales, selling advertising space on more than 100 formats across six media (press, radio, television, Internet, mobiles and tablets). The leading brokerage in Magazine Publishing, Lagardère Publicité focused its creativity on digital, launching innovative offers including augmented reality, data and native advertising in 2013.

La Place Media, of which Lagardère Publicité is a founding member, celebrated its first anniversary in September 2013. A pioneering premium private ad exchange, La Place Media boasts more than 150 publishing partners, 30 million unique visitors and 4.5 billion prints each month.

### Leading positions

- ▶ no. 1. magazine publisher in France (in terms of paid distribution in France in 2013);
- ▶ no. 1. French audiovisual producer of studio shows and drama;
- ▶ no. 1 media group on the Internet and mobile devices in France;
- ▶ no. 3 advertising sales brokerage in France in terms of gross sales;
- ▶ no. 1 magazine advertising sales brokerage in France in terms of gross sales;
- ▶ no. 1 television offering in the Youth and Family segments in France.

### Key dates

- ▶ January 2013: acquisition of BilletReduc.com, leader in discount bookings, which was voted "Best Online Ticketing Site" by Fevad in 2013;
- ▶ April 2013: launch by Lagardère Publicité of SpreAd, its first audience extension offer;
- ▶ July 2013: Lagardère Entertainment becomes the biggest producer of studio shows in France, overtaking Endemol. Inauguration by Lagardère Active Enterprises of a new Elle Café in Tokyo (Japan);
- ▶ September/October 2013: launch of the 44<sup>th</sup> international edition of *Elle*, in Australia (published under licence by Hearst Bauer Media), and the French edition of *Elle Man*;
- ▶ October 2013: signing by Mezzo of an agreement with Lightning International for the marketing of Mezzo Live HD in Asia;

- ▶ December 2013: acquisition by Doctissimo.fr of a stake in MonDocteur.fr, the leading website for booking medical appointments online;
- ▶ February 2014: acquisition by Lagardère Entertainment of a majority stake in Groupe Réservoir (Réservoir Prod).

### 2013 key figures

- ▶ 37 press titles published in France and 87 worldwide;
- ▶ 1,181 hours of audiovisual programming produced;
- ▶ nearly 400 prime-time broadcasts across all channels;
- ▶ 12 special-interest television channels worldwide;
- ▶ nearly 20 million unique visitors per month on traditional fixed-line websites in France;
- ▶ 43% of net sales generated by Audiovisual Production;
- ▶ 40% of net sales generated by Advertising;
- ▶ 23 million listeners per day, with 22 radio stations in seven countries.

### D) LAGARDÈRE UNLIMITED

Lagardère Unlimited is a global leader in Sports and Entertainment.

Present in more than 20 countries, its network offers innovative and integrated solutions to its customers and partners, helping them grow the value of their rights over the long term.

Lagardère Unlimited's key business activities are athlete representation, venue consulting, events production and management, marketing rights and associated products, content production and broadcast rights management as well as the management of sports academies and front-ranking sports clubs.

### 2013 activities

In 2013, Lagardère Unlimited consolidated and expanded its global network of offices, while strengthening its leadership in its established activities, such as football in Africa, Asia, Germany and France. Lagardère Unlimited also continued to diversify its activities, building up its positions in golf and tennis.

In 2014, Lagardère Unlimited aims to pursue its expansion efforts, particularly in emerging markets.

### 2013 overview and 2014 priorities

#### What were the broad outlines of Lagardère Unlimited's activity in 2013?

"In 2013, Lagardère Unlimited used its foothold in football to expand its activities in Europe and Africa (digital solutions designed for clubs and the Confederation of African Football, acquisition and renewal of contracts with clubs in Europe).

Lagardère Unlimited also continued building its Golf and Tennis business, notably through the acquisition of golf tournaments in the United States and Europe, and the expansion of its player portfolio.

In 2013, Lagardère Unlimited also built up its consulting services among rights holders, sponsors and venues, notably in Russia and Qatar."

#### What are your priorities for 2014?

"In 2014, Lagardère Unlimited intends to press ahead with the strategy initiated in 2013 to assert its leadership in its markets, continue its multisport and Entertainment diversification policy and focus on support for rights holders, athletes and sponsors with significant value added.

(1) ONE survey, 2012-2013.

Lagardère Unlimited also aims to continue to develop assets such as sporting events, and to consolidate its position in global sports (football, golf, tennis, mass events and Olympic sports). Lastly, Lagardère Unlimited will continue its expansion in growth regions such as South America, Africa, Asia and the Middle East."

**Arnaud Lagardère,**  
**Chief Executive Officer of Lagardère Unlimited**

### 2013 key events

#### Commercial successes in football

In 2013, Sportfive renewed its main expiring contracts with clubs (Hannover 96 and Hamburger SV). It also successfully commercialised the Africa Cup of Nations and provided assistance to the local organising committee for the 2013 FIFA Club World Cup in Morocco.

#### Development and diversification of marketing activities outside football

Sportfive developed its hospitality offer with the signing and renewal of several contracts (Roland-Garros, Stade de France, Stade Français Paris, etc.), and continued its expansion into new sports (cycling, handball, basketball, alternative sports).

#### Development of innovative digital solutions

Lagardère Unlimited continued to expand its digital offering, signing up new clubs to its loyalty programme management platform (Hertha BSC Berlin, Hamburg SV) and completing consulting assignments for sponsors in the United States and Europe.

#### World leader in golf

Lagardère Unlimited is now the leading agency in golf, representing more than 45 PGA Tour players.

In the United States, Lagardère Unlimited now owns Crown Sports Management (representation of golfers) and Jeff Sanders Promotions (organisation of golf tournaments).

In Europe, Lagardère Unlimited acquired the Nordea Masters (European Tour) and the Helsingborg stage of the Ladies European Tour.

#### Expansion of the events portfolio

In 2013, Sportfive organised the first edition of the Hand Star Game (handball) in Paris. Lagardère Unlimited also organised stages of the ITU World Triathlon Series in London, Hamburg, Stockholm, Auckland and San Diego. Lastly, World Sport Group won the organisation of the WTA Championships (women's tennis) at the Singapore Sports Hub from 2014 to 2018.

### A hit for Lagardère Unlimited Live Entertainment

Launched in October 2013, *DISCO*, Lagardère Unlimited Live Entertainment's new production was named "Musical of the Year" by *Le Parisien-Aujourd'hui en France*.

### New markets for Lagardère Unlimited Stadium Solutions

Lagardère Unlimited Stadium Solutions has expanded its consulting services in new markets, Russia, Qatar and Belarus.

### Distribution of media rights

In 2013, Lagardère Unlimited sold the broadcasting rights for major sporting events, including the Africa Cup of Nations, qualifying matches for the 2014 FIFA World Cup™, and WTA and ATP tennis tournaments.

### Leading positions

- ▶ leader in sports marketing in Asia;
- ▶ leader in football in Africa, Germany and France;
- ▶ leader in the representation of golfers.

### Key dates

- ▶ May 2013: Singapore and World Sport Group are awarded the organisation of the WTA Championships (women's tennis) from 2014 to 2018.
- ▶ September 2013: acquisition of the Nordea Masters golf tournament on the European Tour, held in Sweden.
- ▶ October 2013: launch of the *DISCO* musical at Les Folies Bergère.
- ▶ December 2013: Lagardère Unlimited acquires Crown Sports Management (representation of golfers) and Jeff Sanders Promotions (organisation of golf tournaments in the United States), as well as the Helsingborg Open (tournament of the Ladies European Tour golf).

### 2013 key figures

- ▶ over 50 events organised;
- ▶ over 200 sports and entertainment personalities represented;
- ▶ over 10,000 hours of media content distributed;
- ▶ net sales generated by football: 68%.



## 3.1.2 PRESENTATION OF THE RESOLUTIONS

### 1<sup>ST</sup> RESOLUTION:

#### APPROVAL OF THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

The first resolution concerns the approval of the Company's financial statements for the year ended 31 December 2013, showing a profit of €2,007 million compared with €54 million in 2012, in light of the gain generated on the sale of the remainder of the Group's EADS shares in April 2013.

### 2<sup>ND</sup> RESOLUTION:

#### APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

The second resolution concerns the approval of the consolidated financial statements for the year ended 31 December 2013, showing a profit attributable to owners of €1,307 million, compared with €89 million in 2012.

### 4<sup>TH</sup> RESOLUTION:

#### ALLOCATION OF PROFIT: DISTRIBUTION OF DIVIDENDS

The Company's profit for the year ended 31 December 2013 amounts to which, in addition to retained earnings of (before deducting the interim payment of €9, i.e., a total of €1,155,622,635 at 31 December 2013)

€2,006,614,705.74  
€1,427,331,806.65

**makes a distributable profit of**

**€3,433,946,512.39**

We are proposing, in agreement with the Supervisory Board, to allocate this profit as follows:

#### 1° Payment of statutory dividends to the General Partners

In accordance with the provisions of the Articles of Association, it is proposed that an amount of €13,073,700 should be deducted from this profit, equal to 1% of consolidated profit for the year attributable to owners for payment to the General Partners.

#### 2° Payment of the dividend to the shareholders

We are proposing to pay a dividend of €10.30 per share, i.e., a maximum aggregate amount of €1,350,672,845.80 based on the number of shares comprising the current share capital, compared with a dividend of €1.30 paid in 2013.

This dividend corresponds to:

- ▶ €1.30 for the ordinary portion of this annual dividend;
- ▶ €9 for the extra portion of this annual dividend, corresponding to the payment of part of the gain generated in April 2013 on the sale of the stake in EADS.

### 3<sup>RD</sup> RESOLUTION:

#### PAYMENT OF AN EXTRA DIVIDEND OF €6 PER SHARE DEDUCTED FROM "SHARE PREMIUMS"

The third resolution concerns the payment, which was approved by the Supervisory Board, of an extra dividend of €6 per share. Based on the number of shares making up the share capital and in view of the number of shares held by the Company, the total amount of this dividend would be around €768 million, corresponding to the payment of part of the revenue from the sale of the Group's stake in Canal+ France.

The ex-dividend date for the extra dividend is 8 May 2014 and the dividend would be paid as of 13 May 2014 to holders of registered shares or their duly appointed representatives, by cheque or by bank transfer.

The dividend would be eligible for the 40% tax relief available to individual shareholders who are liable to income tax in France, pursuant to article 158.3.2 of the French Tax Code (*Code général des impôts*).

Treasury shares held on the ex-dividend date are not eligible for the dividend payment.

Shares created before the ex-dividend date are eligible for the dividend payment.

The extra portion of this dividend was paid as an interim dividend (of a total amount of €1,155,622,635 at 31 December 2013) following the decision taken by the Managing Partners on 21 May 2013. The ordinary portion of this dividend, i.e., €1.30, corresponding to a maximum aggregate amount of €170,473 million has an ex-dividend date of 8 May 2014 and would be paid as of 13 May 2014 to holders of registered shares or their duly appointed representatives, by cheque or by bank transfer.

Treasury shares held on the ex-dividend date are not eligible for the dividend payment.

Shares created before the ex-dividend date are eligible for the dividend payment.

The dividend would be eligible for the 40% tax relief available to individual shareholders who are liable to income tax in France, pursuant to article 158.3.2 of the French Tax Code.

#### 3° Allocation of the balance of the distributable profit to free reserves and retained earnings:

We propose to allocate an amount of €1,500,000,000 to free reserves and to allocate the balance, which is estimated at over €598,000,000, to retained earnings.

\*\*\*

Dividends distributed over the past three fiscal years were as follows:

(in euros) / Fiscal year	2010	2011	2012
Dividends paid to shareholders			
Dividend per share	1.30	1.30	1.30
Total dividend payout	165,096,539.40	165,700,265.90	166,247,432.00
Dividends paid to General Partners	1,632,250.00	-	888,480.00
<b>Total</b>	<b>166,728,789.40</b>	<b>165,700,265.90</b>	<b>167,135,912.00</b>

## 5<sup>TH</sup> RESOLUTION:

### AUTHORISATION TO BE GIVEN TO THE MANAGING PARTNERS TO TRADE IN THE COMPANY'S SHARES FOR A PERIOD OF EIGHTEEN MONTHS

During 2013, the Company purchased and sold the following shares pursuant to the authorisations given by the shareholders:

- ▶ 1,138,407 shares representing 0.87% of the share capital were mainly purchased on the market under a liquidity contract intended to promote liquidity and stabilise the market in the shares;
- ▶ 637,407 shares were sold on the market under the liquidity contract;
- ▶ 588,422 shares were cancelled.

Accordingly, on 31 December 2013, the Company held 3,186,571 treasury shares representing 2.43% of the share capital, including 3,065,071 held for future awards to employees and 121,500 held for market making activities.

Please refer to section 8.1.2.2 of the attached Reference Document for a breakdown of all purchases and sales made during 2013, and those made pursuant to the current authorisation given at the General Meeting of 3 May 2013.

Under the fifth resolution submitted for your approval, we are seeking renewal of our authorisation to trade in the Company's shares in accordance with the law.

This authorisation will be implemented under the terms and conditions set out in the European regulations and transposed by the French financial markets authority (*Autorité des marchés financiers* – AMF) in its General Regulations. Accordingly:

- ▶ the number of shares purchased may not exceed 10% of the share capital at 28 February 2014, which, based on the current share capital and taking account of shares and calls held directly on that date, would authorise the purchase of 8,008,634 shares representing 6.1% of the current share capital, assuming that the Company does not cancel, transfer or sell any of the shares and/or calls currently held;
- ▶ under the new programme, the purchase price may not exceed €40 per share, making a total aggregate sum of €500 million;
- ▶ the shares may be purchased, sold or otherwise transferred for the purposes set out in the European regulations and in accordance with the market practices accepted by the AMF, namely: to reduce the share capital, to award shares to employees, to tender in exchange or as consideration for future external growth transactions, to promote liquidity and stabilise the market in the shares under liquidity contracts entered into with independent investment services providers authorising them to purchase a certain number of shares on an arm's length basis over a certain period, in accordance with the AMF's regulations. The Company may not buy or sell shares during a public offer other than through these liquidity contracts;

- ▶ shares may be purchased on all markets (including on multilateral trading facilities or via a systematic internaliser) by using derivatives, but such use is restricted to the purchase of calls intended to cover commitments made under a share purchase option plan, which may be sold if the options are not exercised.

## 6<sup>TH</sup> AND 7<sup>TH</sup> RESOLUTIONS:

### ISSUING OF AN OPINION ON THE COMPONENTS OF REMUNERATION PAYABLE OR GRANTED TO ARNAUD LAGARDÈRE, MANAGING PARTNER, AND TO THE REPRESENTATIVES OF THE OTHER MANAGING PARTNER IN RESPECT OF 2013

In accordance with the recommendations of the AFEF-MEDEF code of corporate governance, as revised in June 2013, to which the Company refers pursuant to the provisions of article L. 225-37 of the French Commercial Code (*Code de commerce*), the purpose of the 6<sup>th</sup> and 7<sup>th</sup> resolutions is to submit for your opinion the components of remuneration payable or granted in respect of 2013, to each of the Company's executive corporate officers, namely:

- ▶ Arnaud Lagardère, in his capacity as Managing Partner of Lagardère SCA and Chairman and Chief Executive Officer of Arjil Commandité-Arco, Managing Partner of Lagardère SCA;
- ▶ Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, in their capacity as Chief Operating Officers of Arjil Commandité-Arco, Managing Partner of Lagardère SCA.

In accordance with the provisions of the AFEF-MEDEF code of corporate governance, the shareholders' opinion is sought regarding the following components of their remuneration, payable or granted in respect of 2013, taken as a whole. For their duties within the Company, these components are as follows:

- ▶ the fixed portion;
- ▶ the annual variable portion;
- ▶ performance shares;
- ▶ any other benefits.

Accordingly, under the sixth resolution, we are asking you to issue a favourable opinion on the components of remuneration described below, payable or granted in respect of the past year to Arnaud Lagardère, Managing Partner and Chairman and Chief Executive Officer of Arjil Commandité-Arco, Managing Partner of the Company.

We are also asking you, under the seventh resolution, to issue a favourable opinion on the components of remuneration described below, payable or granted in respect of 2013 to Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, Chief Operating Officers of Arjil Commandité-Arco, Managing Partner of the Company.

**Arnaud Lagardère:**

Components of remuneration	Amount or accounting value	Comments
Fixed salary	€1,140,729	► This is the amount before deducting social security contributions, the amount of which has not changed since 2009.
Variable salary	€1,646,400	<p>► This remuneration is determined on the basis of rules defined in 2003 which have been consistently applied since that date.</p> <p>► It is based solely on the Group's performance in 2013 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in net cash from operating activities compared with the budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between the recurring operating profit before associates for Lagardère Media companies in 2013 and that generated in 2012). (See section 7.3.1 of the Reference Document).</p> <p>► It cannot exceed 150% of the fixed salary.</p> <p>► In light of the success rate for achieving these objectives in 2013, the variable portion amounted to 144% of the fixed annual salary in 2013.</p>
Deferred variable salary	N/A	► Arnaud Lagardère does not receive any deferred variable salary.
Multi-annual variable salary	N/A	► Arnaud Lagardère does not receive any multi-annual variable salary.
Special bonuses	N/A	► Arnaud Lagardère did not receive any special bonuses.
Attendance fees in respect of EADS	€20,000	► These attendance fees and this salary are payable in respect of his office as Chairman of the Board of EADS.
Fixed salary in respect of EADS	€45,000	
Awarding of share options and/or performance shares	N/A	► Since his appointment as Managing Partner in 2003, Arnaud Lagardère does not receive any share options or performance shares.
Benefits linked to taking up or terminating office or non-competition agreements	N/A	► Arnaud Lagardère does not receive any benefits of this nature.
Supplementary pension plan	No payment in respect of 2013	<p>► Arnaud Lagardère benefits from the defined benefit supplementary pension plan in force within Lagardère Capital &amp; Management under the same conditions as the other beneficiaries. (See section 7.3.1. of the Reference Document).</p> <p>► These entitlements under the plan are acquired at a rate of 1.75% of the benchmark remuneration per year up to a limit of 20 years. Accordingly, the supplementary pension plan cannot exceed 35% of the benchmark remuneration.</p> <p>► The benchmark remuneration corresponds to 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 ceiling used to calculate social security contributions.</p> <p>► 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 long-term disability.</p> <p>► The corresponding commitment was authorised by the Supervisory Board on 14 September 2005 (in accordance with the rules governing related party agreements and commitments) and approved by the General Meeting of 2 May 2006 (4<sup>th</sup> resolution).</p> <p>► For example, if the annual annuity payable to Arnaud Lagardère was calculated today based on the benchmark remuneration as defined in the plan, it would represent approximately 29.9% of his fixed and variable salary for 2013.</p>
Benefits in kind	€20,499	► This corresponds to a possible personal use of his company car.



## Pierre Leroy:

Components of remuneration	Amount or accounting value	Comments
Fixed salary	€1,474,000	► This is the amount before deducting social security contributions, the amount of which has not changed since 2011.
Variable salary	€652,800	<p>► This remuneration is determined on the basis of rules defined in 2003 which have been consistently applied since that date.</p> <p>► It includes:</p> <ul style="list-style-type: none"> <li>- a qualitative component, which may not exceed 25% of the fixed salary, taking into account his personal contribution to the development of the Group, changes in his value added, the quality of his management, the relevance of his organisation, the motivation of his teams and attention paid to social and environmental issues;</li> <li>- a performance-related component, based on the Group's performance in 2013 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in net cash from operating activities compared with the budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between the recurring operating profit before associates for Lagardère Media companies in 2013 and that generated in 2012).</li> </ul> <p>► The total amount of the variable salary may not exceed 75% of the fixed salary.</p> <p>► In light of the success rate for achieving these objectives in 2013 (see section 7.3.1 of the Reference Document), the variable portion amounted to 44% of the fixed annual salary in 2013.</p>
Deferred variable salary	N/A	► Pierre Leroy does not receive any deferred variable salary.
Multi-annual variable salary	N/A	► Pierre Leroy does not receive any multi-annual variable salary.
Special bonuses	N/A	► Pierre Leroy did not receive any special bonuses.
Attendance fees	N/A	► Pierre Leroy did not receive any attendance fees in respect of 2013.
Awarding of share options and/or performance shares	€686,080	<p>► In 2013 Pierre Leroy benefited from the right to receive 32,000 performance shares (0.024% of the share capital).</p> <p>► These shares will only vest subject to the beneficiary remaining with the Group and the achievement of conditions related to the Group's performance in 2014, 2015 and 2016 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in target net cash from operating activities compared with the consolidated budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between recurring operating profit before associates for Lagardère Media companies for 2016 and the average for 2014 and 2015 – see section 7.3.5 of the Reference Document).</p> <p>► The corresponding award was authorised by the General Meeting of 3 May 2013 (17<sup>th</sup> Resolution).</p>
Benefits linked to taking up or terminating office or non-competition agreements	N/A	► Pierre Leroy does not receive any benefits of this nature.
Supplementary pension plan	No payment in respect of 2013	<p>► Pierre Leroy benefits from the defined benefit supplementary pension plan in force within Lagardère Capital &amp; Management under the same conditions as the other beneficiaries (see section 7.3.1 of the Reference Document).</p> <p>► These entitlements under the plan are acquired at a rate of 1.75% of the benchmark remuneration per year up to a limit of 20 years. Accordingly, the supplementary pension plan cannot exceed 35% of the benchmark remuneration.</p> <p>► The benchmark remuneration corresponds to 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 ceiling used to calculate social security contributions.</p> <p>► 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 long-term disability.</p> <p>► The corresponding commitment was authorised by the Supervisory Board in 2005 and approved by the General Meeting in 2006 in accordance with the rules governing related party agreements and commitments.</p> <p>► For example, if the annual annuity payable to Pierre Leroy was calculated today based on the benchmark remuneration as defined in the plan, it would represent approximately 30.9% of his fixed and variable salary for 2013.</p>
Benefits in kind	€8,430	► This corresponds to a possible personal use of his company car.

**Dominique D'Hinnin:**

Components of remuneration	Amount or accounting value	Comments
Fixed salary	€1,206,000	► This is the amount before deducting social security contributions, the amount of which has not changed since 2011.
Variable salary	€652,800	<p>► This remuneration is determined on the basis of rules defined in 2003 which have been consistently applied since that date.</p> <p>► It includes:</p> <ul style="list-style-type: none"> <li>- a qualitative component, which may not exceed 25% of the fixed salary, taking into account his personal contribution to the development of the Group, changes in his value added, the quality of his management, the relevance of his organisation, the motivation of his teams and attention paid to social and environmental issues;</li> <li>- a performance-related component, based on the Group's performance in 2013 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in net cash from operating activities compared with the budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between the recurring operating profit before associates for Lagardère Media companies in 2013 and that generated in 2012).</li> </ul> <p>► The total amount of the variable salary may not exceed 75% of the fixed salary.</p> <p>► In light of the success rate for achieving these objectives in 2013 (see section 7.3.1 of the Reference Document), the variable portion amounted to 54% of the fixed annual salary in 2013.</p>
Deferred variable salary	N/A	► Dominique D'Hinnin does not receive any deferred variable salary.
Multi-annual variable salary	N/A	► Dominique D'Hinnin does not receive any multi-annual variable salary.
Special bonuses	N/A	► Dominique D'Hinnin did not receive any special bonuses.
Attendance fees in respect of EADS	€10,000	► These attendance fees and this salary are payable in respect of his office on the Board of EADS.
Fixed salary in respect of EADS	€30,000	
Awarding of share options and/or performance shares	€686,080	<p>► In 2013 Dominique D'Hinnin benefited from the right to receive 32,000 performance shares (0.024% of the share capital).</p> <p>► These shares will only fully vest subject to the beneficiary remaining with the Group and the achievement of conditions related to the Group's performance in 2014, 2015 and 2016 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in target net cash from operating activities compared with the consolidated budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between recurring operating profit before associates for Lagardère Media companies for 2016 and the average for 2014 and 2015 – see section 7.3.5 of the Reference Document).</p> <p>► The corresponding award was authorised by the General Meeting of 3 May 2013 (17<sup>th</sup> Resolution).</p>
Benefits linked to taking up or terminating office or non-competition agreements	N/A	► Dominique D'Hinnin does not receive any benefits of this nature.

Components of remuneration	Amount or accounting value	Comments
Supplementary pension plan	No payment in respect of 2013	<ul style="list-style-type: none"> <li>► Dominique D'Hinnin benefits from the defined benefit supplementary pension plan in force within Lagardère Capital &amp; Management under the same conditions as the other beneficiaries (see section 7.3.1 of the Reference Document).</li> <li>► These entitlements under the plan are acquired at a rate of 1.75% of the benchmark remuneration per year up to a limit of 20 years. Accordingly, the supplementary pension plan cannot exceed 35% of the benchmark remuneration.</li> <li>► The benchmark remuneration corresponds to 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 ceiling used to calculate social security contributions.</li> <li>► 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 long-term disability.</li> <li>► The corresponding commitment was authorised by the Supervisory Board in 2005 and approved by the General Meeting in 2006 in accordance with the rules governing related party agreements and commitments.</li> <li>► For example, if the annual annuity payable to Dominique D'Hinnin was calculated today based on the benchmark remuneration as defined in the plan, it would represent approximately 33.4% of his fixed and variable salary for 2013.</li> </ul>
Benefits in kind	€8,013	► This corresponds to a possible personal use of his company car.

**Thierry Funck-Brentano:**

Components of remuneration	Amount or accounting value	Comments
Fixed salary	€1,206,000	<p>► This is the amount before deducting social security contributions, the amount of which has not changed since 2011.</p>
Variable salary	€652,800	<p>► This remuneration is determined on the basis of rules defined in 2003 which have been consistently applied since that date.</p> <p>► It includes:</p> <ul style="list-style-type: none"> <li>- a qualitative component, which may not exceed 25% of the fixed salary, taking into account his personal contribution to the development of the Group, changes in his value added, the quality of his management, the relevance of his organisation, the motivation of his teams and attention paid to social and environmental issues;</li> <li>- a performance-related component, based on the Group's performance in 2013 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in net cash from operating activities compared with the budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between the recurring operating profit before associates for Lagardère Media companies in 2013 and that generated in 2012).</li> </ul> <p>► The total amount of the variable salary may not exceed 75% of the fixed salary.</p> <p>► In light of the success rate for achieving these objectives in 2013 (see section 7.3.1 of the Reference Document), the variable portion amounted to 54% of the fixed annual salary in 2013.</p>
Deferred variable salary	N/A	<p>► Thierry Funck-Brentano does not receive any deferred variable salary.</p>
Multi-annual variable salary	N/A	<p>► Thierry Funck-Brentano does not receive any multi-annual variable salary.</p>
Special bonuses	N/A	<p>► Thierry Funck-Brentano did not receive any special bonuses.</p>
Attendance fees	N/A	<p>► Thierry Funck-Brentano did not receive any attendance fees in respect of 2013.</p>
Awarding of share options and/or performance shares	€686,080	<p>► In 2013, Thierry Funck-Brentano benefited from the right to receive 32,000 performance shares (0.024% of the share capital).</p> <p>► These shares will only fully vest subject to the beneficiary remaining with the Group and the achievement of conditions related to the Group's performance in 2014, 2015 and 2016 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in target net cash from operating activities compared with the consolidated budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between recurring operating profit before associates for Lagardère Media companies for 2016 and the average for 2014 and 2015 – see section 7.3.5 of the Reference Document).</p> <p>► The corresponding award was authorised by the General Meeting of 3 May 2013 (17<sup>th</sup> Resolution).</p>
Benefits linked to taking up or terminating office or non-competition agreements	N/A	<p>► Thierry Funck-Brentano does not receive any benefits of this nature.</p>

Components of remuneration	Amount or accounting value	Comments
Supplementary pension plan	No payment in respect of 2013	<ul style="list-style-type: none"> <li>► Thierry Funck-Brentano benefits from the defined benefit supplementary pension plan in force within Lagardère Capital &amp; Management under the same conditions as the other beneficiaries (see section 7.3.1 of the Reference Document).</li> <li>► These entitlements under the plan are acquired at a rate of 1.75% of the benchmark remuneration per year up to a limit of 20 years. Accordingly, the supplementary pension plan cannot exceed 35% of the benchmark remuneration.</li> <li>► The benchmark remuneration corresponds to 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 ceiling used to calculate social security contributions.</li> <li>► 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 long-term disability.</li> <li>► The corresponding commitment was authorised by the Supervisory Board in 2005 and approved by the General Meeting in 2006 in accordance with the rules governing related party agreements and commitments.</li> <li>► For example, if the annual annuity payable to Thierry Funck-Brentano was calculated today based on the benchmark remuneration as defined in the plan, it would represent approximately 32.4% of his fixed and variable salary for 2013.</li> </ul>
Benefits in kind	€10,628	► This corresponds to a possible personal use of his company car.

We remind you that these components of remuneration are presented in detail in section 7.3 of the Reference Document (7.3.1, 7.3.4, 7.3.5), which constitutes an appendix to the management report, of which it is a part.

**8<sup>TH</sup> TO 15<sup>TH</sup> RESOLUTIONS:****CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD: RE-APPOINTMENTS AND APPOINTMENT OF A NEW MEMBER**

The terms of office of Martine Chêne, François David, Pierre-Lescure, Jean-Claude Magendie, Javier Monzón, Xavier de

Sarrau and Patrick Valroff are set to expire at the close of this General Meeting and in light of the resignation of Antoine Arnault in late 2013, the Supervisory Board is proposing that the following be re-appointed or appointed as members:

Re-appointments	Term	Resolution
Xavier de Sarrau	4 years	8 <sup>th</sup>
Martine Chêne	3 years	9 <sup>th</sup>
François David	3 years	10 <sup>th</sup>
Pierre Lescure	2 years	11 <sup>th</sup>
Jean-Claude Magendie	4 years	12 <sup>th</sup>
Javier Monzón	3 years	13 <sup>th</sup>
Patrick Valroff	4 years	14 <sup>th</sup>
Appointment of new member	Term	
Yves Guillemot	4 years	15 <sup>th</sup>

The appendix to the report of the Supervisory Board contains the information sheets regarding the nominations.

**16<sup>TH</sup> RESOLUTION:****RE-APPOINTMENT OF MAZARS AS STATUTORY AUDITOR OF THE COMPANY FOR A TERM OF SIX YEARS AND APPOINTMENT OF A NEW SUBSTITUTE AUDITOR**

The term of office of Mazars as Statutory Auditor of the Company and Patrick de Cambourg as Substitute Auditor are set to expire at the close of this General Meeting.

We propose that you re-appoint Mazars, which, in accordance with applicable regulations, will henceforth be represented by a new partner, Thierry Blanchetier.

As Patrick de Cambourg has asked not to be re-appointed as Substitute Auditor, we propose that you appoint Thierry Colin to replace him.

**17<sup>TH</sup> RESOLUTION:****POWERS FOR FORMALITIES**

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The Managing Partners' special reports will now be presented to you, followed by the reports of the Supervisory Board and its Chairman and the various reports of the Statutory Auditors.

We consider that the information contained in these reports and in the Managing Partners' reports, including the Reference Document, should be sufficient for you to form a full opinion on the position and operations of your Company and the Lagardère group over the past year, and on the resolutions you are being asked to approve.

The resolutions to be put to the vote accurately reflect the content of these various reports. We believe that they are in the interests of the Company and that they will further the Group's business development.

We therefore ask you to vote in favour of these resolutions, and we would like to thank you once again for your valuable support, particularly at each key stage of the Group's development.

**The Managing Partners**

## APPENDIX I

**Lagardère SCA - Five-year financial summary**  
**(Articles R. 225-83 and R. 225-102 of the French Commercial Code)**

Type of indications		2009		2010		2011		2012		2013	
I	Financial position (in euros)										
a)	Share capital	799,913,045		799,913,045		799,913,045		799,913,045		799,913,045	
b)	Number of ordinary shares outstanding	131,133,286		131,133,286		131,133,286		131,133,286		131,133,286	
c)	Maximum number of shares to be issued upon exercise of share subscription options	-		-		-					
d)	Maximum number of shares to be issued upon conversion of bonds	-		-		-					
e)	Maximum number of shares to be issued upon exercise of subscription warrants	-		-		-					
II	Results of operations (in thousands of euros)										
a)	Net sales	9,846		8,457		12,535		7,054		7,239	
b)	Earnings before tax, depreciation, amortisation and provisions	156,294		272,386		257,302		(65,638)		1,976,989	
c)	Income tax	87,203	(1)	88,017	(1)	93,037	(1)	88,276	(1)	23,410	(1)
d)	Earnings after tax, depreciation, amortisation and provisions	298,529		373,527		297,253		53,952		2,006,615	
e)	Total dividends	165,142		165,097		165,700		166,247			(2)
III	Earnings per share (in euros)										
a)	Earnings per share after tax, but before depreciation, amortisation and provisions	1.86		2.75		2.67		0.17		15.25	
b)	Earnings per share after tax, depreciation, amortisation and provisions	2.28		2.85		2.27		0.41		15.30	
c)	Dividend per share	1.30		1.30		1.30		1.30			(2)
IV	Staff										
a)	Average employee headcount	-		-		-					
b)	Total wages and salaries	-		-		-					
c)	Total employee benefit expense	-		-		-					

(1) Mainly the tax gain resulting from tax consolidation.

(2) The Annual General Meeting on 6 May 2014 will be asked to approve a dividend of €10.30 per share, of which €1.30 corresponds to the ordinary portion of this dividend and €9 to the extraordinary portion, for which an interim dividend was paid following the Managing Partners' decision of 21 May 2013, as well as an extra dividend of €6 per share, to be deducted from share premiums.

## APPENDIX II

To the Management Report of the Managing Partners

## Summary table of authorisations (delegations of authority and of powers) to increase the share capital given to the Managing Partners

Description of authorisation		Delegations of authority								
Date of meeting	Ordinary and Extraordinary General Meeting of 3 May 2013									
Purpose of authorisation	Issue of all securities giving access to the share capital (shares, convertible bonds, bonds with share warrants, bonds redeemable for shares, etc.)			Issue of securities in consideration for contributions in kind or public exchange offers		Award of free shares to shareholders by capitalisation of reserves, earnings or share premiums or by increasing the par value	Issue of free shares to employees (Group savings scheme)	Award of free shares to Group employees and senior executives (other than members of the managing bodies of Lagardère SCA)	Award to members of the managing bodies of the Group (Lagardère SCA)	
									Share subscription options	Free shares
Sub-limits authorised (nominal amount)	With preferential subscription rights €265 million (~ 33% of the share capital)	Without preferential subscription rights €160 million (~ 20% of the share capital) <sup>(1)</sup>	Without priority right €120 million (~ 15% of the share capital)	In the event of a public exchange offer €120 million (~ 15% of the share capital)	In the event of a contribution in kind €80 million (~ 10% of the share capital)	€300 million (~ 37.5% of the share capital)	€4 million (0.5% of the share capital)	~ €4.8 million (0.6% of the share capital per year)	~ €0.6 million (0.075% of the share capital per year and per senior executive)	~ €0.2 million (0.025% of the share capital per year and per senior executive)
Maximum aggregate nominal amount authorised	€300 million (~37.5% of the share capital)		€120 million (~15% of the share capital)						~ €8 million (1% per year)	
Used in 2013	N/A					N/A	N/A	<sup>(2)</sup>	<sup>(2)</sup>	
Term of authorisations	26 months							38 months		

(1) €80 million, i.e., 10% of the capital, for issues by means of a private placement.

(2) Two free share award plans were implemented by the Managing Partners on 26 December 2013 involving 712,950 shares representing 0.54% of the share capital awarded to 415 individuals, including 96,000 performance shares awarded to members of the managing bodies of Lagardère SCA.

Description of authorisation	Delegations of powers
Purpose of authorisation	N/A



## 3.2 SPECIAL REPORT OF THE MANAGING PARTNERS ON SHARE OPTIONS

### Dear Shareholders,

Pursuant to the provisions of article L. 225-184 of the French Commercial Code (*Code de commerce*), please find below the

required information related to transactions in share options carried out in 2013.

### 3.2.1 GENERAL INFORMATION

#### 3.2.1.1 LAGARDÈRE SCA

During 2013, no new options to subscribe for or purchase Lagardère SCA shares were awarded.

The main characteristics of the share option plans in force as of end-2013 are summarised in the table below.

Plan	Number of beneficiaries	Number of options originally granted*	Exercise price	Options exercised at end-2013	Options forfeited at end-2013	Options outstanding at end-2013	Period of exercise
Subscription options:							
None							
Purchase options:							
Expired plan							
18 Dec. 2003	445	1,437,250	€51.45	42,522	1,410,929	0	18 Dec. 2005 to 18 Dec. 2013
Plans in force:							
20 Nov. 2004	481	1,568,750	€51.92	10,660	282,894	1,292,965	20 Nov. 2006 to 20 Nov. 2014
21 Nov. 2005	495	1,683,844	€56.97	0	260,505	1,423,339	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006	451	1,844,700	€55.84	0	217,100	1,627,600	14 Dec. 2008 to 14 Dec. 2016
<b>Total</b>					2,171,428	4,343,904	

\* Before the adjustments of 6 July 2005 for the 2003 and 2004 plans.

It should be noted that no options were exercised during 2013 due to share price levels, which ranged between €18.42 and €29.59, whereas purchase prices ranged between €51.45 and €56.97.

#### 3.2.1.2 SUBSIDIARIES

In the course of 2013, no new share options were granted by companies under the majority control of Lagardère SCA.

There are no longer any plans in force, or which expired in 2013, within the Company's subsidiaries.

### 3.2.2 SPECIFIC INFORMATION ON MEMBERS OF THE MANAGING BODIES OF LAGARDÈRE SCA

In 2013, Lagardère SCA's Managing Partners and the legal representatives of Arjil Commanditée-Arco did not exercise any purchase options and consequently did not acquire any Lagardère

SCA shares under the share purchase options granted to them in fiscal years 2003 to 2006.

### 3.2.3 ADJUSTMENT OF EXERCISE PRICES AND OF THE NUMBER OF LAGARDÈRE SCA SHARE OPTIONS AWARDED AS A RESULT OF THE PAYMENT OF AN EXTRA INTERIM DIVIDEND

Following the sale of the remainder of the Group's EADS shares, on 21 May 2013 the Managing Partners decided to pay an extra interim dividend of €9 per share, representing more than 30% of the market value of the share before the corresponding ex-dividend date.

In accordance with positive law, adjustments should have accordingly been made to the subscription price and the number of options awarded in order to preserve the rights of holders of the three share purchase option plans still in force at the date of this General Meeting.

When questioned, the tax authorities responded that as this extra distribution had been carried out in the form of an interim dividend, which is not provided for by article L. 225-181 of the French

Commercial Code, the price and number of options could not be adjusted without calling into question the preferential treatment provided for by law.

However, in light of the terms of the operative part of the judgement handed down by the *Cour de Cassation* on 27 February 2001, in a dispute between the Company and ABC Arbitrage, the rights of beneficiaries of outstanding share purchase options will be preserved when necessary, if the exercise price of the options (between €51.92 and €56.97) were to come back in the money between now and the end of the corresponding exercise periods (2014, 2015 and 2016), i.e., a value close to the share price.

**The Managing Partners**

### 3.3 SPECIAL REPORT OF THE MANAGING PARTNERS ON FREE SHARE AWARDS

#### Dear Shareholders,

Pursuant to article L. 225-197-4 of the French Commercial Code (*Code de commerce*), please find below the required information on the free shares awarded during 2013.

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The policy on the award of free shares is intended primarily to give the Lagardère group's executives worldwide a stake in the Group's growth and consequent rise in value, in the same way as the policy on the award of share purchase options.

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 secure its continued growth as part of an established long-term strategy.

1. The first free share award plan, implemented on 28 December 2007 and involving 594,350 shares awarded to 387 individuals, included a 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 arose after the award, this condition was not met and accordingly the plan lapsed on 29 December 2009.

Annual plans have been implemented since 2009.

Under the 2009 plan, 109,925 shares vested in early October 2013 for employees residing outside of France, for whom the vesting period was set at four years. These shares were issued as part of a share capital increase through capitalisation of reserves. 1,000 shares were also awarded in May 2013 to one of the beneficiaries of the 2009 plan who had re-established French residency for tax purposes. These shares were deducted from the Company's treasury shares.

Under the 2010 plan, 59,547 shares vested in early April 2013 for the legal representatives of Lagardère SCA residing in France. These shares were issued as part of a share capital increase through capitalisation of reserves.

Under the 2011 plan, 418,950 shares vested in 2013 for employees residing in France. These shares were issued as part of a share capital increase through capitalisation of reserves.

No shares have vested in 2013 under the 2012 plans.

2. In 2013, based on the authorisations given by the General Meeting of 3 May 2013 (17<sup>th</sup> and 18<sup>th</sup> resolutions), the Managing Partners of the Company awarded 712,950 free Lagardère SCA shares (representing 0.54% of the total number of shares comprising the share capital) to 415 employees and senior managers of Lagardère SCA and companies related to it within the meaning of legal provisions.

a. The characteristics of the main award of 26 December 2013 are as follows:

- **Number of beneficiaries:** 406 persons;
- **Number of shares awarded:** 495,950 shares, (representing 0.378% of the total number of shares comprising the share capital);
- **Vesting period:** two years; the shares awarded will not fully vest until 27 December 2015, on the condition that at that date the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross negligence;
- **Holding period:** two years; once fully vested, the shares must be kept in a registered account until 27 December 2017 inclusive, and as from the next day, they will become transferable and may be traded under the terms and conditions established by applicable legal provisions.

For beneficiaries who reside overseas for tax purposes, the vesting period has been set at four years, i.e., until 27 December 2017 (the shares awarded will fully vest on such date, on the condition that at 27 December 2015, the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross negligence); in exchange, pursuant to a decision by the General Meeting, these beneficiaries are not subject to any holding period.

The value of the shares awarded was €26.49 per share at the opening of trading on the Paris stock exchange on 26 December 2013. In accordance with IFRS, this same value was €23.07 per share for the shares vesting end-2015, and €20.42 per share for the shares vesting end 2017.

b. On 26 December 2013, Arnaud Lagardère, in his capacity as Managing Partner, awarded Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, employees of Lagardère Capital & Management and representatives of the Managing Partner, the right to receive 32,000 free shares each (representing 0.0244% of the number of shares comprising the share capital). The award followed a decision taken by the Supervisory Board in accordance with the provisions of the AFEF-MEDEF Code governing such awards, and was subject to the condition that the value of the share rights awarded would not exceed, for each individual concerned, one third of his total annual remuneration.

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

- **Vesting period:** the shares awarded will fully vest on 1 April 2017 subject to the fulfilment by that date of the following performance and presence conditions;
- **Performance conditions:** the objectives were defined on the basis of internal corporate criteria, since Lagardère SCA doesn't have any suitably comparable competitors given the diversity of its activities. Consequently, three objectives were adopted: the first based on the change in recurring operating profit before associates for Lagardère Media companies in 2014, 2015 and 2016 by comparison with the target 2014, 2015 and 2016 recurring operating profit before associates communicated as market guidance; the second based on the changes in net cash from operating activities in 2014, 2015 and 2016 compared with the figures defined in the Consolidated Annual Budgets prepared at the start of the year. If each of these objectives is met, the free shares

assigned to each objective (i.e., one sixth of the total quantity per objective) will be awarded in full; if between 0% and 100% of the objective is met, the free shares will be awarded in proportion to the percentage of the objective that is fulfilled, in linear fashion.

Lastly, the third objective is based on achievement in 2016 by Lagardère SCA of a recurring operating profit before associates for Lagardère Media companies at least equal to the average recurring operating profit achieved in 2014 and in 2015. If this objective is not achieved, then the number of shares resulting from application of the six objectives described above will be reduced proportionately.

► **Presence conditions:** in order for the shares to fully vest, Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano must still be serving as legal representatives of Lagardère SCA on 31 December 2016; this condition will be deemed met in the event of their removal from their position or non-re-appointment for reasons other than negligence;

► **Holding of shares:**

- all of the fully vested shares must be held in a registered account for a period of no less than two years, i.e., from 1 April 2017 to 1 April 2019,
- pursuant to a decision by the Supervisory Board on 12 March 2008, 25% of the fully vested shares 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 fully vested shares must be held in a registered account until the value of the Lagardère SCA shares held is at least equal to one year

of the beneficiary's fixed and variable gross remuneration, this condition will be assessed at the start of each year in light of the average December share price and the fixed and variable salary received or payable in respect of the preceding year.

At the close of the mandatory holding 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 trading periods established by Lagardère SCA in the "Charter on trading in Lagardère SCA shares by Group employees".

c. Lastly, on 26 December 2013, Arnaud Lagardère, in his capacity as Managing Partner, awarded a total of 121,000 free shares (i.e., 0.09% of the total number of shares comprising the share capital) to the six other members of Lagardère Media's Operating Committee, subject to the same performance conditions as the legal representatives of the Managing Partner and on the condition, in particular, that at 31 December 2016 the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross negligence. All of the shares vesting on 1 April 2017 must be held for a period of no less than two years, i.e., until 1 April 2019.

The value of the rights to the shares awarded to the members of Lagardère Media's Operating Committee, including the legal representatives of the Managing Partner, was €26.49 per share at the opening of trading on the Paris stock exchange on 26 December 2013. In accordance with IFRS, this same value was €21.44 for the shares that will vest on 1 April 2017.

3. The main characteristics of all of the free share plans in force at 31 December 2013 are summarised in the table below:

Date of the plan	Total number of rights awarded	Total number of rights eliminated	Total number of shares vested	Number of outstanding rights
1 October and 31 December 2009	571,525	15,040	535,330	21,155
17 December 2010	634,950	60,153	445,597	129,200
15 July and 29 December 2011	650,000	38,800	418,950	192,250
25 June 2012	645,800	18,350	-	627,450
26 December 2013	712,950	-	-	712,950
<b>Total</b>	<b>3,215,225</b>	<b>132,343</b>	<b>1,399,877</b>	<b>1,683,005</b>

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4. The total number of free shares awarded during 2013 to the ten largest beneficiaries who are not members of the managing bodies of Lagardère SCA was 145,000 free Lagardère SCA shares, representing an average of 14,500 rights per person.

5. We bring to your attention that, in relation to the Group's subsidiaries, a plan covering 2,500 free LeGuide.com shares, i.e., less than 0.1% of the current share capital, with a unit value of €28, was implemented on 25 January 2013 by LeGuide.com in favour of an employee.

6. Preserving the rights of beneficiaries of non-fully vested Lagardère SCA free shares awarded as a result of the payment of an extra interim dividend.

Following the sale of the remainder of the Group's EADS shares, on 21 May 2013 the Managing Partners decided to pay an extra interim dividend of €9 per share, representing more than 30% of the market value of the share before the corresponding ex-dividend date.

In accordance with positive law, adjustments should be made to the number of rights to free shares not yet fully vested in order to preserve the rights of beneficiaries under plans still in force at the date of this General Meeting.

When questioned, the tax authorities responded that as this extra distribution had been carried out in the form of an interim dividend, which is not provided for by law, the number of rights to free shares could not be adjusted without calling into question the preferential treatment provided for by law.

However, in light of the terms of the operative part of the judgement handed down by the Cour de Cassation on 27 February 2001, in a dispute between the Company and ABC Arbitrage, the rights of beneficiaries should be preserved in accordance with the terms and conditions to be decided by the Managing Partners once the appropriation of 2013 profit has been approved by the General Meeting.

**The Managing Partners**



# *REPORTS OF THE SUPERVISORY BOARD AND ITS CHAIRMAN*

## 4.1 REPORT OF THE SUPERVISORY BOARD

### Dear Shareholders,

In addition to the report of the Managing Partners which describes the operations and results of the Lagardère group's divisions, the purpose of this report is to express our opinion on the permanent supervision of the Group's management and on the main resolutions, which will be submitted to your vote today.

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In 2013, the Supervisory Board met five times. At each of its meetings, it was informed of the achievements and outlook of the Group's divisions by the Managing Partners, as well as the Group's general business position. In particular, it was kept informed about the sale of the investments in EADS NV and Canal+ France. In addition to the review of the annual and interim financial statements, the Board also benefited from specific presentations given by the Lagardère Active and Lagardère Services divisions and by the Group's Audiovisual businesses. At one of these meetings the Managing Partners gave an in-depth presentation on the Group's strategy.

As part of a review of the Group's risks, updates to the studies conducted by two members of the Audit Committee relating to Lagardère Unlimited's Sports activities and the impact of digitalisation on the Lagardère group were presented.

Javier Monzón gave a presentation focusing on the situation in Spain and Latin America, and Pierre Lescure presented the report "Act II of the cultural exception in the digital era".

Finally, on the subject of the Board's governance, organisation and operations, Hélène Molinari presented the June 2013 amendments to the AFEP-MEDEF code of corporate governance and the Board examined the main findings of its self-assessment, analysed its composition and the balanced representation of women and men on the Board, proposed candidates for appointment on the Supervisory Board and examined candidates to replace two resigning members.

In accordance with a decision made in 2012, the Board also met once without the Managing Partners in attendance and the new members of the Board met the senior executive of each division.

The Audit Committee reviewed the financial statements, the impairment tests carried out on intangible assets, internal audit activities, the remuneration of the Statutory Auditors, relations between Lagardère and Lagardère Capital & Management (including the Managing Partners' remuneration), the Group's legal risks, and risks related to off-balance sheet commitments, as it does on an annual basis.

The Audit Committee also reviewed the following specific subjects:

- ▶ the Group's risk mapping, presented by the Risk and Internal Control Department; the Board ensured that internal control procedures are in place and that the systems implemented are appropriate.
- In general, the Committee is satisfied with the Risk and Internal Control Department's methodical and comprehensive approach, and with the transparency of its findings;
- ▶ the terms and conditions of the forthcoming re-appointment of Mazars as the Company's Statutory Auditor;
- ▶ the Group's anti-fraud system;
- ▶ the presentation on the Group's compliance policy, which was introduced in the Group Legal Department. This presentation showed that the Lagardère group's policy is consistent with standard practices in this area.

The Appointments and Remuneration Committee addressed, amongst other issues, the Board's annual self-assessment, the composition of the Board and the selection of two new members, Aline Sylla-Walbaum and Soumia Malinbaum, as well as certain components of the Managing Partners' remuneration.

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Without going back to the Managing Partners' detailed comments on the key financial data for 2013, we remind you that:

- ▶ the Lagardère group's consolidated net sales amounted to €7.216 billion at 31 December 2013, down slightly compared with 2012 on a like-for-like basis;
- ▶ the Group's Media companies reported recurring operating profit before associates of €372 million, up by around 5.9% at constant exchange rates compared with 2012;
- ▶ consolidated profit for the year totalled €1,319 million.

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The main resolutions which are submitted to you, following our review, concern the approval of the financial statements, the allocation of profit and the authorisation to trade in the Company's shares.

For 2013, the Managing Partners decided to propose the payment of a dividend of €10.30 per share, i.e., €1.30 corresponding to the ordinary portion of this annual dividend and €9 corresponding to the extra portion, further to the sale of the interest held in EADS, which was paid as an interim dividend at the end of May 2013. The Managing Partners are also proposing the payment of an extra dividend of €6 deducted from share premium accounts, corresponding to the payment of a significant portion of the revenue from the sale of the Group's interest in Canal+ France.

In accordance with the AFEP-MEDEF code of corporate governance (the "say on pay" procedure), the shareholders are asked to issue an opinion on the remuneration of Arnaud Lagardère, Managing Partner of Lagardère SCA and Chairman of Arjil Commandité-Arco, Managing Partner of Lagardère SCA, as well as on the remuneration of Dominique D'Hinnin, Thierry Funck Brentano and Pierre Leroy, Chief Operating Officers of Arjil Commandité-Arco (Co-Managing Partners). A detailed presentation of their remuneration is provided in the General Meeting Document and we recommend that you issue a favourable opinion.

Several resolutions relate to the composition of the Supervisory Board, in light of the fact that Antoine Arnault resigned as a member of the Board and that the terms of office of Xavier de Sarrau, Martine Chêne, François David, Pierre Lescure, Jean Claude Magendie, Javier Monzón and Patrick Valroff are due to expire at the close of the General Meeting.

Following discussions with the Appointments and Remuneration Committee, we propose that the shareholders:

- re-appoint as members of the Board, Pierre Lescure for a term of two years, Martine Chêne, François David and Javier Monzón for a term of three years and Xavier de Sarrau, Jean-Claude Magendie, and Patrick Valroff for a term of four years;
- appoint Yves Guillemot as a member of the Board for a term of four years. Yves Guillemot co-founded Ubisoft in 1986 with his four brothers. Ubisoft quickly became the number one video games publisher in France, number three worldwide and the number two in Europe. His experience in the development and internationalisation of groups, his in-depth knowledge of the Internet as well as his interest in governance issues will perfectly complement the skills and experience among the existing Board members. Yves Guillemot is completely independent of the Lagardère group.

Finally, following a review by the Audit Committee, we propose that the shareholders re-appoint Mazars as Statutory Auditor of the Company for a term of six financial years and appoint Thierry Colin as Substitute Auditor.

We do not have any observations regarding these resolutions and we therefore invite you to approve them.

**The Supervisory Board**

## 4.2 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 (*Code de commerce*) concerning the membership of the Supervisory Board, the application of the principle of balanced representation of women and men on the Board, the conditions under which the Board's work is prepared and organised and the internal control and risk management procedures applied by the Company.

This report was prepared under the responsibility of the Chairman of the Supervisory Board and with the assistance of the Board Secretary. It was reviewed by the Appointments and Remuneration Committee at its meeting of 30 January 2014 and by the Audit Committee at its meeting of 6 March 2014 for matters within their remit.

All preparatory work for this report (including interviews with Management) was presented to the Supervisory Board which approved the terms of the report at its meeting of 12 March 2014.



## 4.2.1 MEMBERSHIP OF THE SUPERVISORY BOARD

In accordance with the Company's Articles of Association, the Supervisory Board is composed of a maximum of 15 members. Previously, around one-half of the Board members were replaced every two years. If the shareholders approve the resolutions put to them, this rate will increase and one-third of the Board will be replaced each year with effect from 2016. The Board also decided that members would be appointed for a maximum term of four years.

Following the resignation of Antoine Arnault, at 31 December 2013 the Board was composed of 14 members: Xavier de Sarrau (Chairman), Nathalie Andrieux, Martine Chêne, Georges Chodron de Courcel, François David, Pierre Lescure, Jean-Claude Magendie, Soumia Malinbaum, Hélène Molinari, Javier Monzón, François Roussely, Aline Sylla-Walbaum, Susan M. Tolson and Patrick Valroff.

These members (listed in section 7.2.3 of this Reference Document) form a competent, independent and attentive Supervisory Board, fully able to represent shareholders' interests.

The following diagram illustrates these objectives:



\* Media/Distribution/Innovation/New technology.

\*\* Legal/Governance/Social relations/Marketing/Diversity.



In view of its control duties, the Board must have a majority of independent members.

A review of each member of the Supervisory Board's position by the Appointments and Remuneration Committee has concluded that 13 Supervisory Board members – or more than 90% of the Board – currently qualify as “independent” members in the light of the “criteria” for independence contained in the AFEP-MEDEF code on corporate governance for listed companies, which it has taken as a benchmark framework for analysis. The 13 members concerned are:

- ▶ Xavier de Sarrau;
- ▶ Nathalie Andrieux;
- ▶ Martine Chêne;
- ▶ François David;
- ▶ Pierre Lescure;
- ▶ Jean-Claude Magendie;

- ▶ Sourmia Malinbaum;
- ▶ Hélène Molinari;
- ▶ Javier Monzón;
- ▶ François Roussely;
- ▶ Aline Sylla-Walbaum;
- ▶ Susan Tolson;
- ▶ Patrick Valroff.

However, as regards these independence criteria, Georges Chodron de Courcel, Chief Operating Officer of BNP Paribas, a significant bank for the Group, is considered a “non-independent” member.

The Board ruled that François Roussely could qualify as an independent member despite his role as Deputy Chairman of Crédit Suisse Europe, as the business dealings between this bank and the Group are negligible.

## 4.2.2

### BOARD'S INTERNAL RULES AND OPERATION (PREPARATION AND ORGANISATION 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 12 March 2014) 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. It lists a certain number of criteria, which form a framework for determining whether or not a member may be considered independent;
- 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 Articles of Association, 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 its 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 Annual General Meeting, in the form of a block purchase carried out through the Company by each Board member,
  - ▶ the Chairman, Managing Partners and the French financial markets authority (*Autorité des marchés financiers* – AMF)

must be informed of any transactions in shares within five days of their completion;

**5. the existence of an Audit Committee:** in addition to the tasks described below, this Committee is also responsible for preparing the Board meetings for subjects within its remit;

**6. the existence of an Appointments and Remuneration Committee:** in addition to the tasks described below, this Committee is also responsible for preparing the Board meetings for subjects within its remit.

\*\*\*

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 its meetings: five meetings are planned for 2014. During 2013, the Supervisory Board met five times with an average attendance rate of 82.3% (see the attendance table below):

- ▶ on 7 March, with an attendance rate of 80%, mainly to examine the parent company and consolidated financial statements and the general business position and outlook, undertake preparatory work for the Annual General Meeting, approve the report of the Chairman of the Supervisory Board and finalise his report to the shareholders – during this meeting, Amélie Oudéa Castéra presented an update to her June 2011 study concerning the risks and outlook of the Lagardère Unlimited division and Javier Monzón provided an overview of the situation in Spain and South America;
- ▶ on 15 March, with an attendance rate of 73%, to ask the Annual General Meeting to appoint two new Supervisory Board members to replace resigning members Amélie Oudéa-Castéra and Didier Pineau Valencienne;
- ▶ on 5 June, with an attendance rate of 93%, mainly to examine Group developments and Lagardère Active's strategic view (presentation given by Denis Olivennes and his team) as well as the findings of the self-assessment of the operations and work of the Board and its committees. Patrick Valroff also gave an update to his study concerning the impact of digital technology on the Group and Pierre Lescure presented his

report on the "Act II of the cultural exception in the digital era" project commissioned by the French government;

- ▶ on 4 September, with an attendance rate of 86%, mainly to examine the interim parent company and consolidated financial statements and the business position and outlook, examine Lagardère Services' strategic view (presentation given by Dag Rasmussen and his team) – the Board also reviewed

the June 2013 amendments to the AFEP-MEDEF code of corporate governance (presentation by Hélène Molinari);

- ▶ on 4 December, with an attendance rate of 78%, mainly to examine the Group's general position and strategy. Denis Olivennes and his team also presented the Group's Audiovisual businesses.

Following this Supervisory Board meeting, the members met without the Managing Partners in attendance.

## Members' attendance at Supervisory Board and Committee meetings in 2013

Member of the Board	Attendance rate at Supervisory Board meetings	Attendance rate at Audit Committee meetings	Attendance rate at Appointments and Remuneration Committee meetings
Nathalie Andrieux	80%	100%	
Antoine Arnault	25%		
Martine Chêne	100%		
Georges Chodron de Courcel	100%		100%
François David	100%	100%	100%
Pierre Lescure	60%		100%
Jean-Claude Magendie	80%		
Soumia Malinbaum	66%		
Hélène Molinari	100%		
Javier Monzón	60%		
Amélie Oudéa Castéra	50%	100%	
Didier Pineau Valencienne	100%	100%	
François Roussely	80%		
Xavier de Sarrau	100%	100%	
Aline Sylla-Walbaum	100%	75%	
Susan Tolson	100%		
Patrick Valroff	80%	100%	

## 4.2.3 SUPERVISORY BOARD COMMITTEES

### 4.2.3.1 AUDIT COMMITTEE

In application of its internal rules, the Audit Committee meets at least four times a year and its tasks include the following:

- ▶ to review the accounts and the consistency of the accounting methods used for the Lagardère SCA parent company and consolidated financial statements, and to monitor the process for preparing financial information;
- ▶ to monitor the audit of the parent company and consolidated financial statements by the Statutory Auditors;
- ▶ to monitor the Statutory Auditors' independence;
- ▶ to issue a recommendation on the Statutory Auditors nominated for appointment at the General Meeting;
- ▶ to ensure that the Company has internal control and risk management procedures, particularly procedures for (i) preparation 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 and risk management procedures;
- ▶ 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 achievements;
- ▶ to review the agreements directly or indirectly binding the Group and the senior managers of Lagardère SCA;
- ▶ the Managing Partners' salaries are paid by Lagardère Capital & Management, which is bound to the Group by a service agreement. Application of this agreement, which has been approved by the Board and the shareholders as a related-party agreement, is monitored regularly. The Board has delegated the Audit Committee for this task, which among other points concerns the amount of expenses invoiced under the contract, essentially comprising the Managing Partners' remuneration;
- ▶ to prepare an annual summary of business over the past year for release to the shareholders (through the report of the Supervisory Board and the report of the Chairman of the Supervisory Board).

Audit Committee members are appointed for their financial and/or accounting skills, assessed with particular regard to their past career (positions held in general or financial management or in an audit firm), academic background or specific knowledge of the Company's business. The expert knowledge of the members of the Audit Committee is described in section 7.2.3 of the Reference Document.

At 31 December 2013, the Audit Committee comprised Xavier de Sarrau (Chairman), Nathalie Andrieux, François David, Aline Sylla-Walbaum and Patrick Valroff, all of whom are independent members (see section 1 of this report).

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.

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

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 2013, in February, March, May, August, October and November.

All meetings were attended by all Committee members, except for the meeting in May when the attendance rate was 80%.

The February meeting involved a review of the impairment tests on intangible assets for the purposes of the financial statements for the year ended 31 December 2012 and a presentation by one of the members of the Audit Committee on the risks of the Lagardère Unlimited division.

The March meeting was held to examine the consolidated financial statements for 2012, and for the presentation and examination of the Chairman's draft report on internal control and risk management.

In May, the Committee focused on the internal audit activity and reviewed remuneration of the Statutory Auditors. The Group's risk-mapping system was presented by the Risk and Internal Control Department. Lastly, the Committee reviewed the state of relations with Lagardère Capital & Management.

In August, it reviewed the Group's consolidated financial statements for the first half of 2013 and a brief analysis of the 2012 financial security law (*Loi de sécurité financière* – LSF) campaign was presented by the Risk and Internal Control department.

In October, the Committee was given a summary of the results of the Group's IT security policy study, a presentation of the Group anti-fraud system as well as a presentation by the Group Legal Department on the main litigation and claims involving the Group.

At the last meeting of the year in November, the Committee reviewed internal audit activities during the second half of 2013 and the audit plan for 2014. It was also given a presentation on the Group's compliance policy.

Having noted that only a small number of firms were likely to submit proposals, the Audit Committee resolved not to launch a call for tenders for the upcoming renewal of its Statutory Auditors. In return, the present Statutory Auditors will be asked to coordinate with the Group in order to increase productivity. The aim is to improve the Group's working methods in order to facilitate the Statutory Auditor reviews and analyses without compromising the quality of their work.

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

These meetings took place in the presence of the Chief Financial Officer, the Deputy Chief Financial Officer, 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 Secretary General, the Central Accountancy Director, the Director of Risk and Internal Control and the Group's Legal Director.

### 4.2.3.2 APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee was formed on 27 April 2010 by the Supervisory Board and its main tasks, in application of its internal rules, include the following:

- ▶ regarding Board and Committee membership:
  - to select and nominate Supervisory Board and Committee members for proposal to the Supervisory Board;
  - to regularly review the independence of Supervisory Board members in the light of independence criteria defined by the Supervisory Board;
  - to carry out advance assessments of potential risks of conflicts of interest between Supervisory Board members and the Lagardère group.
- ▶ regarding remuneration:
  - to monitor, where relevant, any components of remuneration that are not paid under the agreement with Lagardère Capital & Management (which, being a related-party agreement is monitored by the Audit Committee – see above) and may be received by Lagardère's senior executives directly from Group companies. Under current laws, this concerns share options and free share awards and the proportion they represent of the Managing Partners' total remuneration;
  - to propose the overall amount of attendance fees to be paid to members of the Supervisory Board and Committees as submitted to the Annual General Meeting, and the rules for determining and distributing the amount of attendance fees, in particular based on members' attendance at meetings.

The members of the Appointments and Remuneration Committee interview the Chairman of the Supervisory Board, the Managing Partners or any other person they may choose when necessary.

The Chairman of the Appointments and Remuneration Committee reports to the Board on the work performed by the Appointments and Remuneration Committee.

At 31 December 2013, the Appointments and Remuneration Committee comprised François David (Chairman), Georges Chodron de Courcel and Pierre Lescure, two of whom are independent members (see section 1 of this report).

In 2013, the Committee met twice in February and March and all members were present at both meetings.

During its meeting in February, the Committee analysed the composition of the Board and the Committees, and the independence of members and reviewed the report of the Chairman relating to membership of the Supervisory Board, the application of the principle of balanced representation of women and men on the Board and the conditions under which the Board's work is prepared and organised. The Committee also reviewed the Supervisory Board self-assessment questionnaire and the terms and conditions for awarding free shares to Managing Partners.

In March, following the resignations tendered by Amélie Oudéa-Castéra and Didier Pineau Valencienne, the Committee approved a list of candidates to be proposed to the Supervisory Board for their replacement.

These meetings took place in the presence of the Group's Secretary General, with the Chairman of the Supervisory Board present at the second meeting.

## 4.2.4 EVALUATION OF THE MEMBERSHIP AND OPERATION OF THE SUPERVISORY 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, and in accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board decided in 2009 to introduce an assessment procedure of the membership, organisation and operation of the Board and its Committees in order to give an assessment of the preparation and quality of their work.

Following the assessment conducted by an external agency in 2012, the Supervisory Board performed a self-assessment in 2013.

The findings of this self-assessment were presented at the Supervisory Board meeting of 5 June 2013.

They indicate that members are particularly satisfied with the measures taken following the 2012 assessment (procedure for integrating new members, more detailed reporting to the Board on the work of the Committees, opening up of meetings of the Chairman of the Board with the Managing Partners to members of the Board).

However, areas for improvement include document sharing and better presentations of subjects relating to the Group's strategy and that of its divisions.

## 4.2.5 COMPLIANCE WITH FRENCH CORPORATE GOVERNANCE REGULATIONS - AFEP-MEDEF

The Company has applied the corporate governance principles brought together in the AFEP-MEDEF code of corporate governance for listed companies (*Code de gouvernement d'entreprise des sociétés cotées*) as revised in June 2013. This Code is available in 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 an executive board and supervisory board, and partnerships limited by shares, must make the necessary adjustments. By its very principle, a partnership limited by shares has a 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 Articles of Association as a partnership limited by shares, the Board has adopted an organisation structure appropriate to the nature of its work under the law and the recommendations of the AFEP-MEDEF Code for good governance.

N.B.: Further to the recommendation of the Appointments and Remuneration Committee, at its meeting of 12 March 2014, the Supervisory Board decided to change the way in which attendance fees are allocated. As a result, the variable portion of these fees, which is determined based on attendance, now represents the majority of these fees. The decision was also taken to increase the number of shares that must be held by Supervisory Board members to 600 (versus 150 shares previously), which represents around 90% of the gross basic share of attendance fees. Accordingly, Board members will be required to invest any attendance fees received in shares until the 600 share quota has been reached.

Provisions of the AFEP-MEDEF Code set aside or partially applied	Explanation
<b>Independence criteria</b>	
"Not to be an employee or executive director of the corporation, or an employee or director of its parent or a company that it consolidates, and not having been in such a position for the previous five years"	It is deemed that Martine 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.
"Not to have been a director of the corporation for more than twelve years"	It is deemed that the fact of having been a Board member for more than twelve years does not disqualify such member as an independent member; on the contrary, it is considered an asset in a control role.

## 4.2.6 SPECIFIC RULES FOR ATTENDANCE AT GENERAL MEETINGS BY SHAREHOLDERS

These rules are set out in the Articles of Association (articles 19 to 22), and included for the most part in Chapter 8, section 8.2.6 – General Meetings, of the Reference Document. The Company's

Articles of Association can be consulted on its website (Investor relations – Corporate governance – Articles of Association).

## 4.2.7 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

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

The Group's Risk and Internal Control Department, supported by the Audit and Legal Departments, has been given responsibility for defining a method for presenting internal control and risk management procedures in the Reference Document and monitoring their application.

This includes asking the head of each 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 analysis by the Risk and Internal Control Department, based on 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 7.4.1 of the 2013 Reference Document.

**The Chairman of the Supervisory Board**

## 4.3 INFORMATION ON THE CANDIDATES FOR MEMBERSHIP OF THE SUPERVISORY BOARD

### 4.3.1 RE-APPOINTMENT OF MEMBERS ALREADY IN OFFICE

#### 4.3.1.1 XAVIER DE SARRAU

*Date of birth:* 11 December 1950

*Nationality:* French

*First appointed:* 10 March 2010

*Position within Lagardère SCA:* Chairman of the Supervisory Board and of the Audit Committee

*Number of Lagardère SCA shares held:* 150

#### PROFESSIONAL BACKGROUND AND EDUCATION

Xavier de Sarrau is a graduate of the HEC Business School and holds a doctorate in tax law. He is a lawyer registered with the Bars of Paris and Geneva and specialises in issues concerning the governance and organisational structure of family-owned companies and private holdings.

Xavier de Sarrau worked with the Arthur Andersen Group from 1978 to 2002, serving as Managing Partner for France, Managing Partner for EMEA, and Managing Partner for Worldwide Global Management Services, and was also a member of the firm's World Executive Committee.

After founding his own law firm outside France, in 2005 Xavier de Sarrau was one of the founders of the Paris law firm Sarrau Thomas Couderc. In 2008, he left Sarrau Thomas Couderc (which was subsequently renamed STC Partners) and since that date he has not held any interests in the firm.

#### DIRECTORSHIPS AND OTHER POSITIONS CURRENTLY HELD BY XAVIER DE SARRAU

##### In France

- Member of the Supervisory Board, JC Decaux
- Chairman of the Audit Committee and Ethics Committee, JC Decaux

##### Outside France

- Chairman of the Board, Thala SA (Switzerland)
- Director, IRR SA (Switzerland)
- Member of the Board, EFTC (USA)
- Member of the Board, 16 West Halkin (UK)
- Director, Oredon Associates (UK)
- Director, Verny Capital (Kazakhstan)

#### Directorships and other positions held during the last five years

- Member of the Supervisory Board, Financière Atlas
- Member of the Supervisory Board, Bernardaud SA
- Member of the Board, Dombes SA (Switzerland)
- Member of the Board, FCI Holding SA
- Member of the Board, Continental Motors Inns SA (Luxembourg)



### 4.3.1.2 MARTINE CHÊNE

*Date of birth:* 12 May 1950

*Nationality:* French

*First appointed:* 29 April 2008

*Position within Lagardère SCA:* Member of the Supervisory Board

*Number of Lagardère SCA shares held:* 150

#### PROFESSIONAL BACKGROUND AND EDUCATION

Martine Chêne joined the Lagardère group in 1984, and worked as an archivist at Hachette Filipacchi Associés (HFA) until March 2009.

She was the secretary of HFA's Works Committee, a CFDT union representative and an employee representative.

She represented the CFDT union on the Group Employees' Committee.

#### MARTINE CHÊNE DOES NOT HOLD ANY OTHER DIRECTORSHIPS OR OTHER POSITIONS AND HAS NOT HELD ANY SUCH POSITIONS IN THE LAST FIVE YEARS

### 4.3.1.3 FRANÇOIS DAVID

*Date of birth:* 5 December 1941

*Nationality:* French

*First appointed:* 29 April 2008

*Position within Lagardère SCA:* Member of the Supervisory Board and Audit Committee, and Chairman of the Appointments and Remuneration Committee

*Number of Lagardère SCA shares held:* 150

#### PROFESSIONAL BACKGROUND AND EDUCATION

François David is a graduate of the Institut d'Études Politiques de Paris and holds 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. François David was Chairman of the Board of Directors of Coface from 1994 to 2012.

#### DIRECTORSHIPS AND OTHER POSITIONS CURRENTLY HELD BY FRANÇOIS DAVID

- Honorary Chairman, Coface group
- Director, Rexel
- Member of the Supervisory Board, Areva
- Member of the Board of Directors, Natixis Coficine
- Member of the Supervisory Board, Galatée Films
- Member of the Board, Order of the Legion of Honour

#### Directorships and other positions held during the last five years

- Director, Vinci
- Chairman, International Credit Insurance & Surety Association (ICISA)
- European Adviser, CityGroup
- Chairman of the Board of Directors, Coface Services
- Chairman, Centre d'Etudes Financières
- Chairman, OR Informatique
- Chairman of the Supervisory Board, Coface Kreditversicherung AG (Germany)
- Chairman of the Board of Directors, Coface Assicurazioni (Italy)



### 4.3.1.4 PIERRE LESCURE

*Date of birth:* 2 July 1945

*Nationality:* French

*First appointed:* 22 March 2000

*Position within Lagardère SCA:* Member of the Supervisory Board and of the Appointments and Remuneration Committee

*Number of Lagardère SCA shares held:* 150

#### PROFESSIONAL BACKGROUND AND EDUCATION

Pierre Lescure is a journalist who has previously occupied the positions of 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 Director of Théâtre Marigny in Paris.

#### DIRECTORSHIPS AND OTHER POSITIONS CURRENTLY HELD BY PIERRE LESCURE

##### In France

- ▶ Chairman, AnnaRose Productions SAS
- ▶ Director, Havas Advertising

##### Outside France

- ▶ Member of the Board of Directors, Kudelski (Switzerland)
- ▶ Member of the Executive Commission, Prisa TV (Spain) and Digital+ (Spain)

#### Directorships and other positions held during the last five years

- ▶ Member of the Board of Directors, Thomson SA
- ▶ Chairman, Lescure Farrugia Associés

### 4.3.1.5 JEAN-CLAUDE MAGENDIE

*Date of birth:* 24 May 1945

*Nationality:* French

*First appointed:* 27 April 2010

*Position within Lagardère SCA:* Member of the Supervisory Board

*Number of Lagardère SCA shares held:* 150

#### PROFESSIONAL BACKGROUND AND EDUCATION

Jean-Claude Magendie is a former magistrate. He started out as an examining judge (1970-1975) before becoming deputy general secretary to the First President of the Paris Court of Cassation, referendary at the same court, President of the Chamber at Rouen Court of Appeal, then Versailles Court of Appeal, President of the Créteil magistrates' court then the Paris magistrates' court (*Tribunal de grande instance de Créteil/Paris*), and finally First President of the Paris Court of Appeal.

Jean-Claude Magendie has written a number of reports on civil law procedure and mediation, and was Secretary General for the study commission on Europe and the legal professions.

He was also a Member of the Commission for analysis on prevention of conflicts of interest in public life.

Within the scope of his role as Chairman of the Justice Commission of the French think tank Le Club des Juristes, he published a report on reform within the commercial courts which appeared in the general edition of the weekly *La Semaine Juridique* on 15 July 2013.

#### DIRECTORSHIPS AND OTHER POSITIONS CURRENTLY HELD BY JEAN-CLAUDE MAGENDIE

- ▶ Member of the Scientific Committee of the National Institute of High Studies for Security and Justice
- ▶ Consultant for the French Union of Manufacturers (UNIFAB)
- ▶ Arbitrator and mediator

#### Directorships and other positions held during the last five years

- ▶ First President of the Paris Court of Appeal
- ▶ Chairman, Acojuris (the Agency for International Legal Cooperation)
- ▶ Member of the Commission for analysis on prevention of conflicts of interest in public life
- ▶ Member of the Board of Directors, Lextenso

**4.3.1.6 JAVIER MONZÓN***Date of birth:* 29 March 1956*Nationality:* Spanish*First appointed:* 29 April 2008*Position within Lagardère SCA:* Member of the Supervisory Board*Number of Lagardère SCA shares held:* 150**PROFESSIONAL BACKGROUND AND EDUCATION**

Having graduated with a degree in economics, Javier Monzón became Chief Financial Officer and subsequently Executive Vice-Chairman of Telefónica before taking up the position of Chairman at Telefónica International. He has also been a Worldwide Partner at Arthur Andersen and Managing Partner of Corporate Finance Consulting Services in Spain. Javier Monzón has been Chairman of the Spanish technology company Indra since its formation in 1993.

**DIRECTORSHIPS AND OTHER POSITIONS CURRENTLY HELD BY JAVIER MONZÓN****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)

**Directorships and other positions held during the last five years**

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

**4.3.1.7 PATRICK VALROFF***Date of birth:* 3 January 1949*Nationality:* French*First appointed:* 27 April 2010*Position within Lagardère SCA:* Member of the Supervisory Board*Number of Lagardère SCA shares held:* 150**PROFESSIONAL BACKGROUND AND EDUCATION**

Patrick Valroff holds a degree in law and is a graduate of the Institut d'Études Politiques de Paris and École Nationale d'Administration. He began his career in the French civil service. In 1991, he joined the specialist consumer credit company Sofinco as Deputy Chief Executive Officer. In 2003, he was appointed Head of Specialised Financial Services at Crédit Agricole SA Group, which comprises Sofinco, Finaref, Crédit Agricole Leasing and Eurofactor, and subsequently served as Chairman and CEO of Sofinco. From May 2008 to December 2010, Patrick Valroff was Chief Executive Officer of Crédit Agricole Corporate and Investment Bank.

**DIRECTORSHIPS AND OTHER POSITIONS CURRENTLY HELD BY PATRICK VALROFF**

- Director, Néovacs

**Directorships and other positions held during the last five years**

- Member of the Executive Committee, Crédit Agricole SA
- Chairman and Chief Executive Officer, Sofinco
- Director, Crédit Agricole Leasing SA
- Chairman, Crédit Lift SAS
- Permanent representative of Sofinco to the Board of Directors, Creserfi SA
- Chairman of the Supervisory Board, Eurofactor SA
- Chairman of the Supervisory Board, Finaref
- Chairman, Fiat Group Auto Financial Services - FGAFS (SpA)
- Legal representative of Sofinco, Manager, SCI du Bois Sauvage
- Legal representative of Sofinco, Manager, SCI de la Grande Verrière
- Legal representative of Sofinco, Manager, SCI de l'Écoute s'il pleut
- Legal representative of Sofinco, Manager, SCI du Petit Bois
- Legal representative of Sofinco, Manager, SCI du Rond Point

### 4.3.2 APPOINTMENT'S OF A NEW MEMBER

#### YVES GUILLEMOT

*Date of birth:* 21 July 1960

*Nationality:* French

*First appointed:* N/A

*Position within Lagardère SCA:* none

*Number of Lagardère SCA shares held:* none

#### PROFESSIONAL BACKGROUND AND EDUCATION

Yves Guillemot is a graduate of the Institut de Petites et Moyennes Entreprises. He co-founded Ubisoft along with his four brothers in 1986, before becoming Chairman. Ubisoft expanded rapidly in France as well as on the main international markets. As the Chairman and Chief Executive Officer, Yves Guillemot has led Ubisoft to its current position as the world's third largest independent video game publisher. Ubisoft employs 9,200 talented people across 29 countries, who create and sell video games published by Ubisoft and its partners in more than 55 countries around the globe.

In 2009, Yves Guillemot was named "Entrepreneur of the Year" by audit firm Ernst & Young. He also won the "Franco-Québécois Company Manager of the Year Award" in France in 2012, the "Personality Award" at the European Games Awards in Germany in 2011 and the "Grand Prix" at the MCV Awards in the UK in 2011.

#### DIRECTORSHIPS AND OTHER POSITIONS CURRENTLY HELD BY YVES GUILLEMOT

##### In France

- President and Chief Executive Officer, Ubisoft Entertainment
- Deputy Chief Executive Officer and Director, Gameloft SE, Guillemot Corporation SA
- Director, Rémy Cointreau

##### Outside France

- Deputy Chief Executive Officer of Guillemot Brothers SE (UK)
- Director, Advanced Mobile Applications Ltd (UK)

*Yves Guillemot also holds or has held several positions within the Ubisoft group, both in France and abroad, over the last five years.*



# *REPORTS OF THE STATUTORY AUDITORS*

## 5.1 STATUTORY AUDITORS' REPORT ON THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### To the Partners,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the financial year ended 31 December 2013, on:

- ▶ the audit of the accompanying financial statements of Lagardère SCA;
- ▶ the justification of our assessments;
- ▶ the specific verifications required by law.

These financial statements have been approved by the Managing Partners. Our role is to express an opinion on these financial statements based on our audit.

### I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, by audit sampling and other selective testing methods, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting principles used, the reasonableness of accounting estimates made by management, and the presentation of the financial statements overall. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position and assets and liabilities as of 31 December 2013 and of the results of operations for the year then ended in accordance with the accounting rules and principles applicable in France.

### II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

#### Accounting principles and valuation methods

The Note 2 "Financial assets" part of "Accounting principles and methods" presented in the appendix explains the criteria used for the valuation of long-term investments.

As part of our assessments of the accounting principles and methods used by your Company, we verified the appropriateness of the accounting methods used and the reasonableness of estimates made.

These assessments were made in the context of our audit of the annual financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

### III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with the professional standards applicable in France, the specific verifications required by law.

We have no matters to report regarding the fair presentation and the conformity with the financial statements of the information given in the management report by the Managing Partners and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the Commercial Code relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified their consistency with the annual financial statements, or with the data used to prepare these annual financial statements and, where applicable, with the information obtained by the Company from companies controlling your Company or controlled by it. On the basis of this research, we certify the accuracy and fair presentation of this information.

In accordance with the law, we have verified that the management report contains the appropriate disclosures regarding the identity of shareholders.

Paris-La Defense and Courbevoie, 31 March 2014

#### The Statutory Auditors

**ERNST & YOUNG et Autres**

Jeanne Boillet

**MAZARS**

Bruno Balaire

## 5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### To the Partners,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the year ended 31 December 2013, on:

- ▶ the audit of the accompanying consolidated financial statements of Lagardère S.C.A.;
- ▶ the justification of our assessments;
- ▶ the specific verification required by law.

These consolidated financial statements have been approved by the Managing Partners. Our role is to express an opinion on these consolidated financial statements based on our audit.

### I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the persons and entities that constitute the consolidated Group and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without calling into question the opinion expressed above, we draw your attention to the matter described in Note 10 to the consolidated financial statements related to the assumptions used for impairment tests on goodwill and intangible fixed assets, especially with regard to Lagardère Unlimited.

### II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- ▶ As specified in Notes 3.10 and 10 to the consolidated financial statements, at least once a year the Lagardère group performs an impairment test on intangible fixed assets and on goodwill. We have assessed the assumptions used in determining the recoverable value of these assets for the purpose of comparison with their book value. This recoverable value is assessed primarily on the basis of the discounted cash flow forecasts prepared at the end of 2013.

Regarding the assets of the Unlimited division, the achievement of the assumptions used by the Managing Partners in determining the cash flow forecasts depends on the conditions in which current contracts will be completed, the ability to renew these contracts or to win new ones as well as the related margin conditions.

With regard to the assets of the Active division, the achievement of the assumptions used by the Managing Partners in determining the cash flow forecasts depends in particular on the French Magazine Publishing Business market and on its consequences on advertising revenues, and for digital activities, on the reestablishment of a balanced competitive environment as well as the monetization of new services.

In the context described above, we have not identified any matters likely to call into question the overall reasonable nature of the assumptions made by the Managing Partners in the business plans used for the impairment tests.

- ▶ As specified in Note 3.10 to the consolidated financial statements, these estimates rely on assumptions which are uncertain by nature, and actual results are likely to be sometimes significantly different from the forecasts data used.

We have assessed the reasonableness of the information included in the notes to the consolidated financial statements, related notably to the discounted cash flow forecasts used.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### III. SPECIFIC VERIFICATION

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Paris La Défense, on 31 March 2014

#### By the statutory auditors

##### MAZARS

Bruno Balaire

##### ERNST & YOUNG et Autres

Jeanne Boillet

## 5.3 SPECIAL STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

### To the Partners,

In our capacity as Statutory Auditors of your company, we hereby present our report on regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were informed or which may have come to our attention during our assignment, without pronouncing on their utility and merits, or seeking the existence of other agreements and commitments. It is your responsibility, pursuant to Article R. 226-2 of the Commercial Code, to assess the merit of these agreements and commitments with a view to approving them.

We are also required to provide you with the information required under Article R. 226-2 of the Commercial Code in respect of the execution during the past year of any agreements and commitments already approved by the general meeting.

We carried out the work we deemed necessary in light of the professional standards of the Compagnie Nationale des Commissaires aux Comptes applicable to this responsibility. These standards require that we perform procedures to verify that the information given to us is coherent with the underlying documents.

### AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING

#### Agreements and commitments approved during the past year

We have not been informed of any agreement or commitment authorised during the past year to be submitted to the general meeting for approval in accordance with Article L. 226-10 of the Commercial Code.

### AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

#### Agreements and commitments approved in previous years which were applicable during the period

In application of Article R. 226-2 of the Commercial Code, we have been informed of the following agreements and commitments, already approved by the general meeting during previous years and applicable during the period:

Lagardère Capital & Management

#### Service Agreement

Under an agreement signed in 1988 by Lagardère Capital & Management with Matra and Hachette, Lagardère Capital & Management provides a range of resources and skills specific to general strategy, international development, company operations, and management of financial capacity, human potential and corporate image. All top management working at Lagardère Capital & Management are members of the management bodies of the Group and its principal subsidiaries.

Following the various reorganizations that have taken place since 1988, this agreement is now between Lagardère Capital & Management and Lagardère Ressources.

The remuneration of Lagardère Capital & Management was modified with effect from 1 July 1999 by an amendment approved in principle by the Supervisory Board on 22 September 1999 and in its final version on 22 March 2000. It was again modified with effect from 1 January 2004 by an amendment approved by the Supervisory Board on 12 March 2004.

At its meeting of 12 March 2004, the Supervisory Board approved an amendment modifying the calculation method for the remuneration payable to Lagardère Capital & Management as of 1 January 2004.

Starting from that date, the remuneration payable by Lagardère Ressources to Lagardère Capital & Management for any given year is equal to the total expenses incurred by Lagardère Capital & Management during that year in execution of the services rendered under the Service Agreement, plus a 10% margin, with an absolute upper limit of €1 million for that margin. For 2013, the amount of this margin is €1 million.

#### Additional pension plan for certain Lagardère Capital & Management employees who are members of Lagardère group's Executive Committee

At its meeting of 14 September 2005, your Supervisory Board approved the introduction of an additional pension plan by Lagardère Capital & Management to complement the basic pension system for certain employees who are members of the Executive Committee. The maximum benefit entitlement under this plan is an additional pension, upon retirement at the age of 65, equal to 35% of the benchmark remuneration, which cannot exceed 50 times the annual limit defined by the French social security system.

The employees of Lagardère Capital & Management who are members of the Executive Committee are beneficiaries of this plan.

The plan came into effect at 1 July 2005, and benefits vest at the rate of 1.75% of the benchmark remuneration per year of seniority in the Executive Committee, up to a limit of 20 years' seniority. The pension earned under this plan is payable on condition the beneficiary is still with the company at retirement age, or when he takes early retirement. It also remains payable in the event of termination after the age of 55 or invalidity.

For 2013, the amount billed by Lagardère Capital & Management in accordance with those agreements amounted to 25.3 million euros, compared to 22.7 million euros in 2012.

Paris-La Defense and Courbevoie, 31 March 2014

#### The Statutory Auditors

**ERNST & YOUNG et Autres**

Jeanne Boillet

**MAZARS**

Bruno Balaire



## 5.4 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 226-10-1 OF THE FRENCH COMMERCIAL CODE (CODE DE COMMERCE), ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF LAGARDÈRE SCA

### To the Partners,

In our capacity as statutory auditors of Lagardère S.C.A. and in accordance with article L. 226-10-1 of the French Commercial Code (code de commerce), we hereby report on the report prepared by the Chairman of your company pursuant to this article for the year ended 31 December 2013.

It is the Chairman's responsibility to prepare and submit for the Supervisory Board's approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 226-10-1 of the French Commercial Code (code de commerce) relating to matters such as corporate governance.

Our role is to:

- ▶ report on any matters as to the information contained in the Chairman of the Supervisory Board 's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,
- ▶ confirm that the report also includes the other information required by article L. 226-10-1 of the French Commercial Code (code de commerce). It should be noted that our role is not to verify the fairness of this other information.

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

### Information on 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 of the Supervisory Board 's report in respect of the internal control and risk management procedures relating to the preparation and processing of the 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 the accounting and financial information on which the information presented in the Chairman of the Supervisory Board '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 the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman of the Supervisory Board 's report.

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

### Other information

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

Courbevoie and Paris La Défense, on 31 March 2014

### By the statutory auditors

#### MAZARS

Bruno Balaire

#### ERNST & YOUNG et Autres

Jeanne Boillet

## 5.5 REPORT OF MAZARS, INDEPENDENT THIRD PARTY ENTITY, ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

### Year ended December 31, 2013

For the attention of **the Shareholders**,

In our capacity as independent third-party entity, whose request for accreditation was deemed admissible by the French National Accreditation Body (COFRAC), and member of the Mazars network, Statutory Auditor of Lagardère, we hereby present you with our report on the social, environmental and societal information presented in the management report prepared for the year ended December 31, 2013 (hereinafter the "CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code (Code du commerce).

### RESPONSIBILITY OF THE COMPANY

The Supervisory Board of Lagardère is responsible for preparing a management report including the CSR Information provided by Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the reporting criteria used by Lagardère (the "Reporting Criteria"), some of which are presented in the paragraph 5.3.3 of the management report named « The methodology and RSE information», throughout the management report and are available on request from the company's registered office.

### INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with rules of ethics, professional standards and the applicable legal texts and regulations.

### RESPONSIBILITY OF THE INDEPENDENT THIRD-PARTY ENTITY

Based on our work, our responsibility is:

- to attest that the required CSR Information is presented in the management report or, in the event of omission, is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR information);
- to express limited assurance on the fact that, taken as a whole, the CSR Information is presented fairly, in all material aspects, in accordance with the adopted Reporting Criteria (Reasoned opinion on the fairness of the CSR Information).

Our work was carried out by a six man team between November 2013 and March 2014 a period of around six weeks. To assist us in conducting our work, we referred to our corporate responsibility experts.

We conducted the following procedures in accordance with professional standards applicable in France, the order of May 13, 2013 determining the methodology according to which the independent third party entity conducts its assignment and, with regard to the fairness opinion, ISAE3000<sup>(1)</sup> (International Standard on Assurance Engagements).

### 1. ATTESTATION OF COMPLETENESS OF THE CSR INFORMATION

Based on interviews with management, we familiarized ourselves with the Group's sustainable development strategy, with regard to the social and environmental impacts of the company's business and its societal commitments and, where appropriate, any resulting actions or programs.

We have compared the CSR Information presented in the management report with the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of certain consolidated information, we have verified that explanations were provided in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code.

We have verified that the CSR Information covered the consolidated scope, i.e., the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code, subject to the limits set forth in the methodological memo paragraph presented in the management report.

Based on our work and considering the aforementioned limits, we attest to the completeness of the required CSR Information in the management report.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

## 2. REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

### Nature and scope of procedures

We held some thirty interviews with the persons responsible for preparing the CSR Information with the departments in charge of the CSR Information collection process and, when appropriate, those who are responsible for internal control and risk management procedures, in order to;

- ▶ assess the appropriateness of the Reporting Criteria with respect to its relevance completeness, reliability, neutrality and clarity, by taking into consideration, when relevant, the sector's best practices;
- ▶ verify the set-up of a process to collect, compile, process, and check the CSR Information with regard to its completeness and consistency and familiarize ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and scope of the tests and controls according to the nature and significance of the CSR Information with regard to the company's characteristics, the social and environmental challenges of its activities, its sustainable development strategies and the sector's best practices.

Concerning the CSR information that we consider to be most significant<sup>(1)</sup>:

- ▶ for the consolidating entity, we consulted the documentary sources and held interviews to corroborate the qualitative information (organization, policies, actions), we implemented analytical procedures on the quantitative information and verified, using sampling techniques, the calculations as well as the data consolidation and we verified their consistency with the other information shown in the management report;
- ▶ for a representative sample of entities<sup>(2)</sup> that we selected according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we held interviews to verify the correct application of the procedures and implemented substantive tests on a sampling basis, consisting in verifying the calculations performed and reconciling the data with supporting evidence. The selected sample represented on average 30% of headcounts and on average 19% and 74% of environmental quantitative information.

Regarding the other consolidated CSR information, we have assessed its consistency in relation to our knowledge of the Group.

Finally, we have assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

We believe that the sampling methods and sizes of the samples we have used in exercising our professional judgment enable us to express limited assurance; a higher level of assurance would have required more in-depth verifications. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the CSR Informations cannot be totally eliminated.

### Conclusion

Based on our work, we did not identify any material anomaly likely to call into question the fact that the CSR Information has been presented fairly, in all material aspects, in accordance with the Reporting Criteria.

Paris-La-Défense, March 31<sup>st</sup> 2014

The independent third-party entity

### MAZARS

Emmanuelle Rigaudias

Partner CSR and Sustainable Development

Bruno Balaire

Partner

(1) Permanent staff at December 31st, permanent staff at December 31st displayed by gender, age, and geographical area, number of overtime hours worked during the year, total part-time staff displayed by gender, working time, absenteeism rate, collective agreements in place at December 31st and signed during the year, training skills development policies, total number of training hours and display by themes, organization of the company to take into account environment and, when appropriate, environmental evaluation or certification, overall weight of paper purchased by the Group and the breakdown between certified, 100 per cent recycled and other paper, overall weight of paper purchased by printers, tertiary energy consumption of the Group in France: electricity, gas and district heating, greenhouse gas emissions related to the energy consumption, conditions for dialogue with third people or organizations interested in company's activities, partnerships and sponsorship, actions in favor of health and safety of consumers.

(2) Entities selected for social and societal information verification: Hachette Livre SA (France); Hatier (France); HFA (France); Europe 1 (France); Relay (France); Aelia (France); Sportfive (France); Entities selected for environment information verification: Hachette Livre SA (France); HFA (France); Relay (France) for the energy consumption.

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*PROPOSED  
RESOLUTIONS  
PRESENTED BY THE  
MANAGING PARTNERS*

## PROPOSED RESOLUTIONS PRESENTED BY THE MANAGING PARTNERS

### FIRST RESOLUTION

#### APPROVAL OF THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Voting under the conditions required to transact ordinary business and having considered the reports of the Managing Partners, the report of the Supervisory Board and the Statutory Auditors' report on the Company's financial statements for the year ended 31 December 2013, the shareholders approve those financial statements as set out and presented to them, showing a profit of €2,006,614,705.74.

### SECOND RESOLUTION

#### APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Voting under the conditions required to transact ordinary business and having considered the Management report of the Managing Partners, the Supervisory Board's report and the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2013, the shareholders approve those financial statements as set out and presented to them, showing a profit attributable to owners of €1,307 million.

### FOURTH RESOLUTION

#### ALLOCATION OF PROFIT, SETTING OF THE DIVIDEND AT €10.30 PER SHARE, CORRESPONDING TO €1.30 FOR THE ORDINARY PORTION AND €9 FOR THE EXTRA PORTION, WHICH WAS PAID AS AN INTERIM DIVIDEND FOLLOWING A DECISION AT THE END OF MAY 2013

Voting under the conditions required to transact ordinary business, the shareholders duly acknowledge that the company's profit for the year amounts to which, in addition to retained earnings of

**makes a distributable profit of**

In accordance with the provisions of the Articles of Association, the shareholders resolve to deduct an amount of €13,073,700 from this profit, equal to 1% of consolidated profit for the year attributable to owners for payment to the General Partners. This dividend is eligible for the 40% tax relief available to individual shareholders who are liable to income tax in France, pursuant to article 158.3.2 of the French Tax Code.

The shareholders then resolve, on the recommendation of the Managing Partners and in agreement with the Supervisory Board, to pay an annual dividend of €10.30 per share, corresponding to:

- ▶ €1.30 for the ordinary portion of this annual dividend;
- ▶ €9 for the extra portion of this annual dividend, which was paid as an interim dividend.

It is specified that:

- ▶ treasury shares held on the ex-dividend date are not eligible for the dividend payment;

### THIRD RESOLUTION

#### PAYMENT OF AN EXTRA DIVIDEND OF €6 PER SHARE DEDUCTED FROM "SHARE PREMIUMS"

Voting under the conditions required to transact ordinary business and having considered the reports of the Managing Partners and the Supervisory Board, the shareholders resolve to pay an extra dividend of €6 per share, the entire amount of which will be deducted from "Share premiums", it being specified that:

- ▶ treasury shares held on the corresponding ex-dividend date are not eligible for the dividend payment,
- ▶ shares created before the corresponding ex-dividend date are eligible for the dividend payment.

The ex-dividend date for the extra dividend is Thursday, 8 May 2014 and the dividend will be paid as of Tuesday, 13 May 2014 to holders of registered shares or their duly appointed representatives, by cheque or by bank transfer.

The dividend is eligible for the 40% tax relief available to individual shareholders who are liable to income tax in France, pursuant to article 158.3.2 of the French Tax Code (*Code général des impôts*).

(in euros)

€2,006,614,705.74

€1,427,331,806.65

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**€3,433,946,512.39**

- ▶ shares created before the ex-dividend date are eligible for the dividend payment.

The extra portion was paid as an interim dividend of €9 following the decision of the Managing Partners on 21 May 2013. The balance of this dividend, amounting to €1.30 and corresponding to the ordinary portion, has an ex-dividend date of Thursday, 8 May 2014 and will be paid as of Tuesday, 13 May 2014 to holders of registered shares or their duly appointed representatives, by cheque or by bank transfer.

The dividend is eligible for the 40% tax relief available to individual shareholders who are liable to income tax in France, pursuant to article 158.3.2 of the French Tax Code.

The shareholders resolve to allocate €1,500,000,000 to free reserves and to transfer the balance of the distributable profit to retained earnings.

Dividends distributed over the past three fiscal years were as follows:

(in euros) / Fiscal year	2010	2011	2012
Dividends paid to shareholders			
Dividend per share	1.30	1.30	1.30
Total dividend payout	165,096,539.40	165,700,265.90	166,247,432.00
Dividends paid to General Partners	1,632,250.00	-	888,480.00
<b>Total</b>	<b>166,728,789.40</b>	<b>165,700,265.90</b>	<b>167,135,912.00</b>

## FIFTH RESOLUTION

### AUTHORISATION TO BE GIVEN TO THE MANAGING PARTNERS TO TRADE IN THE COMPANY'S SHARES FOR A PERIOD OF EIGHTEEN MONTHS

Voting under the conditions required to transact ordinary business, having considered the report of the Managing Partners and in accordance with the provisions of the law, the shareholders authorise the Managing Partners to purchase a number of Lagardère SCA shares representing up to 10% of the current share capital (i.e., a maximum number of 13,113,328 shares based on the share capital at 28 February 2014), making a maximum nominal amount of five hundred million euros (€500,000,000) in accordance with the following terms and conditions.

The maximum purchase price is €40 per share, adjusted where applicable to take account of any capital transactions such as a capitalisation of reserves, earnings or share premiums and free share awards, a stock split or a reverse stock split.

The Managing Partners may use this authorisation for the following purposes:

- ▶ to reduce the share capital by cancelling all or some of the shares purchased;
- ▶ to award free shares to employees of the Company and companies related to it;
- ▶ to award shares upon the exercise of share purchase options;
- ▶ to award shares to employees of the Company and companies related to it, as part of its profit sharing scheme;
- ▶ to award shares to employees of the Company and companies related to it for any other purpose permitted by law;
- ▶ to promote liquidity and stabilise the market in the Company's shares through an independent investment services provider acting under the terms of a liquidity contract that complies with a code of conduct recognised by the French financial markets authority (*Autorité des marchés financiers* – AMF);
- ▶ to keep the shares for subsequent exchange or payment as consideration for external growth transactions;
- ▶ to tender or exchange shares upon the exercise of rights attached to securities that grant an entitlement of some kind to shares in the Company;
- ▶ and, more generally, to carry out any other transaction permitted by the regulations and, in particular, the market practices accepted by the AMF.

The shares may be purchased, sold or otherwise transferred by any means permitted by the regulations, including over the counter transactions, block purchases or sales and the use of derivatives (purchases of calls).

The shareholders give the Managing Partners full powers, as provided for by the law and regulations, to use this authorisation, enter into all agreements, fulfil all formalities and more generally do all things they consider necessary and expedient to implement this resolution.

This authorisation is valid for a period of eighteen months as of the date of this meeting. It cancels and supersedes the authorisation given on 3 May 2013.

## SIXTH RESOLUTION

### ISSUING OF AN OPINION ON THE COMPONENTS OF REMUNERATION PAYABLE OR GRANTED TO ARNAUD LAGARDÈRE, MANAGING PARTNER, IN RESPECT OF 2013

Voting under the conditions required to transact ordinary business and in accordance with the recommendations of the June 2013 AFEP-MEDEF code of corporate governance, the shareholders, having considered the components of remuneration payable or granted to Arnaud Lagardère, Managing Partner, in respect of 2013, as described and set out in the various reports presented to the meeting (particularly Chapter 7.3 of the Reference Document and the Presentation of the resolutions), issue a favourable opinion on these components of remuneration.

## SEVENTH RESOLUTION

### ISSUING OF AN OPINION ON THE COMPONENTS OF REMUNERATION PAYABLE OR GRANTED TO THE REPRESENTATIVES OF THE OTHER MANAGING PARTNER IN RESPECT OF 2013

Voting under the conditions required to transact ordinary business and in accordance with the recommendations of the June 2013 AFEP-MEDEF code of corporate governance, the shareholders, having considered the components of remuneration payable or granted to Dominique D'Hinnin, Thierry Funck-Brentano and Pierre Leroy, Chief Operating Officers of Arjil Commandité-Arco, Managing Partner, in respect of 2013, as described and set out in the various reports presented to the meeting (particularly Chapter 7.3 of the Reference Document and the Presentation of the resolutions), issue a favourable opinion on these components of remuneration.

## EIGHTH RESOLUTION

### RE-APPOINTMENT OF XAVIER DE SARRAU AS A MEMBER OF THE SUPERVISORY BOARD FOR A TERM OF FOUR YEARS

Voting under the conditions required to transact ordinary business and having considered the report of the Supervisory Board, the shareholders re-appoint Xavier de Sarrau as a member of the Supervisory Board for a term of four years.



## NINTH RESOLUTION

### RE-APPOINTMENT OF MARTINE CHÊNE AS A MEMBER OF THE SUPERVISORY BOARD FOR A TERM OF THREE YEARS

Voting under the conditions required to transact ordinary business and having considered the report of the Supervisory Board, the shareholders re-appoint Martine Chêne as a member of the Supervisory Board for a term of three years.

## TENTH RESOLUTION

### RE-APPOINTMENT OF FRANÇOIS DAVID AS A MEMBER OF THE SUPERVISORY BOARD FOR A TERM OF THREE YEARS

Voting under the conditions required to transact ordinary business and having considered the report of the Supervisory Board, the shareholders re-appoint François David as a member of the Supervisory Board for a term of three years.

## ELEVENTH RESOLUTION

### RE-APPOINTMENT OF PIERRE LESCURE AS A MEMBER OF THE SUPERVISORY BOARD FOR A TERM OF TWO YEARS

Voting under the conditions required to transact ordinary business and having considered the report of the Supervisory Board, the shareholders re-appoint Pierre Lescure as a member of the Supervisory Board for a term of two years.

## TWELFTH RESOLUTION

### RE-APPOINTMENT OF JEAN-CLAUDE MAGENDIE AS A MEMBER OF THE SUPERVISORY BOARD FOR A TERM OF FOUR YEARS

Voting under the conditions required to transact ordinary business and having considered the report of the Supervisory Board, the shareholders re-appoint Jean-Claude Magendie as a member of the Supervisory Board for a term of four years.

## THIRTEENTH RESOLUTION

### RE-APPOINTMENT OF JAVIER MONZÓN AS A MEMBER OF THE SUPERVISORY BOARD FOR A TERM OF THREE YEARS

Voting under the conditions required to transact ordinary business and having considered the report of the Supervisory Board, the

shareholders re-appoint Javier Monzón as a member of the Supervisory Board for a term of three years.

## FOURTEENTH RESOLUTION

### RE-APPOINTMENT OF PATRICK VALROFF AS A MEMBER OF THE SUPERVISORY BOARD FOR A TERM OF FOUR YEARS

Voting under the conditions required to transact ordinary business and having considered the report of the Supervisory Board, the shareholders re-appoint Patrick Valroff as a member of the Supervisory Board for a term of four years.

## FIFTEENTH RESOLUTION

### APPOINTMENT OF YVES GUILLEMOT AS A MEMBER OF THE SUPERVISORY BOARD FOR A TERM OF FOUR YEARS TO REPLACE RESIGNING MEMBER ANTOINE ARNAULT

Voting under the conditions required to transact ordinary business and having considered the report of the Supervisory Board, the shareholders appoint Yves Guillemot as a member of the Supervisory Board for a term of four years to replace resigning member Antoine Arnault.

## SIXTEENTH RESOLUTION

### RE-APPOINTMENT OF MAZARS AS STATUTORY AUDITOR OF THE COMPANY FOR A TERM OF SIX YEARS AND APPOINTMENT OF A NEW SUBSTITUTE AUDITOR

Voting under the conditions required to transact ordinary business and having acknowledged that the terms of office of Mazars as Statutory Auditor of the Company and Patrick de Cambourg as Substitute Auditor were due to expire at the close of this meeting, the shareholders re-appoint Mazars as Statutory Auditor of the Company for a term of six financial years and appoint Thierry Colin, domiciled at 61, rue Henri Regnault – Exaltis – 92075 La Défense, France as Substitute Auditor for the same period.

## SEVENTEENTH RESOLUTION

### POWERS FOR FORMALITIES

Voting under the conditions required to transact ordinary business, the shareholders grant full powers to the bearer of an original, a certified copy or a certified extract of the minutes of this meeting to fulfil the necessary formalities.



Document prepared by the Group Legal Department  
and the Corporate Communications Department

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