



Lagardère

Milestones
2008



婦人畫報

upsolut



JC Lattès

newsw**eb**



HACHETTE Pratique



Quo

GRAND CENTRAL PUBLISHING



jumpSTART AUTOMOTIVE MEDIA

MEZZO CLASSIC MUSIC



HACHETTE Jeunesse

Woman's Day



HACHETTE Collections

Lagardère ENTERTAINMENT



HARRAP'S

Aelia



BOURSIER.COM

inmedio

hds digital



football.FR pour les fans, par les fans.

PSYCHOLOGIES MEUX VIVRE SA VIE



DYNASTY BOOKS 皇朝文化館

MARABOUT

SUNNY DAYS



IEC IN SPORTS



inmedio Café

Beauty Unlimited

Astérix

OLF centre de distribution multi-média

CATELLA SWEDISH OPEN



LMPI

fayard



little, brown BOOK GROUP

MCM



Le Journal du Dimanche



Press Shop



CAR AND DRIVER

chêne



SPORT 4 FUN



Grasset & Fasquelle

curtis



Riders

Express Mag



Radio ZET



Doctissimo.fr

ANAYA

Lagardère

GOURMET

ELLE



marie claire



NAVILLE



Stock



FILLES TV



sports.fr



ALCOOL PURE RARE TABAC



NewsLink



Public



HACHETTE Children's Books

Profile

The logo for Lagardère, featuring the company name in a blue, italicized serif font with a small red triangle above the 'e'. The logo is centered on the page and is surrounded by several colorful, curved lines that sweep across the page, creating a dynamic, abstract background. On the left side, there is a vertical stack of horizontal bars in various colors (pink, blue, green, orange, yellow, etc.) that also contribute to the graphic design.

Lagardère

Lagardère, one of the world's leading media groups, led by Arnaud Lagardère, is strategically positioned on content, knowledge and culture.

The Group has four distinct, complementary business lines: book publishing, distribution of cultural products, print and audiovisual media, and management and marketing of sporting rights.

Lagardère generates over 60% of its turnover outside France and operates in more than 40 countries.

The company also holds a 12.51% share in the European company EADS, of which it was a co-founder.

Lagardère
PUBLISHING

Stock

ANAYA

Grasset & Fasquelle



gpc
GRAND CENTRAL
PUBLISHING

CG
THE CENTRAL PUBLISHING GROUP

little, brown
BOOK GROUP

fayard



Lagardère
ACTIVE

jumpSTART
FOR YOUNG READERS

gulli

Europe 1



Lagardère
publicité

Doctissimo.fr

MATCH

Lagardère
ENTERTAINMENT

ELLE



Lagardère
SERVICES

Alia

OLF
OLYMPIENNE
FRANCE



Naville

RELAY

inmedio

NewsLink

PAYOT

LAPKER

SGEL



Lagardère
SPORTS



upsolut

newswob

IEC
IN SPORTS

CATELLA
SWEDISH OPEN

SPORTFIVE



Interview with Arnaud Lagardère

You announced a 10% increase in operating income, rising to €636 million, in 2007. What factors – other than performance – explain this growth?

This rise is a strong and symbolic signal to all of our stakeholders.

Last year, every one of our businesses exceeded our projections. Our Sports and Media divisions were real growth engines that generated high margins, the Publishing subsidiary turned in a solid performance and the print-media business recovered nicely.

This demonstrates once again that our group was able to maintain solid performance and create value despite the risks facing our industry in a world economy that has fallen into recession. I would also like to acknowledge the women and men of the Lagardère Group for making this success possible.

You became co-managing partner of the group 10 years ago and have been leading it for the last five years. How has Lagardère changed during that time?

I completely changed the Lagardère Group over the past decade.

Before, we were a group of miscellaneous assets; now, we're a well-organized group with four business divisions: publishing, distribution, sports, and print and audiovisual media, each of which occupies a leading position in the various media sectors.

Over the past 10 years, we have invested over €6.5 billion in the media, with the acquisition of part of Vivendi Publishing and Time Warner Book for approximately €2 billion, sports company Sportfive for €860 million, and a €1.5 billion interest in Canal+ France. We also spent some €200 million to acquire Internet companies. At the same time, we sold non-strategic assets, as well as assets where we're not a majority shareholder, for a total of about €2.5 billion.

Because we're a family company and have a "builder's spirit", we will continue to consolidate our core businesses, and we will focus in particular on exclusive rights, sporting events and select content.

I will pursue Lagardère's growth with the same confidence and tenacity that have led to an average 11.8% rise in operating income every year over the past decade.





The print and audiovisual media businesses merged last year, becoming Lagardère Active. How is this new division faring?

With the convergence of our print, audiovisual and digital media and advertising-sales businesses, Lagardère Active was able to refocus on digital media and multimedia content.

Just one year after the merger took place, the results have exceeded our forecasts: in 2008, digital products will generate 5-10% of Lagardère Active's overall sales – and we thought we would only be able to reach that level in 2009. In addition, by reducing the number of titles, the print-media segment is boosting its profitability.

Lagardère Active is clearly coming up with comprehensive, creative solutions to new-media consumption.

Lastly, in early 2008 I decided to create Lagardère Entertainment as a subsidiary of Lagardère Active. The new company brings together our audiovisual



•••

production and distribution activities and will help us to develop fresh expertise in the fields of performing arts and talent and audiovisual-rights management. For a long time, we did not invest in audiovisual production because we hadn't decided whether we wanted to be a broadcaster or a producer; we have now decided on the latter option. Lagardère thus plans to take part in the consolidation trend and become a leader in audiovisual production.

Your Sport division distinguished itself in 2007, its first year in operation.

In 2007, Lagardère Sports achieved major acquisitions and agreements, making this division a benchmark player in the sports business.

Lagardère Sports is now the group's most dynamic and profitable entity, with an operating margin of 15%.

There are many sporting events and also various companies that can be acquired. For that reason, Lagardère Sports plans to continue diversifying over the next few years, with the goal of becoming the market leader.

Sports and its values are part of my group's DNA. More than ever we are – and will remain – committed to this high-growth sector.

Let's move on to Lagardère Publishing.

Lagardère Publishing has made the group the second-leading publisher in the world and No. 1 in Europe. What does that mean? After acquiring Time Warner Book in 2006, Lagardère Publishing continued its active acquisition policy in 2007 in its traditional markets. Secondly, that policy has not stopped our geographical expansion strategy, especially in Latin America – quite the contrary.

In the sector that distributes leisure products and services, you are revising your approach. Could you describe your new strategy?

We plan to expand our retail business in travel locations at a faster pace.

Our growth projections in this market are very promising due to an expected rise in passenger traffic in coming years. We already have a major presence in the travel-retail segment, but we are going to expand operations in 2008, particularly in Eastern Europe, Asia and South America.

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•••

Lagardère is gradually reducing its stake in EADS. Does this mean that your group plans to withdraw completely?

In 2005, we decided to gradually sell half of Lagardère's interest in EADS.

We currently hold a 12.51% stake in the company – that is the current reality of our shareholding in EADS, and a complete withdrawal is not on the table. In addition, for the first time our accounts do not include EADS. I also feel that its share price is not where it should be, but there's a good chance it will rebound. So selling our interest in EADS would not be in the best interest of our shareholders.

In conclusion, Mr Lagardère, is there anything you would like to add?

I can say with satisfaction that our efforts are intense and fascinating every day. In the very nature of our work, we are contributing to the fulfilment of men and women by providing them with information and entertainment. And through the Jean-Luc Lagardère Foundation, especially via TeamLagardère and Lagardère Paris Racing, we are fighting for France's influence in the fields of sports and culture. I will continue to increase and strengthen these commitments over the coming years.





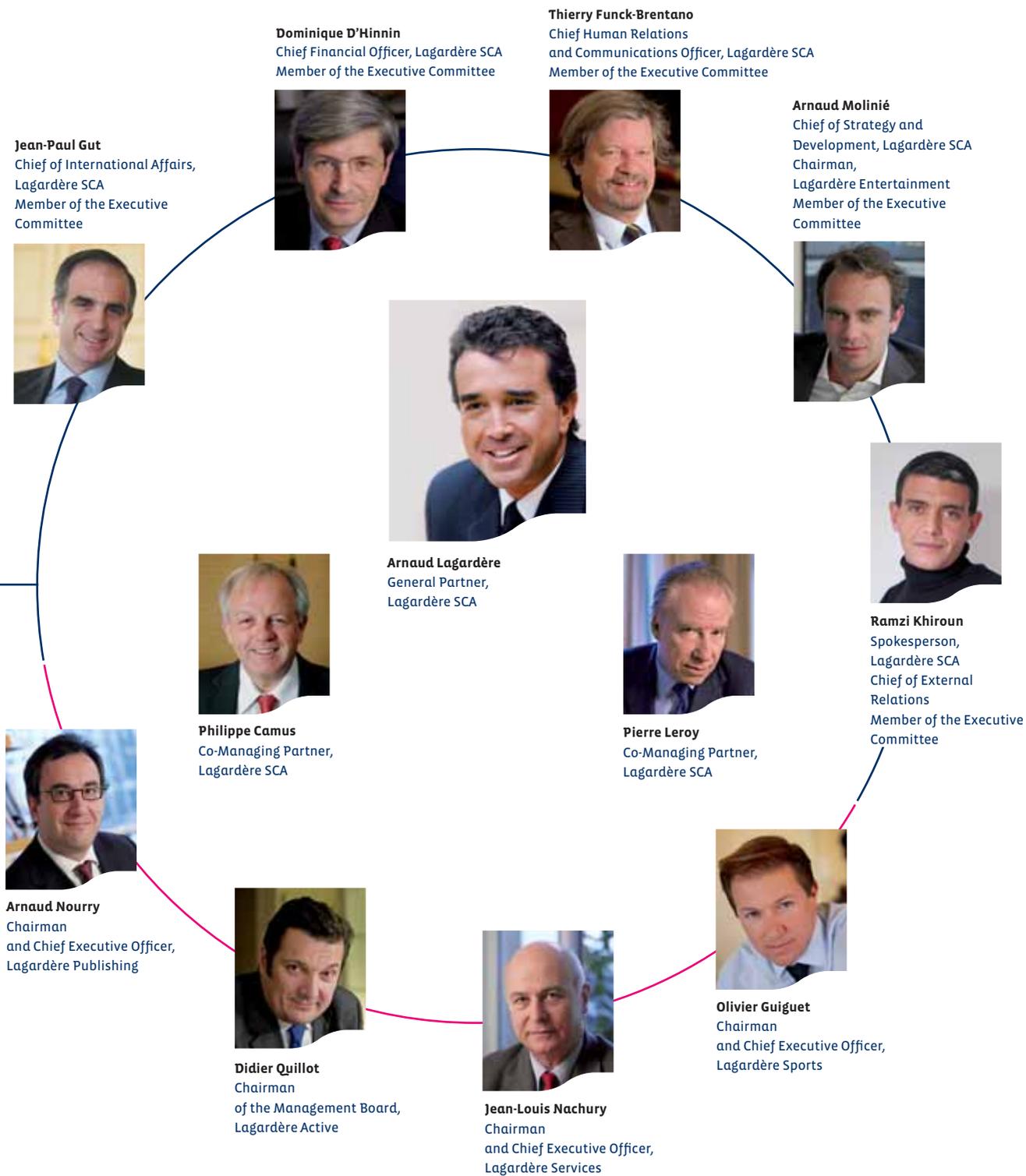
Governance

Management team 2007



Such business sectors as the media, publishing, press distribution, retailing in transportation hubs and the sports economy are fields where individuals' skills and abilities offer a real competitive advantage. Lagardère is fortunate to benefit from the creativity and excellence of more than 33,000 dedicated employees every day.

They are led by the group's corporate directors – united behind Arnaud Lagardère – who keep vigilant watch over their colleagues' independence, ensuring freedom of creativity and expression for authors, journalists and publishers. These professionals are both autonomous and responsible for the choices they make.



Trend chart

Legal characteristics of French limited partnerships with shares

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

- one or more general partners (*associés commandités*) – they are indefinitely liable for the company's liabilities;
- limited partners (*associés commanditaires* or shareholders) – their situation is the same as that of shareholders in a corporation (*société anonyme*). They are represented by a Supervisory Board.

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

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

Both French law and the specificities of its by-laws give Lagardère SCA, a French limited partnership with shares, a very modern structure that is perfectly suited to meet the demands of corporate governance as it answers in the best possible way the two basic principles of establishing a clear distinction between management and control while associating very closely shareholders to the Company's operations and progress.

This structure is characterized as follows:

- It establishes a very clear distinction between the Managing Partners, who are responsible for the running of the business, and the Supervisory Board which represents the shareholders.
- The Supervisory Board is entitled to oppose the appointment of a Managing Partner or the renewal of his appointment by the general partners. The final decision is vested in the shareholders.
- The two general partners' unlimited liability to the full extent of their assets is evidence of the proper balance between financial risk, power and responsibility.
- The Supervisory Board wields the same powers as the Statutory Auditors.

General partners

Arnaud Lagardère
Société Arjil Commanditée - ARCO

Managing Partners

Arnaud Lagardère
Société Arjil Commanditée - ARCO
represented by
Arnaud Lagardère,
Chairman and Chief Executive Officer
Philippe Camus,
Vice-President, Chief Operating Officer
Pierre Leroy,
Director, Chief Operating Officer

Statutory Auditors

Ernst & Young et Autres
Mazars & Guérard

The Supervisory Board in 2007

	Date of appointment or reappointment	Date of expiry of the mandate
Chairman of the Board		
Chairman of the Audit Committee		
Raymond H. Lévy	11 May 04	AGO 2010 ⁽²⁾
Members of the Board		
Bernard Arnault	11 May 04	AGO 2010 ⁽²⁾
René Carron	11 May 04	AGO 2010 ⁽²⁾
Georges Chodron de Courcel	02 May 06	AGO 2012 ⁽²⁾
Groupama SA <i>Represented by Mr Helman le Pas de Sécheval⁽²⁾</i>	11 May 04	AGO 2008 ⁽²⁾
Pierre Lescure	11 May 04	AGO 2008 ⁽²⁾
Christian Marbach ⁽¹⁾	02 May 06	AGO 2012 ⁽²⁾
Bernard Mirat ⁽¹⁾	02 May 06	AGO 2012 ⁽²⁾
Didier Pineau-Valencienne ⁽¹⁾	11 May 04	AGO 2008 ⁽²⁾
Henri Proglio	11 May 04	AGO 2010 ⁽²⁾
Felix G. Rohatyn	11 May 04	AGO 2008 ⁽³⁾
François Roussely	11 May 04	AGO 2010 ⁽²⁾
Secretary		
Laure Rivière-Doumenc		

The Supervisory Board, which maintains ongoing control over the management of the company, is made up of 15 members at most, appointed for a maximum term of six years and reappointed thereafter by third parties every two years. Each member is required to own at least 150 shares issued by the company. In addition to the expertise it brings together, the composition of the board is characterized by a majority of "independent" members, all notable figures who have freely agreed to become part of the board.

(1) Also Member of the Audit Committee.

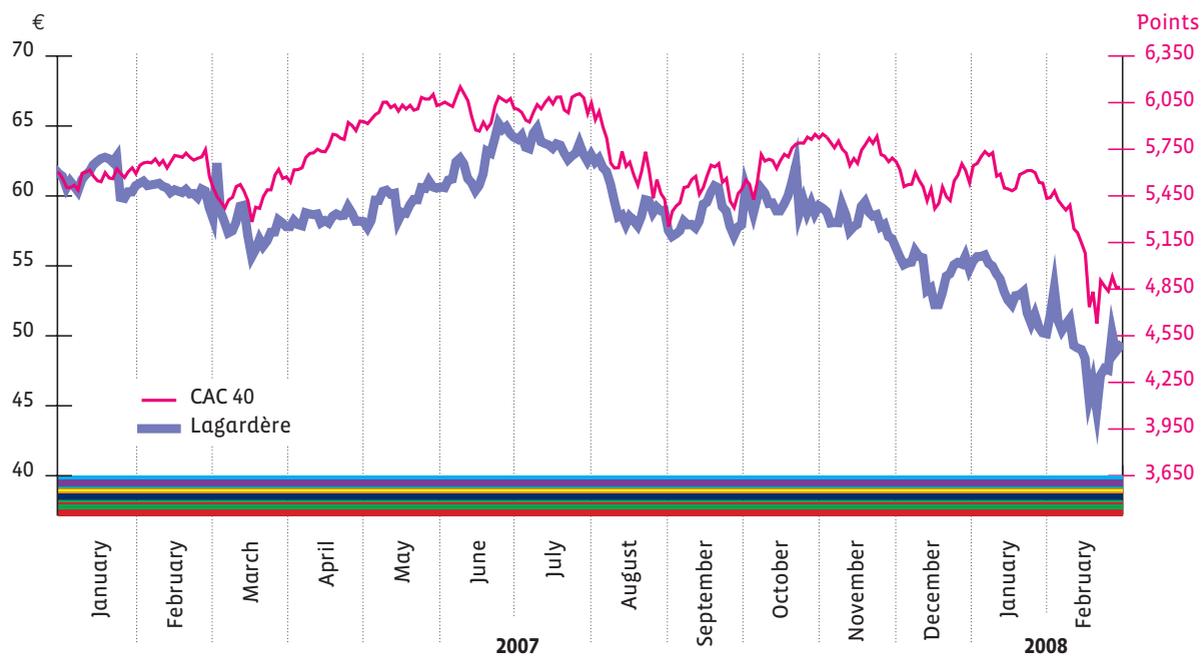
(2) Annual General Meeting to be held to approve the financial statements for the previous year.

(3) Has requested that his mandate not be renewed at the Annual General Meeting on 29 April 2008.

Trend chart

(continued)

Changes in share price since the beginning of 2007



Summary of financial data per share in €

	2004		2005		2006 Restated*		2007	
	Non-diluted	Diluted ⁽²⁾	Non-diluted	Diluted ⁽²⁾	Non-diluted	Diluted ⁽²⁾	Non-diluted	Diluted ⁽²⁾
Consolidated net income (group share) per share	3.65	3.44	4.88	4.74	2.13	2.09	4.03	3.99
Shareholders' equity (group share) per share	28.68	31.28	31.45	33.72	32.93	33.11	34.47	34.21
Cash flow per share	8.75	8.76	9.52	9.23	6.17	6.07	5.99	5.95
Market price at 31 December	53.10		65.00		61.00		51.29	
Dividend	1.00 + 2.00 ⁽³⁾		1.10		1.20		1.30 ⁽⁴⁾	

(1) 2006 data per share were established on the basis of restated accounts by retrospectively applying the equity method of consolidation to jointly controlled entities and the equity accounting method of actuarial gains and losses relating to reserves for pension costs and similar obligations (see notes 1 and 5 of consolidated appendix).

(2) Dilution reflecting the exercise of share options granted to personnel.

(3) Ordinary annual dividend of €1 per share and exceptional dividend of €2 per share.

(4) The dividend will be submitted to a vote by shareholders during the annual meeting of 29 April 2008.

Shareholders' Consultative Committee

Lagardère has set up a Shareholders' Consultative Committee to:

- improve its financial communications in relation to individual shareholders,
- more effectively meet the expectations of shareholders,
- analyse the way shareholders perceive messages issued by Lagardère to coincide with the publication of its results, acquisition and development operations, as well as articles and in-depth interviews given by its managers.

The Shareholders' Consultative Committee meets twice a year. The meetings coincide with the publication of the annual and half-yearly results.

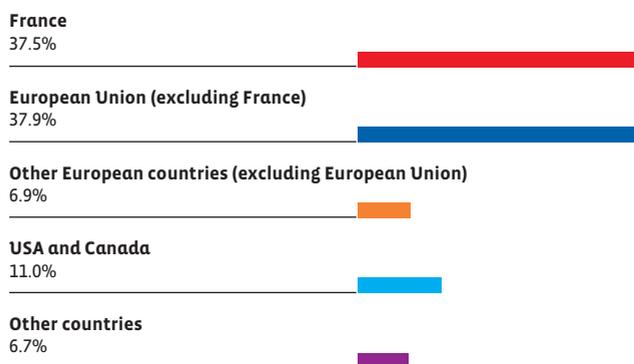
The Committee consists of 12 individual shareholders and one representative of legal entities representing individual shareholders at general shareholders' meetings, with one member of the Management team, one member of the Supervisory Council and three members of the Board of Directors.

For more information on the Shareholders' Consultative Committee, visit the Shareholders - Individuals page in the Investor Relations section of the Lagardère website at www.lagardere.com.

Trend chart (continued)

Key figures 2007

Breakdown of sales by geographical area (as a %)



Sales (in M€)

2007 8,582

2006* 7,910

* Restated

Staffing levels

2007 33,550

2006* 32,123

* Restated

Recurring EBIT before associates (in M€)

2007 636

2006* 521

* Restated

Net income as a share of group income (in M€)

2007 663

2006* 411

* Restated

Consolidated balance sheet in M€

	2007	2006 Restated*
Non-current assets	8,261	7,663
Current assets	4,289	4,914
of which short term investments & cash	869	1,633
TOTAL ASSETS	12,779	12,577
Stockholders' equity	4,659	4,610
Non-current liabilities	2,796	3,146
of which financial debt	1,960	2,309
Current liabilities	5,165	4,821
of which financial debt	1,479	1,369
TOTAL STOCKHOLDERS' EQUITY & LIABILITIES	12,779	12,577

Consolidated income statement in M€

	2007	2006 Restated*
Net Sales	8,582	7,910
EBIT	867	585
Net financial expense	(204)	(174)
Income tax expense	(99)	(92)
Consolidated net income	564	319
<i>including group share</i>	534	291
<i>including minority interests</i>	30	28

* The comparative accounts presented at 31.12.2006 were established by retrospectively applying the equity method of consolidation to jointly controlled entities and the equity accounting method of actuarial gains and losses relating to reserves for pension costs and similar obligations (see notes 1 and 5 of consolidated appendix).

Starting on 1 January 2007, the Lagardère Group will apply the option offered by the IFRS accounting standards, which allows the equity method of accounting to be applied to jointly controlled entities, rather than the proportional consolidation method. This change in method will apply to all jointly controlled entities, and in particular the EADS group. The comparative figures shown here have been established by retroactively applying the equity method to the entire 2006 fiscal year.

Main significant events

Worldwide presence

Europe

2008

In 2005, **SPORTFIVE** and the UEFA signed an agreement regarding distribution of television broadcasting rights for the Euro 2008 Championship in Europe and management of such rights worldwide.

France

29 August 2007

Lagardère acquired **NEXTEDIA**, a leading independent provider of interactive marketing services.

22 February 2008

Lagardère acquired a majority interest in **DOCTISSIMO**, France's leading operator of women and health-oriented Internet sites.

United States

19 April 2007

Via its subsidiary HFM US, the Lagardère Group acquired **JUMPSTART AUTOMOTIVE MEDIA**, the leading online media-buying agency in the US automotive market.

Mexico

16 July 2007

Via its subsidiary Anaya, Lagardère Publishing acquired **GRUPO PATRIA CULTURAL**, one of Mexico's oldest textbook publishers.

Brazil

19 April 2007

Lagardère Publishing established a foothold in Brazil by acquiring a majority interest in **ESCALA EDUCACIONAL**, a publisher specializing in textbooks.

Africa

3 October 2007

SPORTFIVE became the exclusive agent for the African Football Confederation (AFC) regarding all marketing and media rights for the following competitions: the African Cup of Nations (2010, 2012, 2014 and 2016), AFC League of Champions (2009-2016), Confederation Cup (2008-2016) and Africa Juniors Championship (2009, 2011, 2013 and 2015).

Sweden

18 February 2008

Lagardère Sports gained ownership of the **SWEDISH OPEN TENNIS** (an ATP event held in Båstad) via acquisition of Sweden's PR Event i Sverige.

Finland

17 March 2008

Lagardère Active launches a fresh edition of **ELLE** magazine in Finland.

Serbia

2 July 2007

Lagardère Services founded a new subsidiary, **HDS RETAIL GP**, for the purpose of launching travellers' retail shops in Serbia.

Russia

25 November 2007

Lagardère Active marked the launch of a new-concept celebrity magazine in Russia, **STARHIT**, the fourth such launch outside France since the start of 2007.

China

25 October 2007

LAGARDÈRE SERVICES ASIA PACIFIC expanded into continental China with the opening of nine shops in Shanghai's Hongqiao airport.

Indonesia

17 March 2008

Lagardère Active enhanced its network of **ELLE** magazines with a fresh edition, in Indonesia. *Elle* furthers its success, now boasting 41 editions worldwide.

South Africa

27 February 2008

Lagardère Active Radio International boosted its presence in South Africa with the acquisition of **ACCELERATION MEDIA**, a leading interactive advertising-media consulting firm.

Australia

20 March 2007

Lagardère Services Asia Pacific inaugurated its first airport bookstore in Australia with **WATERMARK BOOKS** at the Sydney airport.



Countries in which the Lagardère group operates

Significant events

Lagardère Active

A year of transition, 2007 was marked by the merging of Lagardère Active's print media, audiovisual and advertising sales-agency activities, which took place alongside the launch of its digital-development strategy.

Lagardère Active has cultivated strategic positions across the web value chain, based on organic growth (the launches and redesign of websites) and a targeted acquisition policy that has established it as the leading media group in France with almost 10 million unique visitors.

This was boosted by the recent acquisition of the Doctissimo website, which allowed the group to gain a one-year advance on its target of generating 5-10% of total turnover in France through digital sales as of 2008.

Lagardère Active's print media results for 2007 revealed a rise in profits following the rationalization of its portfolio of titles and the redefinition of its international operations. The division plans to focus its efforts on re-energizing specific titles and launching new magazines in growth markets, particularly in Russia and China.

Lagardère Entertainment was created in February 2008 to enhance the development of the company's audiovisual production and distribution activities through reorganization. The subsidiary will also acquire new skills in the fields of artist and audiovisual-rights management.

Building on its key assets, Lagardère Active will continue its transformation, oriented toward a publishing, multimedia-content production and cross-media audience management model.

Lagardère Active

Strengthening digital strategy

The Lagardère group and its Media branch have made some significant acquisitions intended to position the group as a major player in the realm of digital media. Via its American subsidiary, HFM US, Lagardère Active acquired 100% of Jumpstart Automotive Media, an online advertising brokerage that is a leading player in the US automotive market. In August 2007, Lagardère Active also completed the acquisition of ID Régie, a media-buying agency specializing in Internet advertising, and Nextedia, a consulting agency for interactive advertising. And in February 2008, Lagardère signed an agreement to acquire a 53.38% stake in Doctissimo (which operates six Internet sites in France). With this acquisition, Lagardère becomes the leading French operator of women and health oriented websites and now ranks in 10th place in terms of Internet audience in France.

Lagardère Sports

Sportfive and the African Football Confederation become partners

In October 2007, Lagardère Sports subsidiary Sportfive and the African Football Confederation (AFC) concluded a contract making Sportfive the AFC's exclusive agent for all marketing and media rights between 2009-2016. This agreement marks Sportfive's increased involvement in promoting African football and its various competitions. In another development, the Union of European Football Associations (UEFA) decided to entrust Sportfive with distribution of the television broadcasting rights for the Euro 2008 tournament in Europe, as well as rights management for the rest of the world.

Lagardère Services

Expansion in Australia and Eastern Europe

Lagardère Services established a number of footholds in new countries and opened various retail outlets throughout 2007. Under the Watermark Books name, the Services branch inaugurated its first Australian bookstore, at Sydney's airport. Lagardère Services also began retail operations in Serbia with the creation of HDS Retail GP, thus establishing the Relay and Inmedio trade names in this market. And at the end of 2007, Aelia, a subsidiary of Lagardère Services, inaugurated its first store in Poland, in Krakow's airport.

Lagardère Publishing

Launch of Audiolib

In February 2008, Hachette Livre (Lagardère Publishing's book-publishing brand), Albin Michel and France Loisirs founded Audiolib, a publishing house specializing in audio books (sold in CD form in MP3 format). The first titles were released for sale on 13 February 2008.

Significant events

(continued)

Lagardère Sports

At the end of its first year of operation, Lagardère Sports has positioned itself as a major growth engine for the group. Built on Sportfive, the first acquisition made by Lagardère Sports when it was established as a new entity in late 2006, the division has diversified into new areas by acquiring IEC In Sports, Upsolut and PR Event i Sverige (owner of the Swedish Open tennis tournament), among other companies. The division has also organized its very first event, the Transorientale rally raid, which will run from Saint Petersburg to Beijing in June 2008. In addition, Sportfive signed an agreement with the African Football Confederation (AFC) that gives the company exclusive marketing and media rights for AFC events from 2009 to 2016. Sportfive was also appointed the UEFA's agent for the sale of broadcast rights to UEFA Euro 2008 events in Europe and various other markets. Lagardère Sports' portfolio has grown to include numerous business lines with a presence in several key sports-related business segments, including production, audiovisual rights management, sponsorship, sporting-event ownership and management, and much more. Throughout 2007, this diversification also allowed the division to widen its field of operation to include new sporting disciplines and countries.

Lagardère Publishing

New international and French acquisitions

After acquiring the Time Warner Book Group in 2006, Lagardère Publishing continued its geographic expansion with the acquisition of Grupo Patria Cultural, a Mexican publisher specializing in the textbook market (thus making Lagardère's Publishing branch Mexico's third-largest publisher), and Piatkus Books, a publisher of popular fiction and practical books in the UK. In September 2007, Lagardère Publishing also became the majority shareholder in Escala Educacional, a Brazilian textbook publisher. And Pika Publishing, a French publisher of mangas, was consolidated into the Lagardère Publishing group in the third quarter of 2007.

Lagardère Active

Launch of new brands and websites

There were numerous important developments in Lagardère Active's publishing, radio and television media in 2007. In February, the magazine *Première* unveiled its new format and new website, www.premiere.fr. In October, *Télé 7 Jours* launched its new website, www.tele7.fr. At midnight on 1 January 2008, Europe 2 and Europe 2 TV were renamed Virgin Radio and Virgin 17, respectively. They now fly the colours of a youth-oriented brand with worldwide influence and share a common trademark phrase: "Get more." And on 18 January, Lagardère Active and telecom operator Orange launched *MusiLine*, the Internet's first streaming music programming service.

Lagardère Services

Repositioning of distribution services

At the beginning of 2008, Lagardère Services sold 80% of its stake in the Virgin Megastore group to Butler Capital Partners in order to concentrate its efforts on retail sales in transportation hubs worldwide and press-distribution activities.

Lagardère Sports

Strategic development in sporting events

Since its creation, Lagardère Sports has been actively engaged in managing the sporting events it owns. One such event under development is the Transorientale rally raid for cars, trucks and motorbikes, which will trace a path from St Petersburg to Beijing on 12-28 June 2008. In November 2007, Lagardère Sports acquired the German company Upsolut, which specializes in events organization and sports marketing. The company's portfolio includes such major events as the cycling Tour of Germany and the Hamburg Cityman (a triathlon). In February 2008, Lagardère Sports signed an agreement for the proposed acquisition of PR Event i Sverige, a Swedish company that has organized the ATP tournament in Bastad, Sweden since 2000.

Commitments

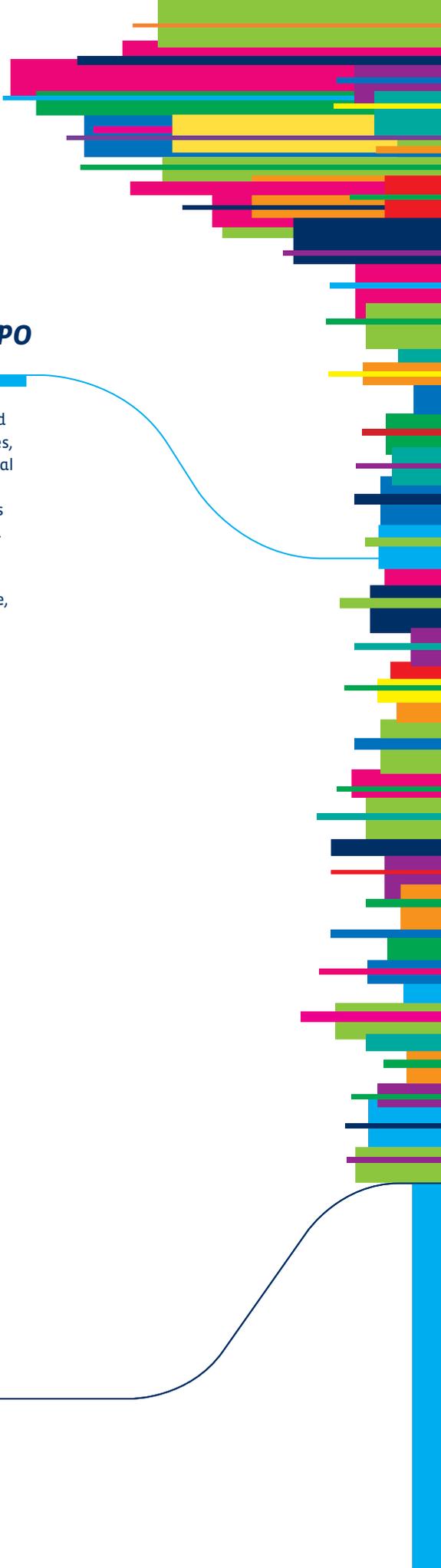
FONDATION Jean-Luc Lagardère

The Jean-Luc Lagardère Foundation stems from the desire of a large international media conglomerate to broaden the scope of its activities to include a commitment to promoting culture, education, research and sports. The foundation believes in the potential of all talented individuals, a faith that has fostered its support and encouragement of artists, scientists and athletes. Its priorities include nurturing confidence, promoting social cohesion, developing social-solidarity projects and targeting and encouraging excellence.

A commitment to sports

The Lagardère group's history and identity are profoundly linked to sports and sporting values. The group also understands just how unifying sporting events can be. Sports involve discipline and a way of life, and great sporting champions are heroes with an unparalleled power of fascination. With the objectives of promoting this unifying aspect of sports and of instilling in young people a real desire to succeed, the Lagardère group – through its Foundation – supports sports and those involved in them. With the backing of the Group's other sports entities, such as TeamLagardère – a centre dedicated to sports performance – and the Lagardère Paris Racing club – one of Europe's largest multi-sport athletic clubs –, the Jean-Luc Lagardère Foundation is developing an innovative, revolutionary, committed approach to sports that includes leisure-time sporting and health-related activities, sporting activities for the disabled and programmes for top-level professional athletes. Its objective is to promote the practice of sports and contribute to the success of an elite corps of French athletes on the international scene.





PARTNERSHIP WITH SCIENCES PO

In 2007, the Jean-Luc Lagardère Foundation established a pioneering training programme for high-level athletes, in partnership with Paris's prestigious school of political science, familiarly known as Sciences Po. Since last autumn, 19 top-level athletes have been taking courses in economics, international relations or media science. The foundation's goal is to create pioneering links between competitive sports and higher education. It is also supporting Laura Flessel's *Envole-toi* initiative, which is aimed at preparing young female fencers for the 2012 Olympic Games while offering them appropriate educational support.



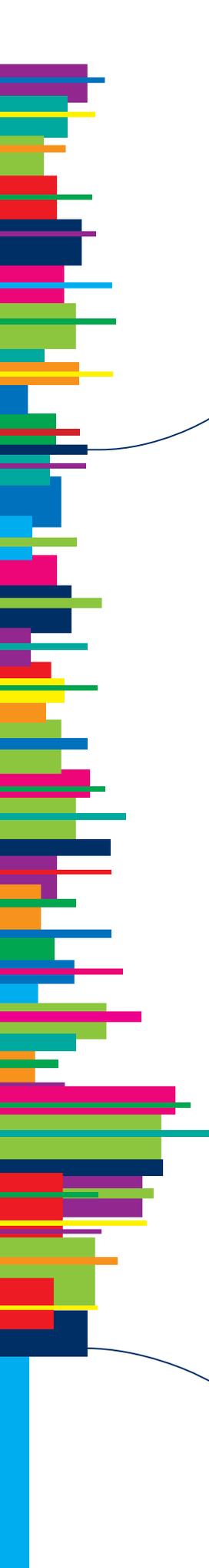
The Jean-Luc Lagardère Foundation supports numerous sporting programmes aimed at developing social cohesion, education and responsible citizenship, such as Yannick Noah's Fête le Mur association, Jean-Philippe Gatien's Ping Attitude association and Laura Flessel's Ti Colibri association...

The Foundation also feels it is important to underscore the fundamental link between sports and education, with the objective of placing a higher value on the role of top-level athletes in society and of expanding the options available to them for successful post-athletic careers.

An ever-increasing commitment to Culture, Education and Research

In the field of Education, the Jean-Luc Lagardère Foundation has renewed its participation in the educational experiment being conducted by the Paris Political Studies Institute (Sciences Po) in four secondary schools in Seine-Saint-Denis. This initiative is aimed at testing new educational methods and placing more importance on sports and the arts in the fight against the all-too-prevalent fatalistic approach to dealing with academic problems.





Jean-Luc Lagardère Foundation (continued)

...

In the field of Culture, the Jean-Luc Lagardère Foundation aims to promote artistic talent by awarding Talent Grants each year to creative young people involved in the arts and media. These grants serve as a springboard for their future careers. In 2007, the foundation created two new grants to reward creators of animated films and documentaries. To date, grants have been awarded to 152 inspired young individuals.

In the field of Research, the Jean-Luc Lagardère Foundation has become the primary sponsor of the innovative activities of the IRCAM Institute for Musical and Acoustic Research and Coordination (*Institut de Recherche et Coordination Acoustique/Musique*). Furthermore, it has made a commitment to the Ecole Normale Supérieure (the prestigious training college for teachers and researchers) to subsidize the renovation and restructuring of the school's old mathematics library, with the goal of turning it into a world-class research centre and of promoting French excellence in this discipline.

Outlook for 2008

The Lagardère group's commitment to sports through its Foundation is total. During the Beijing Olympic Games in 2008, and above all during the London Olympic Games in 2012, the French sporting world will face some major challenges. The Foundation intends to create a mutually reinforcing momentum encompassing a growing number of stakeholders, including athletes, federations and clubs.

After the singular honour of being awarded the *Créateurs Sans Frontières* (Creativity Without Borders) award in the Sponsorship category in February 2008, the Jean-Luc Lagardère Foundation intends to continue its cultural support by encouraging talented young people and sponsoring festivals. It will also undertake new initiatives and develop a number of public-private partnerships, including one with the *Cultures France* agency in particular, in conjunction with the European cultural season. Finally, regarding research, the Foundation will continue to explore the digital realm and its applications.

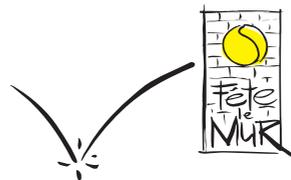
FONDATION Jean-Luc
Lagardère

Lagardère
Paris Racing

team
Lagardère



Lagardère



Ti Colibri



Commitments

Approach to sustainable development

Lagardère's group-wide goals regarding sustainable development are based on a qualitative approach to the future.

In terms of employee relations, the group aims to create an environment that promotes success and values its employees' personal fulfilment, creativity and autonomy – indispensable qualities in a business segment as dynamic and competitive as the media sector.

At societal level, Lagardère helps foster diversity in the realm of ideas by ensuring that the products it distributes offer responsible, diverse content. Furthermore, its policy toward civil society is one of openness through its promotion of culture, education and sports, as well as its support for social solidarity actions, particularly through the Jean-Luc Lagardère Foundation.

For a number of years, the group has also engaged in an active policy of managed control and reduction in the environmental impact of its activities. In concrete terms, this policy is primarily reflected in the optimal management of paper and printing (particularly with regard to the selection of suppliers, manufacturing practices and processing of unsold copies) and by streamlining the distribution transport system.

These commitments, implemented by each branch, are steered by the enterprise-wide Corporate Social Responsibility Committee, which is entrusted by the managing partners to formalize the group's sustainable development policy.

THE REIMBURSEMENT OF VÉLIB' SUBSCRIPTIONS FOR GREATER PARIS REGION EMPLOYEES

In the context of its environmental policy and consciousness-raising approach to environmental challenges, in 2007 Lagardère decided to encourage staff at group establishments in Paris and its suburbs to protect the environment and save energy. To this end, the group launched an innovative initiative for its Paris-region employees: the reimbursement of individual annual Vélib' (Paris' self-service bicycle rental system) subscriptions for those who request it.

THE DEVELOPMENT OF ELECTRIC BIKES BY MATRA MANUFACTURING & SERVICES

Environmental concerns and an analysis of the public's modes of transportation led Matra Manufacturing & Services (a Lagardère subsidiary) to launch a programme aimed at creating and marketing neighbourhood electric transportation solutions involving a range of high-performance electric bikes and four-wheelers. The company aims to promote sustainable development and environmental protection via this new venture.

DIGITIZED PRESS REVIEWS AND USE OF ECO-LABELLED PRINTING PAPER

Responsible choices regarding paper use in the production of its books and magazines, as well as an overall reduction in paper consumption, are among the group's most important environmental commitments. In keeping with this, Lagardère has decided to digitize the Group's daily press review, so group managerial staff will now receive it daily in electronic format.

Enter, the Group's internal newsletter, is now published on recycled paper by a printer certified Imprim' Vert®. Finally, the company has decided that the 2007 Annual Report will be printed on paper manufactured using wood sourced from certified ecologically-managed forests.





Lagardère Publishing is a major player in the publishing world in three core language markets: French, Spanish and English.

It pursues its mission as a publisher of high-quality works for all audiences in the general literature, education and illustrated-book market segments. In addition to these publications sold in bookstores, it also publishes serial books released in instalments and sold at newsstands.

2007 Overview

Lagardère Publishing, whose book-publishing brand is Hachette Livre, is now the world's second-largest publisher and the leader in Europe.

Lagardère Publishing is No. 1 in France, Great Britain, Australia and New Zealand, both in fragmented markets such as general literature and in traditionally more concentrated segments such as textbooks and dictionaries. It is also in second place in Spain and fifth place in the United States.

Since its founding in 1826, Hachette Livre's mission has always been to publish, distribute and sell innovative, high-quality books that satisfy its readers' desire for enlightenment, knowledge, culture and entertainment. Today, this mission is carried out by 7,537 employees, all dedicated to ensuring the branch's development and long-term viability. 2007 was a year of strong organic growth in publishing and distribution in Lagardère Publishing's four main geographical markets: France, the United Kingdom, the United States and Spain. During the past year, the group also expanded geographically, particularly in Latin American markets, with its acquisition of textbook publisher Patria in Mexico and of a majority stake in textbook publisher Escala in Brazil. The group also strengthened its position in France by acquiring Pika, a publisher of mangas, and in the United Kingdom with its acquisition of Piatkus,



Key dates

2007

February 2007

- acquisition of **Pika**, a publisher of mangas.

July 2007

- Acquisition of textbook publisher **Patria** in Mexico.

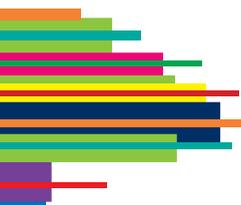
September 2007

- Acquisition of majority stake in textbook publisher **Escala** in Brazil and in publishing house **Piatkus** in the United Kingdom.

...

a publisher of popular fiction and practical books.

During the year in France, the group also decided to develop the audiobook market via the joint formation of Audiolib with Albin Michel and France Loisirs. The first titles were released in February 2008.



Activity during the past year

France

In literature, 2007 was marked by the expected slowdown of the Dan Brown phenomenon at publishing house JC Lattès, which was offset by Stock's success with *Une Vie* by Simone Veil and *Le Rapport de Brodeck* by Philippe Claudel (which won the *Goncourt des Lycéens*, a literary prize awarded by a panel of 15- to 18-year-olds). The publisher also won the Novel prize awarded by the Académie Française for *Ap J.C.* by Vassilis Alexakis, while Grasset won this year's Médicis Essay prize for Joan Didion's *L'Année de la Pensée Magique (The Year of Magical Thinking)*. There were also notable successes at Fayard, while Le Livre de Poche registered a second year of growth thanks to the success of several new releases, particularly *Un Secret* by Philippe Grimbert.

In education, Hachette Education and the Hatier Group recorded very positive results in a growing textbook market, particularly in the primary- and secondary-school segments.

Hachette International delivered 3.8 million copies of a French textbook for use by second- and third-year primary-school pupils in the Democratic Republic of the Congo.

Hachette Illustré had a very good year in the fast-growing practical-book segment thanks to notable successes at Marabout and Hachette Pratique. It was also a fine year for the youth segment thanks to the performance of standard-format fiction and revenues from licences, particularly *Charlotte aux Fraises (Strawberry Shortcake)* and Disney Jeunesse's success with *Ratatouille*. The tourism segment experienced renewed growth with the rising popularity of short-trip collections.

The reference book & dictionary segment experienced very significant improvement in sales this year despite an anticipated drop in its activity levels. The 2008 edition of the *Petit Larousse Illustré* enjoyed a resounding success. Also noteworthy was the successful distribution of the entire print run of the *Grand Larousse Gastronomique*, re-issued for the first time in 15 years in an updated, modernized format.



SERIAL WINNER

James Patterson is an extremely prolific author, and, more importantly, a phenomenally popular one in the United States and throughout the world. Published by Little, Brown and Company, a subsidiary of Hachette Book Group USA, he released no fewer than six books in 2007, including five thrillers: *Step on a Crack*, *The 6th Target*, *The Quickie*, *You've Been Warned* and *Double Cross*. All occupied the No. 1 position on the *New York Times* bestseller list when released, a feat never before achieved by a single author in the period of a year. He also authored a book for young people titled *Maximum Ride: Saving the World and Other Extreme Sports*, also published by Little, Brown. According to the publisher's calculations, one hardcover book out of every 15 purchased in the United States last year was a novel by James Patterson! In December, Little, Brown signed a contract with Patterson for his next 20 books.



In the academic and professional market, Armand Colin had a good year in the general-public and competitive-examination segments, while Dunod stabilized its sales due to the fact that the declining market for academic works was offset by growth in the professional segments.

In distribution, 2007 stood out for the successful integration on 1 January of the academic publishers (i.e. Dunod and Armand Colin, formerly Editis), which resulted in the assimilation of 10,000 additional titles and the transfer of an inventory of six million copies at Hachette Livre. Furthermore, a mail-order sales operation was set up for books on behalf of such publishers as Masson and Dalloz.

Great Britain

In literature, Hachette Livre UK strengthened its leading position thanks to numerous non-fiction bestsellers, including *My Booky Wook* by Russell Brand (Hodder Headline), *On the Edge* by Richard Hammond (Orion) and *Long Way Down* by Ewan McGregor and Charley Boorman (Little, Brown). In the fiction category, Hodder Headline had a very good year for novels thanks to *The Interpretation of Murder* by Jed Rubenfeld, which sold a million copies after its selection by Channel Four's Richard and Judy book review show. Martina Cole experienced her usual success with *Faces*, and thanks to *Exit Music* by Ian Rankin (Orion) and *Book of the Dead* by Patricia Cornwell (Little, Brown), Hachette Livre UK earned 19 spots on the *Sunday Times* bestseller list of 2 December.





...

In the education segment, 2007 saw a decline in the textbook market in the absence of reforms and just prior to A levels and KS3 programme changes beginning in 2008.

In the illustrated book market, Octopus's operating results improved in spite of a decrease in sales against 2006, thanks in particular to export sales of co-editions in foreign languages and for the US market.

Business in Australia was strong again in 2007 with the successful integration of Little, Brown and Orion into marketing and distribution channels.

Spain and Latin America

In education, Anaya put in a fine performance, particularly at the nursery-school and secondary-school levels due to the reform of levels 1 and 3, while primary-school sales declined after the implementation of a free textbook policy in Andalusia in 2006. Bruño's sales increased at secondary-school level.

In general publishing, Anaya and Bruño both had good years, particularly in the computing segment for Anaya and thanks to the publication of *Asterix and His Friends* for Bruño.

In Mexico

Larousse had mixed results for the year, with healthy growth in trade books but a decline in schoolbooks.

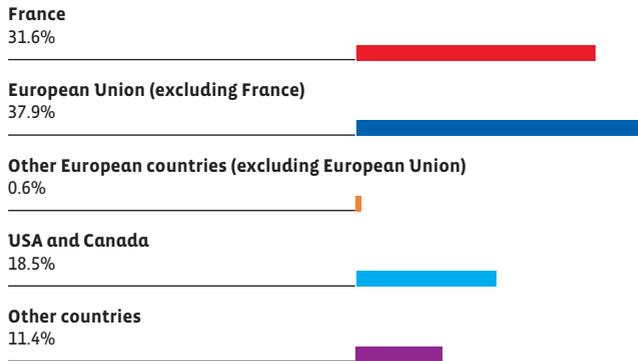
The United States

Hachette Book Group USA had a record year in both the adult and youth segments. The former benefited from five new titles by James Patterson (Little, Brown) and the success of *I Am America* by Stephen Colbert (Grand Central), while the latter was bolstered by the launch of the third volume of Stephenie Meyer's *Eclipse* saga. As a result of these successes and those of books by David Baldacci, Anita Shreeve, Nicholas Sparks and a number of lesser-known authors, Hachette Book Group USA had no fewer than 82 titles on the *New York Times* hardcover bestseller list in 2007. Hachette Book Group USA also signed contracts with Ted Kennedy for his memoirs as well as with Tom Wolfe for his next novel (slated for release in 2009).

The serial-book market

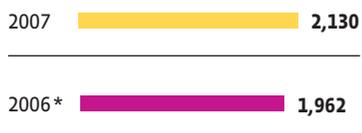
2007 saw renewed growth despite the decline in backlist sales in mature countries, offset by the strong development of new titles in Italy and the United Kingdom as well as the growth of the German, Japanese and Latin America markets, where the strategy of duplicating the biggest European successes continued to bear fruit and acted as a significant catalyst for growth.

Breakdown of sales by geographical area (as a %)



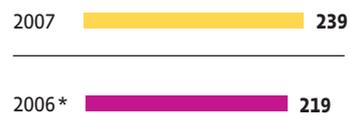
Trend chart 2007

Sales (in M€)



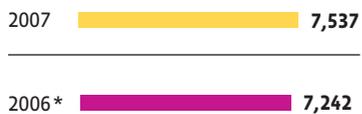
* Restated

Recurring EBIT before associates (in M€)



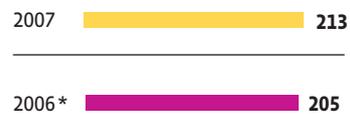
* Restated

Staffing levels

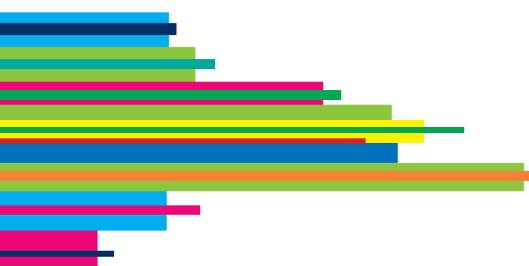


* Restated

Earnings before taxes (in M€)



* Restated



Leading positions

Number 1

in France,
Great Britain,
Australia
and New Zealand

Number 2

in Spain

Number 5

in the United States

Number 1

in France
in the practical-book
segment with
Hachette Pratique
and Marabout

Number 1

in the travel-guide
segment with
Hachette Tourisme
and Le Routard

AFRICAN SAGA



As a result of a call for tenders issued by the Belgian Technical Cooperation Agency on behalf of the Democratic Republic of the Congo (DRC), Hachette Livre International submitted a tender in 2006 under the Edicef brand to supply a French textbook for use by second- and third-year primary-school pupils. The textbook proposed by Hachette Livre International, which was specially edited to reflect specific national objectives and level requirements, won the call for tenders at the end of 2006. It wasn't until June 2007, however, that the administrative and legal barriers were lifted, permitting the printing to begin in China and Spain. In September, just in time for the new school year, nearly four million copies were delivered to the DRC via a vast transport operation involving the use of planes, boats, trucks, bicycles – and even dugout canoes!

Principal brand names 2007



chêne



Grasset & Fasquelle



MARABOUT

Stock



JC Lattès



fayard



HARRAP'S



RAGEOT



HODDER HEADLINE



little, brown
BOOK GROUP







Lagardère Active aims to become a global leader in the production and aggregation of multimedia content. Its activities – pursued via numerous world-class brands – include magazine publishing (*Elle*, *Paris Match*, *Télé 7 Jours*), radio stations (Europe 1, Virgin Radio, RFM), special-interest TV channels (Gulli, Canal J, Virgin 17), TV production (Lagardère Entertainment), digital activities (Lagardère Digital France) and advertising sales (Lagardère Publicité).

2007 Overview

The year 2007 was particularly rich in influential events and a decisive year for Lagardère Active's strategy, which is designed to boost the company into the No. 1 position among French media groups in digital audience.

The group is undergoing a fundamental reorganization, guided by technological developments and changes in consumer behaviour towards media.

In addition to consolidating its magazine-publishing, audiovisual, Internet and advertising-sales activities under common management, Lagardère Active – with its impressive editorial talents in numerous high-potential publishing segments (women's, automotive, news, celebrity, youth) – is now aiming to accelerate its transition to a new economic model: by streamlining its portfolio of magazines and redefining its global presence through strategic launches, the group has firmly established its magazine publishing business in a sustainable growth dynamic.

Lagardère Active has also updated the programming of its radio stations with an accent on originality, and concluded a licensing agreement with Virgin – a youth-oriented brand with worldwide influence – thus stimulating the expansion and growth of its audiences.

With Internet sites exceeding the one million unique visitor mark and the acquisition of companies positioned all along the Internet value chain, Lagardère Active has established a firm foothold in the high-potential digital market (over 3% of 2007 revenues).

Faced with these new challenges, Lagardère Publicité – France's second-largest media buying agency – has affirmed its position as the leading multiple-platform advertising brokerage and is maximizing the solid potential of its cross-media offering in the market.

Key dates 2007

March 2007

- Launch of the new version of the **Journal du Dimanche** website, updated daily; launch of www.premiere.fr.

April 2007

- **ELLE** launches its new Elle Elections Forum website, offering women a means of expressing their views during the French presidential election.
- **Psychologies** and **Lagardère Active** strengthen their ties on the Internet by signing an agreement aimed at the joint development of activities in well-being.
- Acquisition of **Jumpstart Automotive Media**, an online media buying agency and leading player in the US automotive market.

August 2007

- Lagardère Active strengthens its digital positioning with the acquisition of online media-buying agency **ID Régie**.
- Lagardère Active accelerates its digital expansion with the announcement of **the acquisition of the Nextedia group**, a leading independent provider of interactive marketing services.

September 2007

- Launch of **Riders** (in Italy), a premium men's motorcycle monthly.

October 2007

- **Launch of www.tele7.fr**, which offers the best in online TV coverage.

November 2007

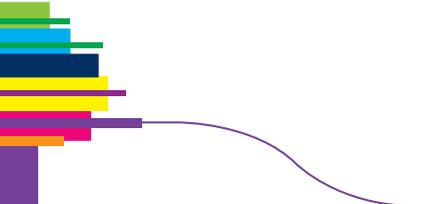
- **The Emma je t'aime campaign**: proof by demonstration of the 360° effectiveness of **Lagardère Publicité's new cross-media approach**.
- **Launch of the weekly magazine StarHit**, a new-concept celebrity magazine in Russia.

December 2007

- Europe 2 and Europe 2 TV become **Virgin Radio** and **Virgin 17**.
- **Lagardère Active** and **Orange** launch **Musiline**, the Internet's first regularly-edited, personalized streaming music programming service.
- **Paris Match** launches a **fresh publicity campaign** featuring a new trademark phrase: "*Life is a true story*".

Key figures 2007

- **54%** of sales generated internationally in 2007 (excluding the regional daily press)
- **More than 230** periodicals published worldwide
- Global presence in **42** countries
- **900** million copies sold annually, including **145** million copies by subscription
- **26** radio stations worldwide (with nearly 44 million daily listeners)
- **10** special-interest television channels worldwide



Activity during the past year

In keeping with its strategic plan (Plan Active 2009), Lagardère Active has initiated a transition toward digital in all of its activities.

Magazine publishing

Lagardère Active publishes in the most flourishing segments – including women’s, news and celebrity magazines – in which it has rung up excellent circulation and audience numbers.

In a pioneering effort to encourage the magazine-publishing market to release circulation figures in a timely manner, in the summer of 2007 Lagardère Active began the quarterly publication of its circulation figures according to French press circulation audit bureau OJD.

The magazine *Public*, which created the new-generation women’s celebrity market and is now one of the field’s uncontested leaders, has achieved uninterrupted growth since its launch four years ago, with circulation exceeding 430,000 copies per issue.

Sales of *Elle* have increased for the third consecutive year, reaching 345,500 copies at the end of 2007, thus confirming a fundamental rising trend.

Paris Match, France’s leading pictorial news magazine, put in a solid performance with an 8.5% increase in its paid circulation in France to reach 655,000 copies in 2007, its highest level in 10 years.

Télé 7 Jours stabilized its circulation in a very competitive market, achieving one of the market’s best performance figures with 1,588,000 copies.

International development accelerated in 2007 with successful launches in Italy (*Riders*) and in such high-potential countries as Russia (*Domoï* and *StarHit*) and China (*Quo*).

Radio

Lagardère Active expanded the audiences for its three flagship radio stations: Europe 1, a general-interest news station and leader among high-income-group individuals and the 25-59 demographic; Europe 2, renamed Virgin Radio, which offers exclusive, innovative, offbeat content designed to appeal to its constantly growing young audience;

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STARHIT, A NEW WOMEN'S CELEBRITY MAGAZINE IN RUSSIA

Alongside its transition toward a tighter focus on digital, Lagardère Active, which generates more than half of its sales internationally, continued its expansion with the launch of its fourth magazine abroad since the beginning of 2007. The editorship of *StarHit*, launched last November in Moscow, was entrusted to Russia's best-known TV host, Andrey Malakhov. With an unusually high initial print run of 715,000 copies, it was the first premium weekly magazine to cover 80% of the Russian population with exclusive features on celebrities, local news and TV programming.



and RFM, which is France's No. 2 adult music station.

Outside France, Lagardère Active Radio International, with 33.5 million daily listeners, strengthened its presence in emerging countries (Eastern Europe, India and the Middle East) with very strong growth in advertising revenues.

Television

Lagardère Active's TV division operates the group's special-interest channels, with a focus on two growth segments: youth and music. With a strong presence in digital terrestrial television – including Gulli, the No. 1 free children's and youth channel, and Canal J, the leading channel among 4- to 14-year-olds – the TV division aims to become a leading player on all platforms by offering several creative projects related to the launch of personal mobile television (PMT).

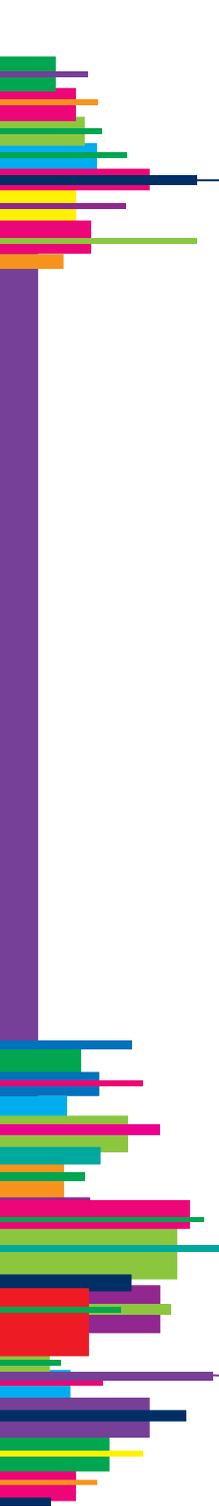
Europe 2 TV – renamed Virgin 17 at the end of 2007 – aims to position itself as the DTT network's standard-setting music channel.

In the field of audiovisual production, Lagardère Active is playing a growing leadership role in the production of prime-time drama and comedy, with over 100 hours produced and plans to expand its production of studio-based shows (entertainment and new formats).

Digital

Lagardère Active is accelerating its pace in the digital realm. After giving a number of its websites a total makeover in 2007 (www.elle.fr, www.lejdd.fr, www.premiere.fr, www.tele7.fr), the digital division is planning to create over 100 new sites by 2009, a dozen or so of them French.





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At the same time, Lagardère Active pursued its external growth policy through a series of acquisitions (Newsweb, Jumpstart, IdRégie, Nextedia) designed to strategically position the group over the entire Internet value chain in France and abroad.

Lagardère Active confirms its objective of generating closer to 10% as opposed to 5% of its sales from activities in the digital sector by the end of 2009.

Advertising sales

Lagardère Publicité, which was formed through the merger of Interdeco and Lagardère Active Publicité, is France's second-largest media buying agency. It now combines the entire sales forces of the press and audiovisual segments.

Through an unprecedented advertising campaign organized around the teaser, *Emma, je t'aime!*, Lagardère Publicité successfully developed an effective cross-media offering made possible by its diverse range of brands. The campaign's impact clearly demonstrated the strength of the range of advertising solutions available to its advertisers (6,500 customers for 180 media brands marketed).

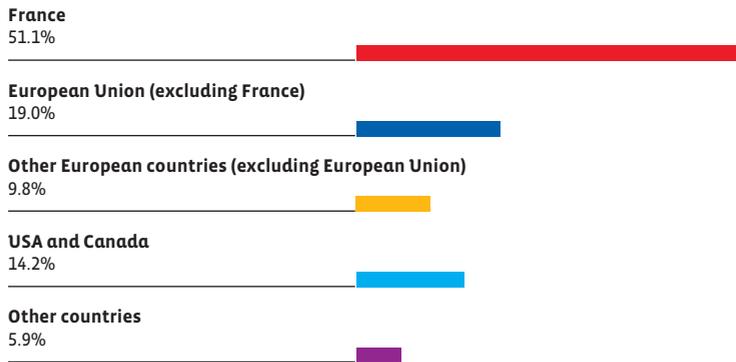
Outlook for 2008

After streamlining its portfolio of magazines and consolidating its geographical presence in 2007, Lagardère Active intends to make the most of its competitive advantages by accelerating growth in 2008. This dynamic is reflected in a search for new areas to explore, the capture of new audience and broadcast share, and sustained development of its radio and magazine publishing activities in emerging countries (particularly Russia and China), as well as via a continuing shift toward digital in all its activities.

ACQUISITION OF DOCTISSIMO

With the acquisition, in February 2008, of Doctissimo, France's leading operator of women's and health-oriented websites, Lagardère Active takes the leadership in the women's segment and now ranks in 10th position in Internet audience in France (all segments combined) with 10.9 million unique visitors per month (audience calculated as of 31 January 2008)

Breakdown of sales by geographical area (as a %)



Trend chart 2007

Sales (in M€)



* Restated

Recurring EBIT before associates (in M€)



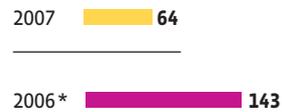
* Restated

Staffing levels

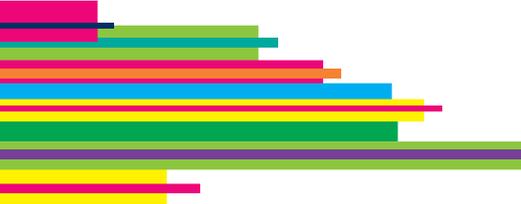


* Restated

Earnings before taxes (in M€)



* Restated



Leading positions

Leading publisher
of leisure and
entertainment
magazines
worldwide

Leading publisher
of general-audience
magazines
in France

**More than 10
weeklies in
France**
among the leaders
in their category

**Leading media
group**
in digital audience
with 10.1 million
unduplicated unique
visitors monthly in
France
and more than
20 million unique
visitors worldwide

**Second-
largest
magazine
publishing
group**
in Spain

**Third-
largest
magazine
publishing
group**
in Russia

**No. 1 in stock
production**
(drama and comedy,
documentaries,
animation)

**Leading
foreign
publisher**

in Italy, Spain and
Japan (and, by
copyright license
agreements,
in China)

**Leading
group of radio
stations**
in Russia

**Leading
player in the
music-channel
segment**

**Second-largest
media buying
agency**
in France, and the
leading agency in
terms of diversity with
180 media brands
(Group and outside
publishers combined)



EUROPE 2 AND EUROPE 2 TV BECAME VIRGIN RADIO AND VIRGIN 17

On 31 December 2007 at midnight, Europe 2 and Europe 2 TV became Virgin Radio and Virgin 17 respectively. Why Virgin? Because it is a thoroughly contemporary, forward-looking brand, a powerful, world-renowned name that conveys – in the spirit of its creator, Richard Branson – the music division's key values of originality, imagination, extravagance and daring. This brand change reflects Lagardère Active's strategy of capitalizing on strong brands at a time when radio and television are undergoing major transformations. Virgin Radio and Virgin 17 symbolize the emergence of new music, new talent and a new spirit of innovation in television writing.

Principal brand names 2007-2008





2007 Overview

In 2007, Lagardère Services consolidated its positions throughout the world while achieving its set objectives of bolstering its traditional retail sales activities, particularly its travel retail services in transportation hubs of 18 countries.

With more than two-thirds of its total sales devoted to retailing, Lagardère Services is a major player in this business sector.

In France, new retail outlets were opened in train stations and airports, resulting in a slight increase in this activity. In the rest of Europe, all countries recorded significant growth in their retail sales business, particularly in Central Europe. The network now has over 500 points of sale in Poland, some 150 in the Czech Republic, 330 in Hungary and more than 100 in Romania. Sales growth has been strong in these countries (approaching 30% in Poland and the Czech Republic, while sales of the Romanian subsidiary nearly doubled).

The Asia-South Pacific region, a new area of expansion, also put in a fine performance.

Regarding press distribution, 2007 was marked by gains in market share despite the general stagnation that characterized this sector, related in part to the decline of magazine sales in Belgium,

...

Key dates 2007

17 May

- Opening of the first **Relay** store in Taiwan.

14 June

- **HDS Digital** has a catalogue of over 300 downloadable magazines from 100 different publishers.

17 June

- Opening of the first **Relay** and first **Inmedio** in the Serbian Republic.

1 September

- **Curtis Circulation Company** and **Source Interlink International** create a joint venture for exporting American magazines.

15 October

- **Lagardère Services** opens nine shops at the Shanghai airport.

23 October

- Opening of the first **Paul** store in Lausanne (Switzerland).

26 October

- **Aelia** inaugurates its first retail outlet at the Krakow airport (Poland).

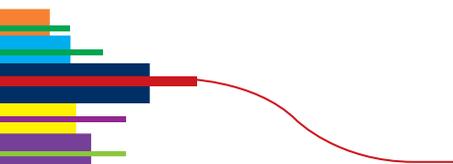
15 December

- **Aelia** receives the Duty Free Award from the magazine *DFNA*.

...

Switzerland, Spain and the United States. The sector grew significantly in Hungary and Canada, however.

In keeping with its strategic orientation of expanding operations in transportation hubs, Lagardère Services also reached an agreement with Butler Capital Partners wherein the latter would acquire a majority stake in the Virgin group.



Activity during the past year

Over the past year, Lagardère Services pursued development in three main areas: retail outlets serving the needs of travellers, convenience retail outlets offering both products and services, and press distribution to points of sale.

Retail outlets serving the needs of travellers

Lagardère Services specializes in providing retail services to travellers through such chains as Relay, Newslink and Aelia, and has opened new outlets in airports and train stations in the 18 countries where its numerous trade-name stores are located. With the Relay chain, Lagardère Services operates the leading point-of-sale network for press publications and current-interest products. With the opening of numerous new outlets (mainly in Germany, Spain, Australia, Poland, the Czech Republic, Romania and the Serbian Republic), Relay offers a growing number of travellers an extensive range of products designed to meet their travel needs, including newspapers, magazines, books, candy, souvenirs, food products and more.

The brand's various retail formats – Relay Books, Relay Services and Relay Bistro – fill out the chain's traditional product range in several countries (including France, Switzerland, Poland and Belgium), providing travellers with a wide range of spur-of-the-moment products or offering them food service and other conveniences. In addition to its Relay stores in nearly 80 international locations, its Newslink stores in Australia and Singapore and a certain number of specialized new concept stores, Lagardère Services' airport operations also include stores that concentrate on duty-free sales via Aelia, France's leading airport retailer.

Aelia now operates in airports in other countries as well (Belfast and Luton airports in Great Britain and Krakow and Warsaw airports in Poland), managing 150 points of sale in 18 European airports. In addition to such franchise outlets as Virgin and Hermès, Aelia has a portfolio of its own retail trade names, such as Pure & Rare, Beauty Unlimited, French Days, The Gourmet Shop and Cosmopole. It operates

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INTERNATIONAL DEVELOPMENT OF SERVICES FOR TRAVELLERS

Already a major operator of prestigious international retail chains in transportation hubs throughout the world (including Relay and Virgin), Lagardère Services has considerably diversified its service offering for travellers with the addition of new businesses to its portfolio, particularly in the realm of food and regional products, under new regional trade names either wholly owned or in partnership (including One Minute and Voyage Cafe in Poland, Petit Casino, L'Occitane and Départ Immédiat in France, MOA in Romania and France, Hub Convenience in Hungary, Belgium and Australia, and Fruits & Passion in Canada). These new concept stores have been a resounding success with consumers everywhere.

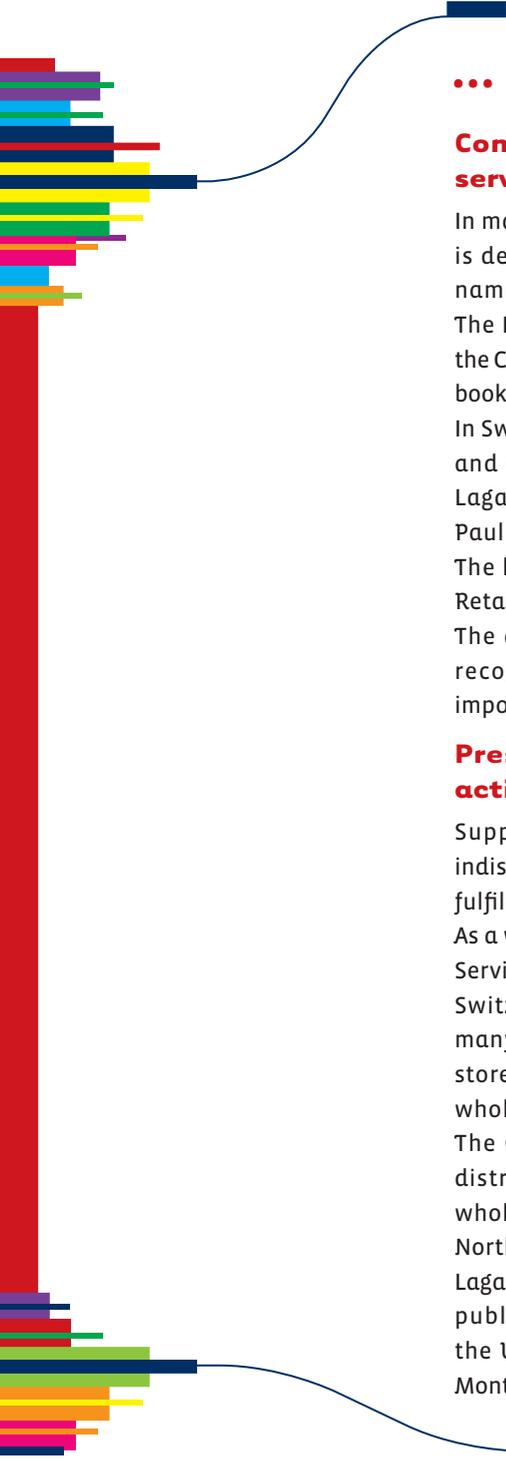


some of these outlets, with partners that include Aéroports de Paris, via the alcohol, tobacco and perfume concessions at Paris' Orly South and West terminals and terminals 1, 2 and 3 of Roissy-Charles de Gaulle airport, as well as via gourmet concessions in certain other terminals.

In train stations and airports, Lagardère Services also operates numerous stores under the Virgin trade name specializing in music, books, magazines and small electronics (in France, Australia, Germany, Canada and the United States). The Découvrir chain in France and the Discover chain in Spain, America and Australia also offer tourists products specifically focused on the attractions or regions where they are located.

Plans are underway to expand each of these trade names in 2008 as part of Lagardère Services' overall development plan in this strategic area.





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Convenience retail outlets offering products and services

In many Western and Central European countries, Lagardère Services is developing the convenience store concept under several trade names to offer consumers a wide range of products and services. The Inmedio chain, for example, now operates in Hungary, Poland, the Czech Republic and Romania, offering a wide selection of magazines, books and spur-of-the-moment products.

In Switzerland, in addition to the long-established Naville trade name and the famous Payot Libraire bookshops, the local subsidiary of Lagardère Services has concluded a partnership agreement with the Paul franchise to experiment with a new convenience retail format. The latter franchise was also selected for development by HDS CZ Retail, the group's Czech subsidiary.

The development of trade-name retail outlets with strong brand recognition in shopping centres and transportation hubs is an important objective of Lagardère Services' retail sales activities.

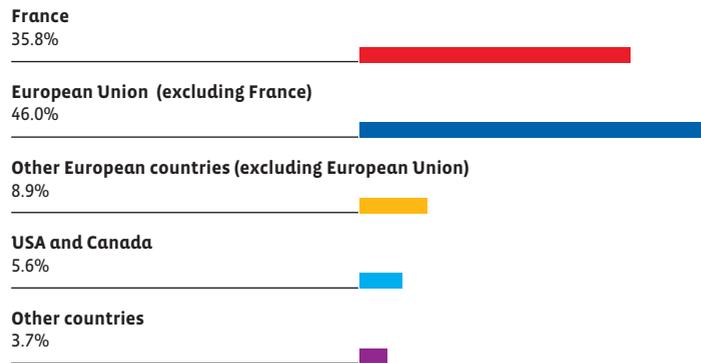
Press distribution, wholesaling and import-export activities

Supplying points of sale with newspapers and magazines is an indispensable function of the retail press business. Lagardère Services fulfils this function in 15 countries, where it operates at two levels.

As a world leader in the distribution of national periodicals, Lagardère Services is the No. 1 distributor in the United States, French-speaking Switzerland, Spain and Hungary, as well as operating in Poland. In many countries, Lagardère Services supplies chains of convenience stores: Lapker in Hungary (with 13,000 points of sale, including 1,200 wholly-owned stores) and SGEL in Spain (with 18,000 points of sale). The Curtis Circulation Company, the leading national magazine distributor in North America, operates a network of independent wholesalers and manages the sale of the magazines it represents to North America's largest retail chains.

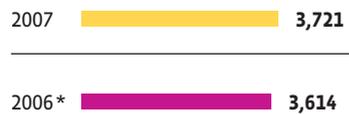
Lagardère Services is also a leading distributor of imported international publications in 11 countries (Belgium, Bulgaria, Canada, Spain, the United States, Hungary, the Czech Republic, Romania, Serbia-Montenegro, Slovakia and Switzerland).

Breakdown of sales by geographical area (as a %)



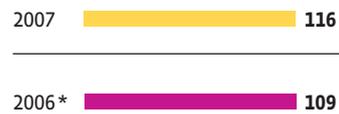
Trend chart 2007

Sales (in M€)



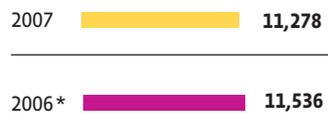
* Restated

Recurring EBIT before associates (in M€)



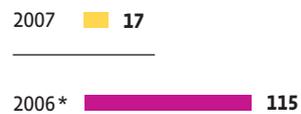
* Restated

Staffing levels



* Restated

Earnings before taxes (in M€)



* Restated



Leading positions

A unique network

of nearly 4,000 stores in 18 countries throughout the world

Aelia

is France's leading airport retailer

No. 1 international press distributor

in Belgium, Canada, Spain, Hungary and the Czech Republic

No. 1 national press distributor

in the United States (Curtis Circulation Company), Belgium (AMP), French-speaking Switzerland (Naville), Spain (SGEL) and Hungary (Lapker)

Over 50,000 press outlets

in Europe and 180,000 in North America are supplied daily by Lagardère Services

A unique network of 3,850 retail outlets worldwide



SUCCESSFUL EXPANSION INTO ASIA AND AUSTRALIA

Through its now numerous points of sale in Asia and Australia, Lagardère Services has affirmed its commitment toward expanding its retail and service activities for travellers in these regions at a sustained pace. These activities have registered annual growth of nearly 20%, including 10% on a like-for-like basis.

Australia now has 75 points of sale and Hong Kong has 14 outlets. In 2007, Lagardère Services entered two new Asian markets: Continental China, with nine points of sale at the Shanghai airport including one Dynasty Books outlet (the first store under this new trade name), and Taiwan, where the group operates five points of sale in train stations serving the new high-speed train.

Principal brand names 2007





A wide-angle photograph of a large stadium with blue seats, a green field, and a goalpost. In the background, there are large, reddish-brown mountains under a clear sky. A green rectangular box is overlaid on the right side of the image, containing text.

Founded in late 2006, Lagardère Sports specializes in the sports economy. This branch operates in three main areas: media, by way of production and management of sports broadcasting rights for television and other, “new media” platforms; marketing, *via* sponsorship and hospitality activities plus stadium consulting; and events, through ownership and management of sporting activities.

Lagardère Sports comprises such world-class players in the sports economy as Sportfive and IEC In Sports.

2007 Overview

Lagardère Sports continued its development strategy, begun in 2006, with the acquisition of IEC In Sports. Its policy of organic growth and acquisitions has enabled Lagardère Sports to strategically position itself at the core of the sports economy and to strengthen its leadership position in the sporting-rights market.

In 2007, Lagardère Sports not only absorbed the activities of Sportfive but also undertook a policy of diversification aimed at establishing a solid position in the field of sporting-event rights management.

This policy resulted in a number of acquisitions. In the tennis world in particular, the group acquired PR Event, organizer of the ATP tournament in Bastad, Sweden. In terms of large international sporting events, the group acquired German company Upsolut, which organizes the Tour of Germany (cycling), in December 2007, and the Hamburg Triathlon.

Lagardère Sports is now venturing into the world of motor sports with the June 2008 launch of the world's biggest rally raid, which will follow a course from St Petersburg to Beijing.

Lagardère Sports and its subsidiaries were also successful in consolidating their existing positions in 2007 with the signing of a number of major contracts, including naming rights for the Hamburg stadium, renewal of rights for the African Cup of Nations, and renewal of its contract with Olympique Lyonnais football club.

Key dates 2007

24 January 2007

- Final acquisition of **Sportfive** (a transaction initiated in November 2006).

2 April 2007

- Signature of the “**naming**” contract for the Hamburg stadium.

31 August 2007

- Acquisition of **IEC in Sports**.

24 September 2007

- Commercial agreement with **Olympique Lyonnais** for a period of 10 years from the date of delivery of the all-new Lyon stadium.

1 October 2007

- Appointment of Richard Worth to the position of CEO of the **Sportfive group**.

15 November 2007

- agreement for the proposed 100% acquisition of **Upsolut**.

Key figures 2007

- Consolidated sales of **€440 Million**:
 - **85%** of sales generated in Europe.
 - **84%** of sales football-related.
- Lagardère Sports has **537 employees** (48% in Germany and 36% in France).
- The portfolio of Lagardère Sports’ main subsidiary, Sportfive, includes over **40 sports federations** (in France and abroad) and more than **250 clubs** (including Olympique Lyonnais, PSG, Hamburg, Borussia Dortmund and Fiorentina).
- Lagardère Sports is active in over **15 different sports**, including football (soccer), rugby, handball, basketball, cycling, volleyball, hockey, boxing, wrestling, gymnastics, biathlon, horse racing, ski jumping and motor sports.
- IEC markets over **225 sporting events** in Europe (75% contracts), America and Asia.



Activity during the past year

Sportfive is the European leader in the management of sports marketing and media rights, particularly football (soccer) rights.

With its unique positioning and expertise, it offers clubs, federations and sporting events solid experience and proven know-how with the objective of helping them maximize the value of their rights.

IEC In Sports (International Events and Communications in Sports), a company specializing in the management and sale of sporting rights, is primarily active in Olympic disciplines, in particular tennis, athletics, volleyball and gymnastics.

Sportfive has intensified its distribution activities for the television broadcasting rights to the Euro 2008 Championship in Europe, and was awarded the management of these rights for the rest of the world. Sportfive's work for the UEFA has helped the federation maximize the value of the championship.

With the October signing of a long-term agreement with the African Football Confederation (AFC), Sportfive became the AFC's exclusive agent for the 2009-2016 period for all marketing and media rights for the African Cup of Nations, the AFC League of Champions, the Confederation Cup and the Africa Juniors Championship.

Sportfive further consolidated its football rights portfolio in France – a priority for the company to ensure its future development – with the renewal of its contract with *Olympique Lyonnais football club* for a 10-year period beginning with the delivery of the new stadium in 2010. Sportfive also renewed and strengthened its contractual ties with numerous European football federations and clubs, including *Bayer Leverkusen*, *Hanover 96*, *Hamburg SV*, *AJ Auxerre* and *Real Madrid* (for friendly matches).

Building on the approach developed with *Olympique Lyonnais*, Sportfive initiated an innovative way of approaching rights-holders in 2007, offering them its “*stadium consulting*” expertise. Sportfive now has a staff dedicated to assisting clubs with the construction of their stadiums, from the design stage to funding arrangements to the new stadium's commercial operation.

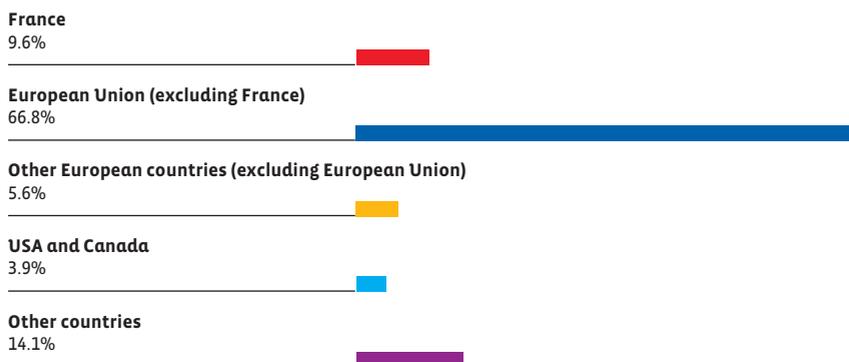
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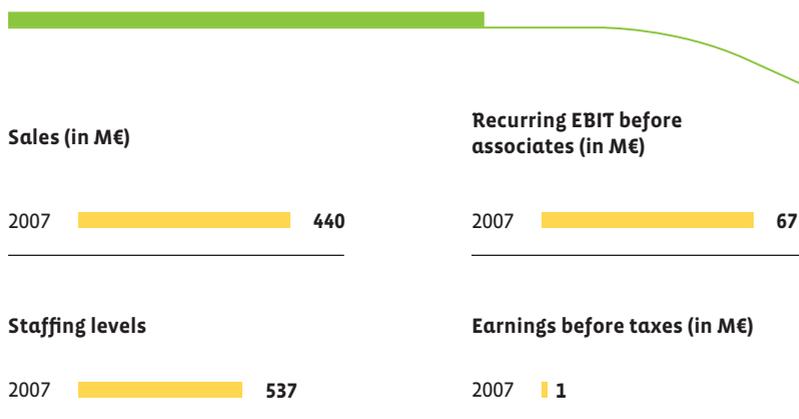
SPORTFIVE SIGNS WITH TURIN'S JUVENTUS

Further to its international development policy, Sportfive has concluded a 15-year agreement with Turin's Juventus football club. In addition to the sale of naming rights for the club's future stadium, the contract involves the marketing, promotion and sale of the stadium's business seats and boxes.

Breakdown of sales by geographical area (as a %)



Trend chart 2007



IEC IN SPORTS, A STRATEGIC ACQUISITION FOR LAGARDÈRE SPORTS

With the acquisition of IEC In Sports in 2007, Lagardère Sports strengthened its portfolio of brands and synergies with its subsidiary Sportfive.

Lagardère Sports benefited directly from IEC's major events during fiscal year 2007 through:

- The distribution of global TV rights for the men's and women's volleyball world championships.
- The sale of international TV rights for the Asian men's and women's volleyball championships.
- The renewal of the contract for production and marketing of the TV rights for two of the main Asian football tours, with Barcelona FC and Manchester United.
- Increased involvement in professional tennis; to date, nearly 50 tournaments (men's, women's and senior's tournaments) are distributed by IEC.
- The first year of cooperation between IEC and the International Swimming Federation (FINA).

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In Germany, where Sportfive developed the “naming” technique, it was successful in changing the name of the Hamburg stadium to “*HSH Nordbank Arena*.” Sportfive also strengthened its position in rugby in 2007 as an official hospitality agency for the 2007 Rugby World Cup, and broadened its field of activities to new sports such as tennis, serving as the official agency for the French Open (*Roland Garros*) and the *Paris Bercy Tournament*. It also ventured into the world of motor sports through the exclusive marketing of partnerships for the *Transorientale* rally raid.

Organizing and managing sporting events owned by Lagardère Sports is one of the branch’s objectives.

As of the start of 2008, Lagardère Sports owns two ATP tennis tournaments (the *Moselle Open* and the *Catella Swedish Open*) and such renowned competitions as the *Tour of Germany* (cycling) and the *Hamburg Triathlon*. The year 2008 will also see the launch of the first event created by Lagardère Sports: the *Transorientale*. This more than 10,000-kilometre rally raid for cars, trucks and motorbikes will cross Russia, Kazakhstan and China on 12-28 June. The “*Transo*”, as it is popularly known, is drawing on the expertise of both Sportfive and IEC In Sports.

Lagardère Sports’ objectives for 2008 are in keeping with the strategy outlined when the branch was launched:

- To establish a leadership position by 2012.
- To strengthen existing positions by professionalizing the activity.
- To effectively develop the division’s presence in areas outside of Europe.
- To diversify the portfolio of sports disciplines.
- To gain market share in all segments of the value chain.

Three major efforts are underway to strengthen Lagardère Sports’ positioning:

- Accelerating growth through acquisitions and organic growth projects.
- Incorporating new entities and adapting the organizational structure to market developments.
- Expanding the owned-events strategy with the goal of optimizing the portfolio’s risk level.

SPORTFIVE AND OLYMPIQUE LYONNAIS CONCLUDE A HISTORIC AGREEMENT

On 24 September 2007, Sportfive and *Olympique Lyonnais football club* concluded a significant, innovative agreement with a potentially profound impact on French football.

The two parties, which had already been partners for a number of years, signed a 10-year commitment dating from the 2010 delivery of Lyon’s all-new stadium (to replace the Gerland stadium), which is scheduled to open to the public during the summer of 2010. *Olympique Lyonnais* is the first French football club to be listed on the stock exchange, and will also be the first club to own its stadium. The club will benefit from Sportfive’s know-how in a variety of areas, including marketing, naming rights and stadium consulting, among others. This long-term partnership will boost the club’s international development and the stadium project’s optimization.

Principal brand names 2007

IEC
IN SPORTS

sports.fr

SPORTFIVE

**WATENFALL
CLASSICS**
WATENFALL

**TRANS
ORIENTALE**

SPORT 4 FUN

**auto
NEWS.fr**

Prevent

**CATELLA
SWEDISH OPEN**

**FC ST. PAULI
1910**

**HAMBURG
CITYman**

freemove

**deutschland
tour 08**

BOURSIER.COM

upsolut

newsweb

football.FR
pour les fans, par les fans.

**VELOTHON
BERLIN**

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Contacts

Lagardère SCA

**A French limited partnership with shares
with capital stock of €818,213,044.60
divided into 134,133,286 shares
of €6.10 par value each**

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The logo for Lagardère, featuring the word "Lagardère" in a stylized, italicized serif font. The letter 'a' is red, and the letter 'e' has a red dot above it.

**Document prepared by the Human Relations and Communications
Direction of Lagardère SCA**

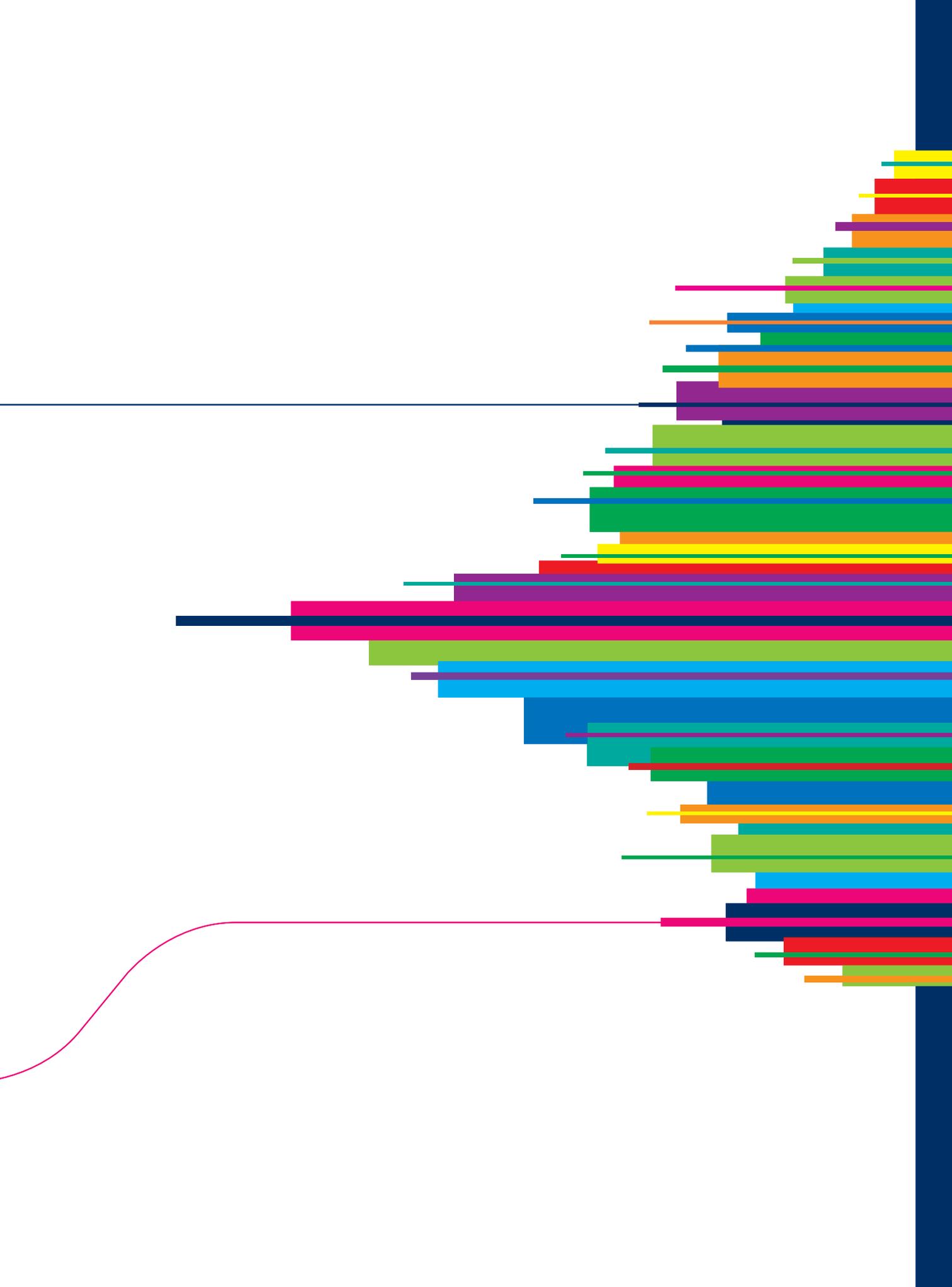
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