

CHAPTER 7

Organisation of the Company and the Group – Corporate Governance

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7.1 GENERAL PRESENTATION OF FRENCH PARTNERSHIPS LIMITED BY SHARES AND OF LAGARDÈRE SCA

7.1.1 LEGAL CHARACTERISTICS OF FRENCH PARTNERSHIPS LIMITED BY SHARES

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

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

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

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

7.1.2 PRESENTATION OF LAGARDÈRE SCA

The provisions of French law related to partnerships limited by shares, as well as the Company's Articles of Association (see Chapter 8, section 8.2), give Lagardère SCA an up-to-date organisational structure that is wholly in line with current corporate governance requirements as it effectively complies with the two basic principles of establishing a clear distinction between management and control, and closely involving shareholders in the oversight of the Company.

This structure is characterised as follows:

- There is a very clear segregation between the Managing Partners (*Gérants*), who are responsible for running the business, and the Supervisory Board which represents the shareholders and is responsible for overseeing the Company's accounts and management. The Managing Partners cannot be members of the Supervisory Board, and the general partners cannot take part in appointing the members of the Supervisory Board.
- The Supervisory Board is entitled to oppose the general partners' appointment or re-appointment of a Managing Partner, although the final decision thereon is taken by shareholders in an Ordinary General Meeting (see Chapter 8, section 8.2.6). The term of office of a Managing Partner cannot exceed six years but may be renewed.
- The two general partners' unlimited liability to the full extent of their assets is evidence of the proper balance between financial risk, power and responsibility.
- The Supervisory Board is entitled to receive the same information and has the same powers as the Statutory Auditors.
- The Supervisory Board must draw up a report on any proposed increase or reduction in the Company's share capital to be submitted to shareholders for approval.

These arrangements obviate the confusion, for which French joint-stock corporations are criticised, between the role of the Chairman (*Président*) when he also holds the position of Chief Executive Officer (*Directeur Général*) and the role of the Board of Directors of which he is a member.

7.2 GENERAL PARTNERS, MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD

7.2.1 GENERAL PARTNERS

Arnaud Lagardère

4 rue de Presbourg – 75116 Paris

Arjil Commanditée-Arco

A French joint-stock corporation with share capital of €40,000

4 rue de Presbourg – 75116 Paris

7.2.2 MANAGING PARTNERS

At 31 December 2011, the Company was managed by two Managing Partners:

- Arnaud Lagardère, and;
- Arjil Commanditée-Arco.

7.2.2.1 ARNAUD LAGARDÈRE

4 rue de Presbourg – 75116 Paris

Born 18 March 1961

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

Arnaud Lagardère was appointed Managing Partner in March 2003 and his appointment was renewed on 11 March 2009 by the Supervisory Board on the recommendation of the general partners, for a period of six years expiring on 11 March 2015.

Arnaud Lagardère also controls and is the Chairman of Lagardère SAS and Lagardère Capital & Management SAS. Arnaud Lagardère and these two companies held a combined 9.62% of Lagardère SCA's share capital at 31 December 2011 (see Chapter 8, section 8.1.8.1).

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

A) PRINCIPAL POSITION

Managing Partner of Lagardère SCA

B) OTHER POSITIONS AND APPOINTMENTS HELD IN THE GROUP (AT 31 DECEMBER 2011)

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

4 rue de Presbourg – 75116 Paris

Director, Hachette Livre SA

43 quai de Grenelle – 75015 Paris

Chairman of the Supervisory Board, Lagardère Services SAS

2 rue Lord Byron – 75008 Paris

Chairman of the Supervisory Board, Lagardère Active SAS

149-151 rue Anatole France – 92300 Levallois-Perret

Chairman of the Executive Committee, Lagardère Unlimited SAS

16-18 rue du Dôme – 92100 Boulogne Billancourt

Director, Lagardère Ressources SAS

42 rue Washington – 75008 Paris

Chairman, Lagardère Unlimited Inc.

2711 Centerville Road, Suite 400, 19808 Wilmington, USA

Permanent representative, Lagardère Unlimited Inc.
 Managing Member, Lagardère Unlimited LLC
 4711 Centerville Road, Suite 400, 19808 Wilmington, USA
 Chairman, Sports Investment Company LLC
 4711 Centerville Road, Suite 400, 19808 Wilmington, USA
 Chairman and Director, Sogeaide Gérance SAS
 42 rue Washington – 75008 Paris
 Member of the Board of Directors, European Aeronautic Defence and Space Company – EADS NV
 Mendelweg 30, 2333 CS Leiden – the Netherlands
 Member of the Board of Directors, EADS Participations BV
 Teleportboulevard 140, 1043 EJ Amsterdam
 PO BOX 2838, 1000 CV – the Netherlands

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

Chairman, Lagardère Paris Racing Ressources sports association
 (not-for-profit organisation)
 42 rue Washington – 75008 Paris

Chairman, Lagardère Paris Racing sports association
 (not-for-profit organisation)
 42 rue Washington – 75008 Paris

Chairman, Lagardère SAS
 4 rue de Presbourg – 75116 Paris

Chairman, Lagardère Capital & Management SAS
 4 rue de Presbourg – 75116 Paris

Chairman and Chief Executive Officer, Arjil Commandité-Arco SA
 4 rue de Presbourg – 75116 Paris

C) OTHER POSITIONS AND APPOINTMENTS HELD OUTSIDE THE GROUP

None.

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

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

Member of the Supervisory Board, Lagardère Sports SAS
 28, rue François 1^{er} – 75008 Paris (*until April 2007*)

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

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

Chairman of the Supervisory Board, Hachette Holding SAS
 149-151 avenue Anatole France – 92300 Levallois-Perret (*until December 2007*)

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

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

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

Chairman, Lagardère Active Broadband SAS (*until June 2008*)
 121 avenue de Malakoff – 75116 Paris

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

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

Member of the Supervisory Board, Daimler AG
 Epplestiass 225 – D 70546 Stuttgart – Möhringen, Germany (until April 2010)
 Chairman, Association des Amis de Paris Jean-Bouin C.A.S.G (until September 2010)
 [not-for-profit organisation]
 121 avenue de Malakoff – 75016 Paris
 Chairman of the Supervisory Board, Lagardère Sports SAS (until May 2011)
 4 rue de Presbourg – 75116 Paris

7.2.2.2 ARJIL COMMANDITEE-ARCO

A French joint-stock corporation with share capital of €40,000

4 rue de Presbourg – 75116 Paris

Represented by Arnaud Lagardère, Philippe Camus and Pierre Leroy, as well as Dominique D'Hinnin and Thierry Funck-Brentano since 10 March 2010.

Arjil Commandité-Arco was appointed as a Managing Partner of Lagardère SCA on 17 March 1998.

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

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

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

Positions held by Arjil Commandité-Arco in other companies

None.

Positions held by legal representatives of Arjil Commandité-Arco in other companies

(at 31 December 2011)

ARNAUD LAGARDÈRE (SEE ABOVE)

PHILIPPE CAMUS

4 rue de Presbourg – 75116 Paris

Born 28 June 1948

Number of Lagardère SCA shares held: 10,000

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

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

A) PRINCIPAL POSITION

Co-Managing Partner of Lagardère SCA

B) OTHER POSITIONS AND APPOINTMENTS HELD IN THE GROUP (AT 31 DECEMBER 2011)

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

Member of the Supervisory Board, Lagardère Active SAS

Director, Éditions P. Amaury SA

Member of the Supervisory Board, Lagardère Services SAS
 Chairman, President and CEO, Lagardère North America, Inc.
 Director, Cellfish Media LLC
 Director, Lagardère Unlimited Inc.

C) OTHER POSITIONS AND APPOINTMENTS HELD OUTSIDE THE GROUP

Chairman of the Board of Directors, Alcatel-Lucent
 Director, member of the Audit Committee and Chairman of the Finance Committee, Schlumberger
 Senior Managing Director, Evercore Partners, Inc.
 Honorary Chairman, GIFAS

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

Member of the Supervisory Board, Hachette Holding SAS (formerly Hachette Filipacchi Médias) (until December 2007)
 Permanent representative of Lagardère Active to the Board of Directors, Lagardère Active BroadCast (Monaco) (until December 2007)
 Director, Accor (until September 2008)
 Director, Crédit Agricole SA (until May 2009)

PIERRE LEROY

4 rue de Presbourg – 75116 Paris
 Born 8 October 1948

Number of Lagardère SCA shares held: 2,027

Pierre Leroy is a graduate of the École Supérieure de Commerce de Reims business school and holds a degree in law. He has spent his entire career with the Lagardère group.

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

A) PRINCIPAL POSITIONS

Co-Managing Partner of Lagardère SCA
 Secretary General of the Lagardère group

B) OTHER POSITIONS AND APPOINTMENTS HELD IN THE GROUP (AT 31 DECEMBER 2011)

Chairman, Lagardère Ressources SAS
 Director, Hachette SA (Lagardère Media)
 Director, Hachette Livre SA
 Member of the Supervisory Board, Lagardère Services SAS
 Member of the Supervisory Board, Lagardère Active SAS
 Director, Lagardère Active Broadcast (a Monaco company)
 Director, Lagardère Entertainment SAS
 Chairman, Désirade SAS
 Director, Sogead Gérance SAS
 Manager, Financière de Pichat & Compagnie SCA
 Chairman, Lagardère Participations SAS
 Chairman, Lagardère Expression SAS
 Chairman, Dariade SAS
 Chairman, Sofrimo SAS
 Chairman, Holpa SAS
 Permanent representative of Lagardère Participations to the Board of Directors, Galice SA
 Director, Ecrinvest 4 SA
 Director, Fondation Jean-Luc Lagardère

Chairman and Chief Executive Officer, Lagardère Paris Racing Ressources SASP
 Manager, Team Lagardère SNC
 Director, Lagardère UK Ltd
 Director, Lagardère Capital & Management SAS

C) OTHER POSITIONS AND APPOINTMENTS HELD OUTSIDE THE GROUP

Director, IMEC (Institut Mémoires de l'Édition Contemporaine)
 Chairman, Fondation pour la Mémoire de la Création Contemporaine
 Member of the Consultative Committee, Sotheby's
 Member of the Board of Directors, Association Doucet-Littérature
 Chairman of the jury for the "Prix des Prix" literary awards
 Member of the judges for the Casanova, Hemmingway and Sade Prizes
 Member of the Cercle de la Bibliothèque Nationale de France

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

Director of Lagardère Télévision Holdings SA (until January 2007)
 Chairman of the Supervisory Board, Matra Manufacturing & Services SAS (until December 2007)
 Member of the Supervisory Board, Hachette Holding SAS (until December 2007)
 Chairman of the Supervisory Board, Financière de Pichat SAS (until April 2008)
 Director, Hachette Filipacchi Presse SA (until June 2008)
 Director, Lagardère SAS (until June 2008)
 Member of the Supervisory Board, Matra Manufacturing & Services SAS (until October 2009)
 Member of the Supervisory Board, Arlis SAS (until January 2010)
 Member of the Supervisory Board, Le Monde SA (until November 2010)
 Member of the Supervisory Board, Lagardère Sports SAS (until May 2011)
 Manager, Presstalis (formerly NMPP) (until June 2011)

DOMINIQUE D'HINNIN

4 rue de Presbourg – 75116 Paris

Born 4 August 1959

Number of Lagardère SCA shares held: 45,234

Dominique D'Hinnin is an alumnus of the École Normale Supérieure and the École Nationale d'Administration, and is also an Inspecteur des Finances. He joined the Lagardère group in 1990 as a special assistant to Philippe Camus.

He subsequently served as the Group's Internal Audit Manager and then as Chief Financial Officer of Hachette Livre in 1993 before becoming Executive Vice President of Grolier Inc. (Connecticut, USA) in 1994. On his return to France in 1998 Mr. D'Hinnin was appointed as Lagardère SCA's Chief Financial Officer.

A) PRINCIPAL POSITIONS

Co-Managing Partner, Lagardère SCA
 Chief Financial Officer, Lagardère group

B) OTHER POSITIONS AND APPOINTMENTS HELD IN THE GROUP

Chairman and Chief Executive Officer, Ecrinvest 4 SA
 Director, Hachette SA (Lagardère Media)
 Member of the Supervisory Board, Lagardère Active SAS
 Permanent representative of Hachette SA to the Board of Directors, Lagardère Active Broadcast (a Monaco SA)
 Director, Lagardère Entertainment SAS
 Member of the Supervisory Board, Lagardère Services SAS
 Director, Hachette Livre SA

Director, Lagardère Ressources SAS
 Director, Sogeaide Gérance SAS
 Member of the Supervisory Board, Financière de Pichat & Cie SCA
 Member of the Supervisory Board, Matra Manufacturing & Services SAS
 Permanent representative of Hachette Filipacchi Presse to the Board of Directors, Les Éditions P. Amaury SA
 Director, Lagardère North America, Inc. (USA)

C) OTHER POSITIONS AND APPOINTMENTS HELD OUTSIDE THE GROUP

Member of the Supervisory Board and member of the Audit Committee, Canal+ France SA
 Member of the Board of Directors, European Aeronautic Defence and Space Company – EADS NV
 Member of the Board of Directors, EADS Participations BV
 Member of the Strategy Board, PricewaterhouseCoopers France
 Chairman, Club des Normaliens dans l'Entreprise
 Treasurer, Fondation de l'École Normale Supérieure
 Chairman, Institut de l'École Normale Supérieure

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

Chairman and Chief Executive Officer, Lagardère Télévision Holdings SA (until January 2007)
 Director, Legion Group SA (until May 2007)
 Director, Lagardère Management, Inc (USA) (until October 2007)
 Member of the Supervisory Board, Hachette Holding SAS (formerly Hachette Filipacchi Médias) (until December 2007)
 Member of the Supervisory Board, Financière de Pichat SAS (until April 2008)
 Chairman and member of the Supervisory Board, Newsweb SA (until June 2008)
 Chairman, Eole SAS (until February 2009)
 Member of the Supervisory Board and Chairman of the Audit Committee, Le Monde SA (until November 2010)
 Chairman, Club des Trente (an association for the Chief Financial Officers of France's largest listed companies) (until January 2011)
 Deputy Chairman of the Board of Directors and Chairman of the Audit Committee, Atari SA (until March 2011)
 Member of the Supervisory Board, Lagardère Sports SAS (until May 2011)
 Director, Le Monde Interactif SA (until December 2011)

THIERRY FUNCK-BRENTANO

4 rue de Presbourg – 75116 Paris
 Born 2 May 1947

Number of Lagardère SCA shares held: 25,163

Thierry Funck-Brentano holds a master's degree in management from the University of Paris Dauphine as well as an MBA from Northwestern University (Kellogg) in the United States. He has spent his entire career with the Lagardère group.

A) PRINCIPAL POSITIONS

Co-Managing Partner, Lagardère SCA
 Chief Human Relations and Communications Officer, Lagardère group

B) OTHER POSITIONS AND APPOINTMENTS HELD IN THE GROUP

Director, Hachette SA
 Permanent representative of Hachette SA to the Board of Directors, Hachette Livre
 Member of the Supervisory Board, Lagardère Active SAS
 Member of the Supervisory Board, Lagardère Services SAS
 Chairman and member of the Executive Committee, Lagardère Unlimited SAS
 Director, Lagardère Active Broadcast (a Monaco SA)

Director, Lagardère Ressources SAS
 Chairman and Chief Executive Officer, Sopredis SA
 Director, Lagardère Capital & Management SAS
 Chairman of the Supervisory Board, Matra Manufacturing & Services SAS
 Director, Ecrinvest 4 SA
 Director, SGEL (Sociedad General Española de Librería) (Spain)
 Director, Fondation Jean-Luc Lagardère
 Director, Secretary and Treasurer, Association Lagardère Paris Racing Ressources
 Secretary, Association Lagardère Paris Racing

C) OTHER POSITIONS AND APPOINTMENTS HELD OUTSIDE THE GROUP

Director, Université Paris IX Dauphine
 Director, Fondation de l'Université Paris IX Dauphine

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

Director, Sogeadé Gérance SAS (until October 2007)
 Member of the Supervisory Board, Hachette Holding SAS (formerly Hachette Filipacchi Médias) (until December 2007)
 Chairman, MP 55 SAS (until April 2008)
 Director, Matra Participations SA (until June 2008)
 Chairman, Edifinance Participations SAS (until March 2009)
 Member of the Supervisory Board, Lagardère Sports SAS (until May 2011)
 Director, Hachette Filipacchi Presse SA (until June 2011)
 Manager, Presstalis (formerly NMPP) (until June 2011)
 Director, Mediakiosk SAS (formerly AAP) (until November 2011)

7.2.3 MEMBERS OF THE SUPERVISORY BOARD

• List of members of the Supervisory Board during 2011

		Date of first appointment or renewal	End of current term of office
Chairman of the Board Chairman of the Audit Committee	Xavier de Sarrau Independent member of the Board ⁽¹⁾	10 March 2010	2014 OGM ^(*)
Honorary Chairman of the Board Member of the Audit Committee	Raymond H. Lévy Non-independent member of the Board ⁽¹⁾	27 April 2010	2012 OGM ^(*)
Member of the Board	Bernard Arnault Independent member of the Board ⁽¹⁾	27 April 2010	2012 OGM ^(*)
Member of the Board	Martine Chêne Independent member of the Board ⁽¹⁾	29 April 2008	2014 OGM ^(*)
Member of the Board Member of the Appointments and Remuneration Committee	Georges Chodron de Courcel Non-independent member of the Board ⁽¹⁾	2 May 2006	2012 OGM ^(*)
Member of the Board Member of the Audit Committee Member of the Appointments and Remuneration Committee	François David Independent member of the Board ⁽¹⁾	29 April 2008	2014 OGM ^(*)
Member of the Board Member of the Appointments and Remuneration Committee	Pierre Lescure Independent member of the Board ⁽¹⁾	29 April 2008	2014 OGM ^(*)
Member of the Board	Jean-Claude Magendie Independent member of the Board ⁽¹⁾	27 April 2010 ^(**)	2014 OGM ^(*)
Member of the Board Member of the Audit Committee	Christian Marbach Independent member of the Board ⁽¹⁾	2 May 2006	2012 OGM ^(*)
Member of the Board Member of the Audit Committee	Bernard Mirat Independent member of the Board ⁽¹⁾	2 May 2006	^(***)
Member of the Board	Javier Monzón Independent member of the Board ⁽¹⁾	29 April 2008	2014 OGM ^(*)
Member of the Board Member of the Audit Committee	Amélie Oudéa-Castéra Non-independent member of the Board ⁽¹⁾	27 April 2010	2012 OGM ^(*)
Member of the Board Member of the Audit Committee	Didier Pineau-Valencienne Independent member of the Board ⁽¹⁾	29 April 2008	2014 OGM ^(*)
Member of the Board	François Roussely Independent member of the Board ⁽¹⁾	27 April 2010	2012 OGM ^(*)
Member of the Board	Susan M. Tolson Independent member of the Board ⁽¹⁾	10 May 2011 ^(****)	2015 OGM ^(*)
Member of the Board Member of the Audit Committee	Patrick Valroff Independent member of the Board ⁽¹⁾	27 April 2010	2014 OGM ^(*)
Board Secretary	Laure Rivière-Doumenc		

⁽¹⁾ Under the AFEP-MEDEF corporate governance criteria applied by the Supervisory Board (see section 7.4.2 below).

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

^(**) Jean-Claude Magendie's appointment took effect on 1 May 2010.

^(***) Bernard Mirat stood down from his position as a member of the Supervisory Board on 30 June 2011.

^(****) Susan M. Tolson's appointment took effect on 1 July 2011.

XAVIER DE SARRAU

16 West Halkin Street – SW1 X8JL London, United Kingdom

Born 11 December 1950

Date of appointment: 10 March 2010⁽¹⁾

End of current term of office: 2014 OGM⁽²⁾

Number of Lagardère SCA shares held: 150

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

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 is specialised in issues concerning the governance and organisational structure of family-owned companies and private holdings.

Mr. 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 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.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES**In France:**

Member of the Supervisory Board, JC Decaux

Member of the Supervisory Board, Bernardaud SA

Member of the Board, FCI Holding SA

Outside France:

Member of the Board, Continental Motors Inns SA (Luxembourg)

Chairman of the Board, Thala SA (Switzerland)

Member of the Board, Dombes SA (Switzerland)

Member of the Board, IRR SA (Switzerland)

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Member of the Supervisory Board, Financière Atlas

Chairman of the Audit Committee and Ethics Committee, JC Decaux

RAYMOND H. LÉVY

40 rue de Garches – 92420 Vaucresson

Born 28 June 1927

Date of appointment: 27 April 2010

End of current term of office: 2012 OGM⁽²⁾

Number of Lagardère SCA shares held: 15,230

Member and Honorary Chairman of the Supervisory Board of Lagardère SCA and a member of its Audit Committee.

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

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Member of the Supervisory Board, Sogea

Director, Sogea Gérance

Honorary Chairman, Renault SA

[1] Cooptation by the Supervisory Board on 10 March 2010, ratified by the Annual General Meeting of 27 April 2010.

[2] The Ordinary General Meeting to be held in the year indicated to approve the financial statements for the previous year.

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Chairman of the Supervisory Board, Sogead
 Director, Renault Finance (Switzerland)
 Director, Louis Dreyfus Citrus

BERNARD ARNAULT

22 avenue Montaigne – 75008 Paris

Born 5 March 1949

Date of appointment: 27 April 2010

End of current term of office: 2012 OGM⁽¹⁾

Number of Lagardère SCA shares held: 150

Bernard Arnault is a graduate of École Polytechnique. He has been Chairman and Chief Executive Officer of Ferret-Savinel, Financière Agache and Christian Dior, and is currently Chairman and Chief Executive Officer of LVMH.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES**In France:**

Chairman of the Board of Directors, Christian Dior
 Chairman, Groupe Arnault SAS
 Director, Christian Dior Couture SA
 Chairman of the Board of Directors, Société Civile du Cheval Blanc
 Chairman of the Board of Directors, Louis Vuitton Foundation for Creation
 Member of the Supervisory Board, Financière Jean Goujon SAS
 Director, Carrefour SA

Outside France:

Director, LVMH International SA (Belgium)
 Director, LVMH – Moët Hennessy Louis Vuitton Japan KK (Japan)
 Director, LVMH – Moët Hennessy Louis Vuitton Inc. (USA)

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

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

MARTINE CHÊNE

64, rue du Parc – 34980 Saint Gély du Fesc

Born 12 May 1950

Date of appointment: 29 April 2008

End of current term of office: 2014 OGM⁽¹⁾

Number of Lagardère SCA shares held: 150

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.

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

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Martine Chêne exercises no positions in any other companies.

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

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

GEORGES CHODRON DE COURCEL

7 bis rue de Monceau – 75008 Paris

Born 20 May 1950

Date of appointment: 2 May 2006

End of current term of office: 2012 OGM⁽¹⁾

Number of Lagardère SCA shares held: 150

Member of the Appointments and Remuneration Committee of Lagardère SCA

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

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES**In France:**

Director, Bouygues SA

Board Advisor (*censeur*), Scor SE

Director, Nexans SA

Director, Alstom SA

Director, FFP SA (Société Foncière, Financière et de Participations)

Chairman, Compagnie d'Investissement de Paris SAS

Chairman, Financière BNP Paribas SAS

Director, Verner Investissements SAS

Board Advisor (*censeur*), Exane SA

Outside France:

Chairman, BNP Paribas (Suisse) SA (Switzerland)

Deputy Chairman, Fortis Bank SA/NV (Belgium)

Director, Erbé SA (Belgium)

Director, GBL - Groupe Bruxelles Lambert (Belgium)

Director, Scor Holding (Switzerland) AG (Switzerland)

Director, Scor Global Life Rückversicherung Schweiz AG (Switzerland)

Director, Scor Switzerland AG (Switzerland)

Director, CNP (Compagnie Nationale à Portefeuille) (Belgium)

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Director, Banca Nazionale del Lavoro (Italy)

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

Director, BNP Paribas ZAO (Russia)

Board Advisor (*censeur*), Safran SA

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

FRANÇOIS DAVID

12 cours Michelet – 92800 Puteaux

Born 5 December 1941

Date of appointment: 29 April 2008

End of current term of office: 2014 OGM⁽¹⁾

Number of Lagardère SCA shares held: 150

Member of the Audit Committee of Lagardère SCA.

Chairman of the Appointments and Remuneration Committee of Lagardère SCA.

François David is a graduate of 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 has been Chairman of the Board of Directors of Coface since 1994.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES**In France:**

Chairman of the Board of Directors, Coface Services

Chairman, Centre d'Études Financières

Chairman, OR Informatique

Director, Vinci

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 Conseil de l'Ordre de la Légion d'Honneur

Outside France:

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

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

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Director, EADS

Chairman, International Credit Insurance & Surety Association (ICISA)

European Adviser, CityGroup

PIERRE LESCURE

38 rue Guynemer – 75006 Paris

Born 2 July 1945

Date of appointment: 29 April 2008

End of current term of office: 2014 OGM⁽¹⁾

Number of Lagardère SCA shares held: 150

Member of the Appointments and Remuneration Committee of Lagardère SCA.

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

He is currently manager of Théâtre Marigny in Paris.

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

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES**In France:**

Chairman, AnnaRose Productions SAS
 Director, Havas Advertising
 Member of the Board of Directors, Thomson SA

Outside France:

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

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Chairman, Lescure Farrugia Associés
 Member of the Supervisory Board, Le Monde SA

JEAN-CLAUDE MAGENDIE

19 rue Raynouard – 75016 Paris

Born 24 May 1945

Date of appointment: 27 April 2010

End of current term of office: 2014 OGM⁽¹⁾

Number of Lagardère SCA shares held: 150

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 magistrate's court then the Paris magistrate's court (*tribunal de grande instance de Paris*), and finally First President of the Paris Court of Appeal.

Mr. 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.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Member of the Scientific Committee of the National Institute of High Studies for Security and Justice
 Contributor to Gazette du Palais
 Member of the Board of Directors, Lextenso

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

First President of the Paris Court of Appeal

President of the Paris magistrate's court (Tribunal de Grande Instance de Paris)

Member of the Ministerial Remuneration Committee

Chairman, Acojuris (the Agency for International Legal Co-operation)

Chairman, Orientation Committee of the Paris Courts (Établissement Public du Palais de Justice de Paris)

Member of the Commission for analysis on prevention of conflicts of interest in public life

CHRISTIAN MARBACH

17 avenue Mirabeau – 78600 Maisons-Laffitte

Born 9 October 1937

Date of appointment: 2 May 2006

End of current term of office: 2012 OGM⁽¹⁾

Number of Lagardère SCA shares held: 406

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

Member of the Audit Committee of Lagardère SCA.

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

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Board Advisor (*censeur*), Sofinnova

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

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

Director, Erap

Chairman, Oseo-Services (formerly "Agence des PME")

BERNARD MIRAT

91 avenue de La Bourdonnais – 75007 Paris

Born 3 July 1927

Date of appointment: 2 May 2006

End of current term of office: Bernard Mirat stood down from his position on the Supervisory Board on 30 June 2011.

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

Bernard Mirat was also a member of Lagardère SCA's Audit Committee.

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

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Mr. Mirat does not hold any positions in any other companies.

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

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

Director, Fimalac

Board Advisor (*censeur*), Holding Cholet-Dupont

JAVIER MONZÓN

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

Born 29 March 1956

Date of appointment: 29 April 2008

End of current term of office: 2014 OGM⁽¹⁾

Number of Lagardère SCA shares held: 150

Having graduated with a degree in economics, Javier Monzón began his career with Caja Madrid where he stayed until 1984 having occupied the post of Corporate Banking Director. He then became Chief Financial Officer and subsequently Executive Vice-Chairman of Telefonica before taking up the position of Chairman at Telefonica International. He has also been a Worldwide Partner at Arthur Andersen and Managing Partner of Corporate Finance Consulting Services in Spain.

Mr. Monzón has been Chairman of the Spanish technology company Indra since its formation in 1993.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Outside France:

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

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

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

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

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

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

AMÉLIE OUDÉA-CASTÉRA

313 Terrasses de l'Arche – Terrasse 3 – 92727 Nanterre

Born 9 April 1978

Date of appointment: 27 April 2010

End of current term of office: 2012 OGM⁽¹⁾

Number of Lagardère SCA shares held: 150

Member of the Audit Committee of Lagardère SCA.

A former professional tennis player, Amélie Oudéa-Castéra is a graduate of Institut d'Études Politiques de Paris and ESSEC business school, holds a master's degree in law and attended École Nationale d'Administration. She joined the Axa group in 2008 and now holds the position of Director of Marketing, Brands and Services at Axa France.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Referendary, National Audit Office (Cour des Comptes)

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

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

DIDIER PINEAU-VALENCIENNE

24-32 rue Jean Goujon – 75008 Paris

Born 21 March 1931

Date of appointment: 29 April 2008

End of current term of office: 2014 OGM⁽¹⁾

Number of Lagardère SCA shares held: 2,850

Member of the Audit Committee of Lagardère SCA.

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

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES**In France:**

Chairman of the Investment Committee, Sagard

Director, Fleury Michon

Chairman, Fondation HEC

Honorary Chairman, HEC Association

Director, BIPE Association

Advisor, Centre d'Enseignement Supérieur de la Marine

Outside France:

Member of the Trustees, American University of Paris

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

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

Executive lecturer, HEC Paris Business School

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

Director, Pernod Ricard

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

Director, Wendel Investissement
 Chairman, AFEP
 Senior Advisor, Crédit Suisse
 Director, Swiss Helvetia Fund (USA)
 Member of the Board of Overseers, Tuck School of Business Administration, Dartmouth College (USA)

FRANÇOIS ROUSSELY

25 avenue Kléber – 75784 Paris Cedex 16

Born 9 January 1945

Date of appointment: 27 April 2010

End of current term of office: 2012 OGM⁽¹⁾

Number of Lagardère SCA shares held: 150

François Roussely is a graduate of Institut d'Études Politiques de Paris, the Paris University of Law and Economics, and École Nationale d'Administration. He is an Honorary Conseiller Maître at the French National Audit Office. He began his career in the French Ministry of Finance and Economics and held several prominent positions in the French government and at the Ministry of Defence, before moving to the Ministry of the Interior in 1981 where he served until 1997. He was Chairman and Chief Executive Officer of EDF from 1998 to 2004, and Chief Executive Officer of Crédit Suisse France before taking up the position of Deputy Chairman of Crédit Suisse Europe in 2009.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Honorary Conseiller Maître, National Audit Office (*Cour des Comptes*)

Deputy Chairman, Credit Suisse Europe

Deputy Chairman, Fondation du Collège de France

Chairman, Budé Committee (Collège de France)

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Chairman and Chief Executive Officer, Crédit Suisse – France

Chairman, Crédit Suisse Banque d'Investissement France

Honorary Chairman, EDF

SUSAN M. TOLSON

41 rue du Faubourg St Honoré – 75008 Paris

Born 7 March 1962

Date of appointment: 10 May 2011

End of current term of office: 2015 OGM⁽¹⁾

Number of Lagardère SCA shares held: 150

Susan M. Tolson graduated from Smith College in 1984 with a B.A. cum laude before obtaining an MBA from Harvard in 1988. She joined Prudential-Bache Securities as a corporate finance analyst in 1984 and subsequently took on the position of Investment Officer in Private Placements at Aetna Investment Management in 1988. In 1990 she joined The Capital Group Companies – a major private US investment fund formed in 1931 which currently manages assets of over a trillion dollars – where between April 1990 and June 2010 she successively served as a financial analyst, senior account manager and then Senior Vice-President, a position she left to join her husband in Paris.

Over the last 20 years Ms. Tolson has issued recommendations and made decisions relating to investments in numerous business sectors, including the media and entertainment industries.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

In France:

Member of the Board of Trustees, American University of Paris

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

Honorary Chair, American Friends of The Musée d'Orsay

Honorary Chair, American Women's Group in Paris

Director, Fulbright Commission

Outside France:

Director, America Media, Inc. and the American Cinémathèque

Member of the Los Angeles World Affairs Council, the Paley Center For Media and the Los Angeles Society of Financial Analysis

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Susan M. Tolson has not held any other positions in the last five years.

PATRICK VALROFF

26 rue de Clichy – 75009 Paris

Born 3 January 1949

Date of appointment: 27 April 2010

End of current term of office: 2014 OGM⁽¹⁾

Number of Lagardère SCA shares held: 150

Patrick Valroff holds a degree in law and is a graduate of 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.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Director, Néovacs

OTHER POSITIONS AND APPOINTMENTS 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

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

7.2.4 ADDITIONAL INFORMATION ON MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGING PARTNERS

7.2.4.1 DECLARATION OF NON-CONVICTION AND COMPETENCE

To the best of Lagardère SCA's knowledge:

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

7.2.4.2 CONTRACTS BETWEEN A MEMBER OF THE SUPERVISORY BOARD OR MANAGING PARTNER AND LAGARDÈRE SCA OR ANY OF ITS SUBSIDIARIES

To the best of Lagardère SCA's knowledge, no member of the Supervisory Board or Managing Partner has entered into a service contract with Lagardère SCA or any of its subsidiaries, with the exception of the service agreement signed between Lagardère Ressources and LC&M (a company almost entirely owned by Arnaud Lagardère). For more information on this agreement, see section 7.5.1 below and the Statutory Auditors' report on related party agreements and commitments in Chapter 6, section 6.8.

7.2.4.3 CONFLICTS OF INTEREST

To the best of Lagardère SCA's knowledge, no arrangement or agreement has been entered into between the Company and its major shareholders, or with its customers, suppliers or any other party pursuant to which any Supervisory Board member or Managing Partner was selected.

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

7.2.4.4 RESTRICTIONS ON THE SALE BY MEMBERS OF THE SUPERVISORY BOARD OR MANAGING PARTNERS OF THEIR INVESTMENT IN LAGARDÈRE SCA

To the best of Lagardère SCA's knowledge:

- No restriction has been accepted by members of the Supervisory Board concerning the sale of their investment in the Company's share capital within a certain period of time, except for the rules for trading in Lagardère SCA shares set forth in the internal rules of the Supervisory Board (see section 7.4.2);
- No restriction has been accepted by the Managing Partners concerning the sale of their investment in the Company's share capital within a certain period of time, except for:
 - the rules for trading in Lagardère SCA shares defined in the laws in force or the "Charter on trading in Lagardère SCA shares by Group employees";
 - the holding period set by the Supervisory Board since 2008 for free share allocations (see the Special Report of the Managing Partners in section 7.3.5).

7.3 REMUNERATION AND BENEFITS

7.3.1 MANAGING PARTNERS AND MEMBERS OF THE EXECUTIVE COMMITTEE

At 31 December 2011, the members of the Executive Committee were as follows:

Arnaud Lagardère,	General and Managing Partner	} MANAGING PARTNERS
Philippe Camus,	Co-Managing Partner	
Pierre Leroy,	Co-Managing Partner, Secretary General	
Dominique D'Hinnin,	Co-Managing Partner, Chief Financial Officer	
Thierry Funck-Brentano,	Co-Managing Partner, Chief Human Relations and Communications Officer	
Ramzi Khiroun,	Spokesman for the Managing Partners, Chief External Relations Officer	

Members of the Executive Committee:

- o receive immediate and deferred remuneration (retirement benefits);
- o may be granted share subscription or purchase options and/or allocated free shares.

Remuneration paid to the members of the Executive Committee for their positions in the Lagardère group (excluding EADS) is entirely borne by their employer, Lagardère Capital & Management (LC&M) and accounts for most of the management fees charged by LC&M to Lagardère Ressources (see section 7.5.1). Arnaud Lagardère and Dominique D'Hinnin also receive remuneration from EADS for the duties they perform in their capacity as members of the Board of Directors of EADS. This remuneration is reported in the following tables but is not taken into account in the comments in section 7.3.1.1.

7.3.1.1 COMPONENTS OF REMUNERATION

A) SALARIES

Salaries consist of a fixed portion and a variable portion and may be supplemented by special bonuses.

The fixed portion is paid in 12 equal monthly instalments over the year.

The variable portion is determined on the basis of rules defined in 2003 which have been consistently applied since that date. Each year, it comprises the following items, based on reference amounts determined for each individual:

- o A qualitative component, taking into account each person's contribution to the development of the Group, changes in value added, the quality of management, the relevance of its organisation, the motivation of its teams and attention paid to social and environmental issues.
- o A group performance-related component based on two inputs of equal importance in relation to the individual reference amount:
 - the percentage differential between the midpoint of the forecast rise in recurring operating profit before associates of companies in the Media segment – as announced to the market at the beginning of the year – and the actual rise in that recurring operating profit figure for the year concerned, at constant exchange rates;
 - the percentage differential between net cash from operating activities as forecast in the budget for the year, and net cash from operating activities stated in the consolidated cash flow statement for the year concerned.

A further criterion related to the intrinsic change in recurring operating profit before associates as defined above was added in 2011. This factor will be applied directly to the result of the two above-mentioned criteria if, and only if, that result is negative. For 2011, the relevant input-based formula results in the application of a factor of 0.25 to the reference amounts.

The variable portion of remuneration is determined by applying criteria to the reference amounts, given that the qualitative component and the input-based, performance-related component are the same for Executive Committee members as a whole.

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

B) PENSIONS

A supplementary pension plan was set up by LC&M on 1 July 2005 for members of the Executive Committee who are also executive officers or salaried employees of LC&M.

The beneficiaries of this plan acquire supplementary pension entitlements equivalent to 1.75% of the benchmark remuneration per year of seniority, up to a limit of 20 years' seniority. The income replacement rate of the supplementary pension is capped at 35% of the benchmark remuneration.

The benchmark remuneration corresponds to the average gross annual remuneration received 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.

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

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

C) TERMINATION BENEFITS

Neither LC&M nor any other Group company has undertaken any commitment or given any promise to grant termination benefits to the Managing Partners or other members of the Executive Committee.

D) OTHER COMPONENTS

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

7.3.1.2 REMUNERATION AND BENEFITS OF MEMBERS OF THE EXECUTIVE COMMITTEE**A) GROSS REMUNERATION PAID**

	2009	2010	2011
"Lagardère"	(1)	(2)	(3)
Fixed salary and benefits in kind	6,576,920	6,147,246	6,893,901
Special bonuses		1,204,000	
Variable portion of salary (in respect of the previous year)	2,565,983	3,626,623	4,250,475
Attendance fees	20,425	20,900	20,900
Total	9,163,328	10,998,769	11,165,276
"EADS"	(4)	(4)	(4)
Fixed salary	220,000	220,000	220,000
Variable portion of salary (in respect of the previous year)	-	-	-
Attendance fees	60,000	110,000	75,000
Total	280,000	330,000	295,000

(1) Messrs Lagardère, Camus, Leroy, D'Hinnin, Gut and Funck-Brentano (full-time), Mr. Molinié (until 30 June) and Mr. Khiroun (from 1 October).

(2) Messrs Lagardère, Camus, Leroy, D'Hinnin, Funck-Brentano and Khiroun (full-time) and Mr. Gut (until 30 June).

(3) Messrs Lagardère, Camus, Leroy, D'Hinnin, Funck-Brentano and Khiroun (full-time).

(4) Messrs Lagardère and D'Hinnin in their capacity as members of the Board of Directors.

The "Lagardère" variable portion of salary to be paid in 2012 for 2011 represents €3,047,000. Members of EADS' Board of Directors are no longer paid a variable component.

B) SHARE SUBSCRIPTION AND PURCHASE OPTIONS

Date of plan	AGM authorisation	Number of options originally granted	Exercise price	Number of beneficiaries	Options exercised in 2011	Options forfeited at end-2011	Options outstanding at end-2011 ^(*)	Exercise period
Options to subscribe for newly-issued shares								
None.								
Options to purchase existing shares								
Plans expired								
19 Dec. 2001	23 May 2000	185,000	€46.48	7	0	0	0	19 Dec. 2003 to 19 Dec. 2008
19 Dec. 2002	23 May 2000	185,000	€51.45	7	0	0	0	19 Dec. 2004 to 19 Dec. 2009
Plans in force								
18 Dec. 2003	23 May 2000	178,000	€51.45	6	0	0	179,976 ^(*)	18 Dec. 2005 to 18 Dec. 2013
20 Nov. 2004	11 May 2004	178,000	€51.92	6	0	0	179,991 ^(*)	20 Nov. 2006 to 20 Nov. 2014
20 Nov. 2005	11 May 2004	240,000	€56.97	6	0	0	240,000	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006	11 May 2004	242,000	€55.84	6	0	0	242,000	14 Dec. 2008 to 14 Dec. 2016

(*) After adjustment in 2005.

C) FREE SHARE ALLOCATION RIGHTS

Date of plan	AGM authorisation	Number of rights granted	Number of beneficiaries	Number of shares vested in 2011	Number of shares cancelled in 2011	Number of shares outstanding at end-2011	Vesting date
Plan expired in 2009 (This plan's conditions were not fulfilled and the rights have lapsed.)							
28 Dec. 2007	27 April 2007	107,000	7	0	0	0 ^(*)	29 Dec. 2009
Plan in force							
1 Oct. 2009	31 Dec. 2009	126,000	6	0	0	126,000	2 Oct. 2011 ^(**) 1 April 2012 ^(**)
17 Dec. 2010		126,000	5	0	0	126,000	17 Dec. 2012 1 April 2013 ^(***)
29 Dec. 2011		119,000	5	0	0	119,000	30 Dec. 2013 31 April 2014 ^(****)

(*) No shares vested under this plan as the stock market performance condition was not met at 29 December 2009.

(**) 2 October 2013 for beneficiaries who are not resident in France for tax purposes and 1 April 2014 for Managing Partners who are not resident in France for tax purposes.

(***) 17 December 2014 for beneficiaries who are not resident in France for tax purposes and 1 April 2015 for Managing Partners who are not resident in France for tax purposes.

(****) 1 April 2016 for Managing Partners who are not resident in France for tax purposes.

7.3.1.3 REMUNERATION AND BENEFITS OF THE MANAGING PARTNERS

• Mr. Arnaud Lagardère

Summary of remuneration and benefits						
	2009		2010		2011	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
"Lagardère"						
Fixed salary	1,140,729	1,140,729	1,140,729	1,140,729	1,140,729	1,140,729
Variable portion of salary	1,044,480	534,072 ⁽¹⁾	1,366,800	1,044,480 ⁽¹⁾	804,000	1,366,800
Special bonuses	-	-	-	-	-	-
Attendance fees	7,125	6,650	7,000	7,125	7,000	6,840
Benefits in kind	12,764	12,764	12,764	12,764	14,698	14,698
Total	2,205,098	1,694,215	2,527,293	2,205,098	1,966,427	2,529,067
"EADS"						
Fixed salary	100,000	100,000	100,000	100,000	100,000	100,000
Variable portion of salary	-	-	-	-	-	-
Attendance fees	10,000	10,000	20,000	20,000	30,000	30,000
Total	110,000	110,000	120,000	120,000	130,000	130,000

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

Since his appointment as Managing Partner in 2003, Arnaud Lagardère has not been granted any stock options or granted any free shares.

- Stock options granted during the year: None.
- Stock options exercised during the year: None.
- Performance shares granted during the year: None.
- Performance shares that vested during the year: None.

Total remuneration and benefits received and stock options and performance shares granted			
	2009	2010	2011
Remuneration and benefits receivable for the year (details in previous table)	2,315,098	2,647,293	2,096,427
Value of stock options granted during the year	N/A	N/A	N/A
Value of performance shares granted during the year	N/A	N/A	N/A
Total	2,315,098	2,647,293	2,096,427

• Mr. Philippe Camus

Summary of remuneration and benefits						
	2009		2010		2011	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
Fixed salary	1,088,000	1,088,000	1,088,000	1,088,000	1,148,000	1,148,000
Variable portion of salary	378,480	274,647 ⁽¹⁾	444,050	378,480 ⁽¹⁾	307,500	444,050⁽¹⁾
Special bonuses	-	-	166,000	166,000	-	-
Attendance fees	-	-	-	-	-	-
Benefits in kind	-	-	-	-	-	-
Total	1,466,480	1,362,647	1,698,050	1,632,480	1,455,500	1,592,050

(1) Amounts paid for the previous year. Since the variable portion of salary can only be calculated after the year-end, it is paid during the following year. Amounts shown above do not include the exchange rate effect caused by the fact that most of Mr. Camus' remuneration is paid in US dollars by Lagardère North America and is invoiced to Lagardère Capital & Management.

Rights to performance shares granted in 2011						
Date of AGM authorisation	Date of plan	Number of shares allocated in 2011	Value under IFRS 2	Vesting date	End of lock-up period	Performance conditions
28 April 2009	29 Dec. 2011	26,000	352,560	1 April 2016	1 April 2016	⁽¹⁾

(1) Based on changes in recurring operating profit before associates of the Media segment for 2012 and 2013 and net cash from operations for 2012 and 2013.

The shares granted under this plan are subject to a number of vesting conditions described in the Special Report of the Managing Partners presented in section 7.3.5.

- Number of stock options granted during the year: None.
- Number of stock options exercised during the year: None.
- Performance shares granted during the year: 26,000
- Performance shares that vested during the year: None.

On 28 December 2007, Philippe Camus was granted rights to receive 20,000 free shares of Lagardère SCA, valued at €579,000. As the stock market performance condition attached to this allocation had not been met at 29 December 2009 the shares did not vest at end-2009 and were therefore forfeited.

Total remuneration and benefits received and stock options and performance shares granted			
	2009	2010	2011
Remuneration and benefits receivable for the year (details in previous table)	1,466,480	1,698,050	1,455,500
Value of stock options granted during the year	N/A	N/A	N/A
Value of performance shares granted during the year	572,000	656,270	352,560
Total	2,038,480	2,354,320	1,808,060

• Mr. Pierre Leroy

Summary of remuneration and benefits						
	2009		2010		2011	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
Fixed salary	1,062,000	1,062,000	1,062,000	1,062,000	1,474,000	1,474,000
Variable portion of salary	808,800	614,895 ⁽¹⁾	725,250	808,800 ⁽¹⁾	489,500	725,250
Special bonuses	-	-	412,000	412,000	-	-
Attendance fees	6,650	6,650	7,000	6,650	7,000	6,460
Benefits in kind	7,512	7,512	7,514	7,514	7,743	7,743
Total	1,884,962	1,691,057	2,213,764	2,296,964	1,978,243	2,213,453

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

Rights to performance shares granted in 2011						
Date of AGM authorisation	Date of plan	Number of shares allocated in 2011	Value under IFRS 2	Vesting date	End of lock-up period	Performance conditions
28 April 2009	29 Dec. 2011	26,000	421,200	1 April 2014	1 April 2016	⁽¹⁾

⁽¹⁾ Based on changes in recurring operating profit before associates of the Media segment for 2012 and 2013 and net cash from operations for 2012 and 2013.

The shares granted under this plan are subject to a number of vesting conditions described in the Special Report of the Managing Partners presented in section 7.3.5.

- Stock options granted during the year: None.
- Stock options exercised during the year: None.
- Performance shares granted during the year: 26,000.
- Performance shares that vested during the year: None.

On 28 December 2007, Pierre Leroy was granted rights to receive 20,000 free shares of Lagardère SCA, valued at €579,000. As the stock market performance condition attached to this allocation had not been met at 29 December 2009 the shares did not vest at end-2009 and were therefore forfeited.

Total remuneration and benefits received and stock options and performance shares granted			
	2009	2010	2011
Remuneration and benefits receivable for the year (details in previous table)	1,884,962	2,213,764	1,978,243
Value of stock options granted during the year	N/A	N/A	N/A
Value of performance shares granted during the year	633,750	733,990	421,200
Total	2,518,712	2,947,754	2,399,443

• Mr. Dominique D’Hinnin

Summary of remuneration and benefits						
	2009		2010		2011	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
“Lagardère”						
Fixed salary	885,892	885,892	885,992	885,992	1,206,000	1,206,000
Variable portion of salary	627,200	477,080 ⁽¹⁾	722,000	627,200 ⁽¹⁾	580,000	722,000
Special bonuses	-	-	320,000	320,000	-	-
Attendance fees	7,125	7,125	7,125	7,125	7,000	7,600
Benefits in kind	5,677	5,677	5,677	5,677	6,022	6,022
Total	1,525,894	1,375,774	1,940,794	1,845,994	1,799,022	1,941,622
“EADS”						
Fixed salary	120,000	120,000	120,000	120,000	120,000	120,000
Variable portion of salary	-	-	-	-	-	-
Attendance fees	50,000	50,000	60,000	60,000	45,000	45,000
Total	170,000	170,000	180,000	180,000	165,000	165,000

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

Rights to performance shares granted in 2011						
Date of AGM authorisation	Date of plan	Number of shares allocated in 2011	Value under IFRS 2	Vesting date	End of lock-up period	Performance conditions
28 April 2009	29 Dec. 2011	26,000	421,200	1 April 2014	1 April 2016	⁽¹⁾

(1) Based on changes in recurring operating profit before associates of the Media segment for 2012 and 2013 and net cash from operations for 2012 and 2013.

The shares granted under this plan are subject to a number of vesting conditions described in the Special Report of the Managing Partners presented in section 7.3.5.

- Stock options granted during the year: None.
- Stock options exercised during the year: None.
- Performance shares granted during the year: 26,000.
- Performance shares that vested during the year: None.

On 28 December 2007, Dominique D’Hinnin was granted rights to receive 20,000 free shares of Lagardère SCA, valued at €579,000. As the stock market performance condition attached to this allocation had not been met at 29 December 2009 the shares did not vest at end-2009 and were therefore forfeited.

Total remuneration and benefits received and stock options and performance shares granted			
	2009	2010	2011
Remuneration and benefits receivable for the year (details in previous table)	1,695,894	2,120,794	1,964,022
Value of stock options granted during the year	N/A	N/A	N/A
Value of performance shares granted during the year	633,750	733,990	421,200
Total	2,329,644	2,854,784	2,385,222

• **Mr. Thierry Funck-Brentano**

Summary of remuneration and benefits						
	2009		2010		2011	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
Fixed salary	862,000	862,000	900,000	900,000	1,206,000	1,206,000
Variable portion of salary	600,400	456,535 ⁽¹⁾	791,750	600,400 ⁽¹⁾	578,500	791,750
Special bonuses	-	-	306,000	306,000	-	-
Attendance fees	-	-	-	-	-	-
Benefits in kind	7,892	7,892	7,892	7,892	8,576	8,576
Total	1,470,292	1,326,427	2,005,642	1,814,292	1,793,076	2,006,326

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

Rights to performance shares granted in 2011						
Date of AGM authorisation	Date of plan	Number of shares allocated in 2011	Value under IFRS 2	Vesting date	End of lock-up period	Performance conditions
28 April 2009	29 Dec. 2011	26,000	421,200	1 April 2014	1 April 2016	⁽¹⁾

⁽¹⁾ Based on changes in recurring operating profit before associates of the Media segment for 2012 and 2013 and net cash from operations for 2012 and 2013.

The shares granted under this plan are subject to a number of vesting conditions described in the Special Report of the Managing Partners presented in section 7.3.5.

- Stock options granted during the year: None.
- Stock options exercised during the year: None.
- Performance shares granted during the year: 26,000
- Performance shares that vested during the year: None.

On 28 December 2007, Thierry Funck-Brentano was granted rights to receive 20,000 free shares of Lagardère SCA, valued at €579,000. As the stock market performance condition attached to this allocation had not been met at 29 December 2009 the shares did not vest at end-2009 and were therefore forfeited.

Total remuneration and benefits received and stock options and performance shares granted			
	2009	2010	2011
Remuneration and benefits receivable for the year (details in previous table)	1,470,292	2,005,642	1,793,076
Value of stock options granted during the year	N/A	N/A	N/A
Value of performance shares granted during the year	633,750	733,990	421,200
Total	2,104,042	2,739,632	2,214,276

• Share subscription and share purchase options⁽¹⁾

Date of AGM	Plans expired		Plans in force			
	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan
Date of Board of Directors' or Executive Board meeting as relevant	Not relevant to Lagardère SCA which is a French partnership limited by shares Grant date = date of decision by the Managing Partners to set up the plan					
Total number of shares under option ⁽¹⁾	1,271,740 ^(*)	1,313,639 ^(*)	1,453,451 ^(*)	1,586,519 ^(*)	1,683,844	1,844,700
of which shares to be allocated to Managing Partners and members of the Supervisory Board ⁽¹⁾						
Arnaud Lagardère	50,560	50,554	0	0	0	0
Pierre Leroy	30,336	30,333	40,444	40,447	50,000	50,000
Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Dominique D'Hinnin	30,336	30,333	40,444	40,447	50,000	50,000
Thierry Funck-Brentano	30,336	30,333	40,444	40,447	50,000	50,000
Start of exercise period	19/12/2003	19/12/2004	18/12/2005	20/11/2006	21/11/2007	14/12/2008
Option expiry date	19/12/2008	19/12/2009	18/12/2013	20/11/2014	21/11/2015	14/12/2016
Subscription or purchase price	€46.48 ^(*)	€51.45 ^(*)	€51.45 ^(*)	€51.92 ^(*)	€56.97	€55.84
Number of shares acquired at 28 March 2011	30,336 ⁽²⁾	-	-	-	-	-
Total number of subscription and purchase options cancelled or forfeited:						
Arnaud Lagardère	50,560	50,554	-	-	-	-
Pierre Leroy		30,333	-	-	-	-
Philippe Camus	20,224	20,222	-	-	-	-
Dominique D'Hinnin	30,336	30,333	-	-	-	-
Thierry Funck-Brentano	30,336	30,333	-	-	-	-
Subscription and purchase options ⁽¹⁾ outstanding at end-2011:						
Arnaud Lagardère	0	0	-	-	-	-
Pierre Leroy	0	0	40,444	40,447	50,000	50,000
Philippe Camus	0	0	30,333	30,336	50,000	50,000
Dominique D'Hinnin	0	0	40,444	40,447	50,000	50,000
Thierry Funck-Brentano	0	0	40,444	40,447	50,000	50,000

(1) Share purchase plans only.

(2) Exercised by Pierre Leroy on 20 December 2005.

(*) After adjustment on 6 July 2005.

No options have been exercised under the 2002, 2003, 2004, 2005 and 2006 plans in view of Lagardère SCA share price trends.

• Other information

Members of the managing bodies	Employment contract ⁽¹⁾		Additional pension plan		Indemnities or benefits receivable or likely to be payable due to a termination or change of function		Indemnities payable under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Arnaud Lagardère Position: Managing Partner Date of appointment: End of term of office: <i>Renewed on 11 March 2009 for a six-year period</i>		X	X			X		X
Pierre Leroy Position: ^(a) Date of appointment: End of term of office:	N.A. ⁽¹⁾		X			X		X
Philippe Camus Position: ^(a) Date of appointment: End of term of office:	N.A. ⁽¹⁾		X			X		X
Dominique D'Hinnin Position: ^(b) Date of appointment: End of term of office:	N.A. ⁽¹⁾		X			X		X
Thierry Funck-Brentano Position: ^(b) Date of appointment: End of term of office:	N.A. ⁽¹⁾		X			X		X

(a) Deputy Chairman and Chief Operating Officer of Arjil Commanditée-Arco whose term of office as Managing Partner of Lagardère SCA was renewed on 10 March 2010 for a further six-year period.

(b) Chief Operating Officer of Arjil Commanditée-Arco, appointed in that capacity on 10 March 2010 for a six-year period.

(1) The AFEF-MEDEF corporate governance recommendations that company officers should not hold employment contracts with the company only apply to the following persons: Chairman of the Board, Chairman and Chief Executive Officer, Chief Executive Officer of companies with a Board of Directors; Chairman of the Management Board, Chief Executive Officer of companies with a Management Board and Supervisory Board; and Managing Partner of French partnerships limited by shares (SCA).

7.3.2 SUPERVISORY BOARD

7.3.2.1 REMUNERATION

At the Annual General Meeting of 10 May 2011, the Company's shareholders raised the aggregate amount of annual attendance fees payable to Supervisory Board members from €600,000 to €700,000.

Each member of the Supervisory Board receives a basic portion of attendance fees which is calculated by reference to the overall amount set by shareholders and the total number of members. The following members also receive an additional portion of attendance fees corresponding to a multiple of the basic portion: members of the Audit committee (twice the basic portion), members of the Appointments and Remuneration Committee (one basic portion) and the Chairman of the Supervisory Board and the Committee Chairmen (one basic portion).

The basic share of attendance fees is equal to the total attendance fees divided by the total number of shares to which Board members are entitled.

In addition, half of the amount of the attendance fees paid is based on actual attendance rates at Supervisory Board and Committee meetings.

Attendance fees paid to members of the Supervisory Board were as follows in 2010 and 2011 (in euros):

	2010	2011
Raymond H. Lévy	110,223.11	68,483.01
Bernard Arnault	14,042.27	10,762.76
René Carron	20,505.19	4,791.88
Martine Chêne	23,736.65	18,166.73
Georges Chodron de Courcel	20,505.19	34,071.71
Xavier de Sarrau	-	43,225.87⁽¹⁾
François David	66,979.87	90,904.98
Groupama SA	57,285.49	-
Pierre Lescure	23,736.65	32,426.09
Jean-Claude Magendie	-	10,008.86
Christian Marbach	66,979.87	56,600.06
Bernard Mirat	66,979.87	56,600.06
Javier Monzón	23,736.65 ⁽¹⁾	9,643.65⁽¹⁾
Amélie Oudéa-Castera	-	56,600.06
Didier Pineau-Valencienne	63,748.41	53,473.59
Henri Proglío	17,802.49	-
François Roussely	23,736.65	16,315.74
Patrick Valroff	-	11,494.15
Total attendance fees paid	600,000	573,569.21

(1) Less withholding tax.

Raymond Levy received €71,867.28 in retirement benefits for 2011, as provided for in his original employment contract.

Following the recommendation by the Appointments and Remuneration Committee, the Supervisory Board proposed that the Managing Partners should arrange for Mr. de Sarrau to receive an amount in addition to his attendance fees, in recognition of the many specific services he provides in connection with his office as Chairman of the Board. This remuneration is not a salary and was set at €240,000 per year with effect from 27 April 2010 when Mr. de Sarrau became Chairman of the Board.

7.3.2.2 SHARE SUBSCRIPTION AND PURCHASE OPTIONS

None.

7.3.2.3 FREE SHARE ALLOCATION RIGHTS

None.

7.3.3 TRANSACTIONS IN LAGARDÈRE SCA SHARES BY THE MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD AND THEIR RELATIVES DURING 2011

7.3.3.1 MANAGING PARTNERS

On 30 June 2011 Thierry Funck-Brentano made an inter-vivos donation of 27,845 Lagardère SCA shares to his two children following the settlement of his wife's estate. Mr Funck-Brentano's two children subsequently sold these shares on 12 September 2011.

7.3.3.2 MEMBERS OF THE SUPERVISORY BOARD

SUSAN TOLSON

Susan Tolson purchased 150 Lagardère SCA shares on 15 April 2011.

To the best of the Company's knowledge, no other transactions in the Company's shares were carried out in 2011 by any Managing Partner or Supervisory Board member or any parties related to them.

7.3.4 SHARE SUBSCRIPTION AND PURCHASE OPTIONS GRANTED TO EMPLOYEES ON SHARES OF LAGARDÈRE SCA OR ITS SUBSIDIARIES

SPECIAL REPORT OF THE MANAGING PARTNERS ON SHARE SUBSCRIPTION AND PURCHASE OPTIONS

Dear Shareholders,

Pursuant to the provisions of Article L.225-184 of the French Commercial Code (*Code de commerce*), you will find below the required information related to transactions carried out in the fiscal year 2011 which concerned share subscription and purchase options.

GENERAL INFORMATION

1. LAGARDÈRE SCA

In the course of 2011, no new options to subscribe for or purchase Lagardère SCA shares were granted.

The main characteristics of the share subscription and purchase plans in force as of the end of the fiscal year 2011 are summarised in the table below.

Plan	Date of AGM	Number of options originally granted ^(*)	Exercise price (in euros)	Number of beneficiaries	Options exercised in 2011	Options forfeited at end-2011	Options outstanding at end-2011	Period of exercise
Subscription options:								
None								
Purchase options:								
Plans in force:								
18 Dec. 2003	23 May 2000	1,437,250	€51.45	445	-	209,744	1,201,185	18 Dec. 2005 to 18 Dec. 2013
20 Nov. 2004	11 May 2004	1,568,750	€51.92	481	-	244,061	1,331,798	20 Nov. 2006 to 20 Nov. 2014
21 Nov. 2005	11 May 2004	1,683,844	€56.97	495	-	202,605	1,481,239	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006	11 May 2004	1,844,700	€55.84	451	-	155,600	1,689,100	14 Dec. 2008 to 14 Dec. 2016
Total							5,703,322	

^(*) Before the adjustments of 6 July 2005 for the 2003 and 2004 plans.

It should be noted that no options were exercised during the fiscal year 2011 due to market price levels.

2. SUBSIDIARIES

In the course of 2011, no new options to subscribe for or purchase shares were granted by companies under the majority control of Lagardère SCA.

There are no longer any plans in force, or which expired in the fiscal year 2011, within the Company's subsidiaries.

SPECIFIC INFORMATION ON LAGARDÈRE GROUP OFFICERS AND EMPLOYEES

In the fiscal year 2011, Lagardère SCA's employees and corporate officers and their legal representatives 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.

The Managing Partners

7.3.5 FREE SHARE ALLOCATION RIGHTS GRANTED TO OFFICERS AND EMPLOYEES ON SHARES OF LAGARDÈRE SCA OR ITS SUBSIDIARIES

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

Pursuant to Article L.225-197-4 of the French Commercial Code, you will find below the required information on transactions carried out during the fiscal year 2011 which concern the allocation of free shares.

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

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

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

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

In view of the financial crisis that has arisen since the allocation date, this condition was not met; accordingly the plan lapsed on 29 December 2009.

Two plans were put in place at the end of 2009 and 2010 (see special reports of the Managing Partners to the Annual General Meetings of 27 April 2010 and 10 May 2011). Under the 2009 plan, 403,250 shares vested on 2 October 2011 for employees residing in France. These shares were created through a capital increase and a capitalisation of reserves. No shares have vested under the 2010 plan.

2. Based on the authorisation granted by the Annual General Meeting of 28 April 2009 (14th Resolution), Mr. Arnaud Lagardère, in his capacity as Managing Partner of the Company, proceeded in 2011 with the allocation of 650,000 free Lagardère SCA shares (representing 0.956% of the total number of shares comprising the share capital) to 428 employees and senior managers of Lagardère SCA and its related companies as defined by law.

a. The main allocation of 29 December 2011 was defined as follows:

- *Number of beneficiaries:* 423
- *Number of shares granted:* 526,000 shares, (representing 0.4% of the total number of shares comprising the share capital).
- *Vesting period:* two years; the shares allocated will not fully vest until 30 December 2013, 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 30 December 2015 inclusive, at which time they will become transferable and may be traded under the terms and conditions established by applicable law.

For beneficiaries who reside overseas for tax purposes, the vesting period has been set at four years, i.e., until 30 December 2015; in exchange, pursuant to a decision by the Annual General Meeting, these beneficiaries are not subject to any holding period.

The value of the shares allocated was €19.71 per share at the opening of trading on the Paris Bourse on 29 December 2011. In accordance with IFRS accounting standards, this same value was €16.24 per share for the shares vesting at the end of 2013, and €13.60 per share for the shares vesting at the end of 2015.

b. On 15 July 2011 a beneficiary was awarded rights to 20,000 free shares. The vesting and holding periods were both set at two years and are subject to the same conditions as the aforementioned attributions.

c. On 29 December 2011, Mr. Arnaud Lagardère, in his capacity as Managing Partner, awarded to Messrs. Philippe Camus, Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, employees of Lagardère Capital & Management and Co-Managing Partners, the right to receive 26,000 free shares each (representing 0.0198% 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 AFEP-MEDEF Code governing such allocations, 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 allocation and the conditions to which it is subject are as follows:

- *Vesting period*: The shares granted will not fully vest until 1 April 2014 with regard to Messrs. Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, and 1 April 2016 with regard to Mr. Philippe Camus, a United States resident for tax purposes, subject to their fulfilment by 1 April 2014 of the conditions governing performance and presence.
 - *Performance conditions*: In view of the current economic and financial environment, the limited short-term visibility available to certain companies and the diversity of the Group's activities which are developed on various markets, the objectives have been defined on an annual basis rather than a multi-year basis, as would be the case during a normal period of operations. Similarly, in view of the instability of the financial markets, the objectives were defined on the basis of internal corporate criteria rather than in part on the basis of market performance conditions, since Lagardère SCA no longer has any suitably comparable competitors. Consequently, three objectives were adopted: the first based on the change in recurring EBIT before associates for Lagardère Media companies in 2012 and 2013 by comparison with the target 2012 and 2013 recurring EBIT before associates communicated as market guidance; the second based on the change in Net cash provided by operating activities in 2012 and 2013 compared with the figures defined in the Consolidated Annual Budgets prepared at the start of the year. If each of these four target objectives is met, the free shares assigned to each objective (i.e., one quarter of the total quantity per target objective) will be granted in full; if between 0% and 100% of the objective is met, the free shares will be granted in proportion to the percentage of the objective that is fulfilled, in linear fashion.
- Lastly, the third objective is based on achievement in 2013 by Lagardère SCA of a recurring EBIT before associates for Lagardère Media companies at least equal to the average recurring EBIT achieved in 2011 and in 2012. If this objective is not achieved, then the number of shares resulting from application of the four target objectives described above will be reduced proportionately.
- *Presence conditions*: In order to claim the definitive allocation of the shares, Messrs. Philippe Camus, Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, must still be serving as executives of Lagardère SCA on 1 April 2014; this condition will be deemed met in the event of their removal from their executive position or the non-renewal of their appointment for reasons other than negligence.
 - *Holding of shares*: With regard to Messrs. Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, 100% of the shares actually granted must be held in a registered account for a period of no less than two years, i.e., from 1 April 2014 to 1 April 2016.

With regard to the four beneficiaries:

- pursuant to a decision by the Supervisory Board on 12 March 2008, 25% of the shares actually granted must be held in a registered account until the beneficiary ceases to serve as a legal representative of Lagardère SCA;
- pursuant to a decision by the Supervisory Board on 2 December 2009, an additional 25% of the shares actually granted must be held in a registered account until the value of the Lagardère SCA shares held is at least equal to one year of 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 remuneration 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".

The value of the shares allocated was €19.71 at the opening of trading on the Paris Bourse on 29 December 2011. In accordance with IFRS accounting standards, this same value was €16.20 for the shares to be made available in April 2014, and €13.56 for the shares to be made available in April 2016 (overseas residents).

The total number of free shares granted during the 2011 fiscal year to the ten largest beneficiaries who are not Lagardère SCA officers was 131,000 free Lagardère SCA shares, representing an average of 13,100 shares per person.

The Managing Partners

7.4 ORGANISATION, OPERATION AND CONTROL OF THE COMPANY AND THE GROUP

7.4.1 DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

7.4.1.1 INTRODUCTION: INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK, RESPONSIBILITIES, OBJECTIVES AND SCOPE

7.4.1.1.A INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK AND ACTIVITIES

The Group applies the Internal Control and Risk Management framework recommended by the Financial Markets Authority (*Autorité des marchés financiers* – AMF) to oversee its internal control and risk management.

The following description of internal control and risk management procedures in place at Lagardère SCA is based on this framework. The analysis made was guided by the points for attention described in the framework and the associated implementation guidelines.

This description has been prepared by the Risk and Internal Control Department, with the support of the Group's Audit Department and Legal Department.

7.4.1.1.B OBJECTIVES AND LIMITATIONS OF THE INTERNAL CONTROL SYSTEM

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

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

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

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

7.4.1.1.C SCOPE OF THE INTERNAL CONTROL SYSTEM

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

As Lagardère SCA only exercises significant influence over companies accounted for by the equity method, those companies are not covered by the Group's internal control system, although the Group may have specific control rights related to its status as a special shareholder. The internal control framework in place at EADS NV is described in the 2011 EADS NV Registration Document. Canal+ France is covered by the Vivendi Group internal control framework, which is described in Vivendi Group's 2011 Annual Report.

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

7.4.1.2 CONTROL ENVIRONMENT

7.4.1.2.A GENERAL ORGANISATION AND OPERATION OF THE GROUP

The consolidated financial statements of the Lagardère group included 412 companies in 2011 (the full list of consolidated companies can be found in the notes to the consolidated financial statements).

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

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

A.1 THE MANAGING PARTNERS

The General Management of the Company is the responsibility of the Managing Partners, who are appointed by the general partners after approval of the Supervisory Board. The Managing Partners represent the Company in its relations with third parties and engage its responsibility.

Drawing on the Executive Committee, described in section 7.3.1, the Managing Partners' role is to:

- draw up the strategy of the Group;
- guide development and control;
- take the major management decisions required for this and ensure those decisions are implemented both at the level of the parent company and in the various Operating Units.

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

The Managing Partners also draw on Lagardère Media's Operating Committee which includes the heads of the divisions and meets every month.

Business reviews are conducted each month for each division to monitor activity within the divisions. The General and Managing Partner, the Group's Chief Financial Officer (a Managing Partner) as well as the head of each division and the divisions' CFOs generally attend these meetings.

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

- the Group's Central Departments;
- the Financial Committee.

A.2 THE GROUP'S CENTRAL DEPARTMENTS

The Group Secretary General, the Group Chief Financial Officer and the Chief Human Resources and Communications Officer, all three Managing Partners and members of the Executive Committee, are responsible for organising and guiding the Group's Central Departments necessary for the implementation, monitoring and follow-up of decisions taken by the Managing Partners.

The Group's Central Departments, their teams and the corresponding material resources are grouped together within a single company, Lagardère Ressources, a wholly-owned subsidiary of Lagardère SCA. This company is chaired by one of the Managing Partners who is the Group Secretary General. It employs almost 170 people who report respectively depending on their duties to the Managing Partners mentioned in the paragraph above, with the exception of the Group Audit Department which reports directly to Arnaud Lagardère as General and Managing Partner.

As the missions entrusted to these Central Departments are just as much for the benefit of Lagardère SCA as for all of the subsidiaries, these companies have various service agreements with Lagardère Ressources, which receives a fee for its services, currently 0.9% of net sales (or gross margin for Lagardère Services).

A.3 THE FINANCIAL COMMITTEE

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

The Financial Committee is chaired by the Group's Chief Financial Officer who is a Managing Partner and includes representatives from the Group's Central Departments concerned by the topic discussed in order to provide all the requisite skills for it to accomplish its mission.

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

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

A.4 OTHER COMMITTEES

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

A.5 OPERATIONAL ACTIVITIES

Operational activities of the Group include:

- activities in the field of Media: Book Publishing, Distribution Services, Magazine Publishing, Radio/Television, Audiovisual Production, New Media and business lines related to the Sports business and Entertainment. These business activities

are controlled through Hachette SA (named Lagardère Media for commercial purposes), respectively via the following companies: Hachette Livre, Lagardère Services, Lagardère Active and Lagardère Unlimited;

- other smaller business activities or those with no operating relationship with the Media businesses, which constitute the “Other Activities” segment and are under the control of Lagardère SCA;
- the 7.5% interest in EADS NV, held through a subsidiary itself owned by the French State and the Lagardère group.

7.4.1.2.B DEFINITION OF RESPONSIBILITIES AND POWERS

The Central Departments

The Central Departments perform the following duties delegated by the Managing Partners:

- providing expert technical and logistical support to the Managing Partners and the Executive Committee within the scope of their strategic management of the Group;
 - establishing standards and recommending best practices for the Operating Units so they can strengthen control of their operations;
 - organising reporting to ensure the Group’s financial management and monitor the operation of Operating Units;
 - ensuring that Lagardère SCA complies with its regulatory requirements;
 - making Operating Units aware of certain regulatory issues and offering them relevant technical and methodological support;
 - offering the Group’s entities support regarding technical issues or special operations;
 - since March 2011, as expressly delegated by the General and Managing Partner acting in his capacity as Chairman of Lagardère Unlimited’s Management Committee, the management of the Human Resources, Legal and IT Departments is handled by the corresponding Central Departments.

Some of the Central Departments are more specifically involved in the implementation of internal control and risk management within the Group, mainly the following departments: the Group Audit Department, the Group Legal Department, and in the Financial Department, the Management Control Department, the Accounting Department, the Group IT Department and the Risk and Internal Control Department.

Divisions

Operating activities are conducted by legally independent companies grouped together in the following business divisions: Lagardère Publishing, Lagardère Services, Lagardère Active, and Lagardère Unlimited.

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

Each division head is responsible for the general management of the holding company.

Thus, all the members of these holding companies’ governing, managing and supervisory bodies are appointed by Lagardère SCA through its subsidiary Hachette SA as the sole shareholder of the said companies.

The managers of the divisions and their subsidiaries exercise their responsibilities under the control of their governance bodies. The Group takes care to ensure that the majority of members of those governance and supervisory bodies are Group representatives.

7.4.1.2.C APPLICABLE LAWS AND STANDARDS

The Group’s business is governed by a certain number of laws and specific regulations, as set out in section 3.3.1.

As explained in section 5.3.1.2 – The CSR reference framework, the Lagardère group endeavours to respect a certain number of rules established by national and international bodies regarding business enterprises.

Internally, Lagardère has drawn up a Sustainable Development charter which, through its purchasing policy, involves all partners in respect of the Group’s values and commitments.

The “Lagardère group Code of Conduct” sets out a collection of guidelines at Group level, deriving directly from the values of Lagardère. Through compliance with this code, all men and women in the Group will share the same standards.

The “Charter on trading in Lagardère SCA shares by Group employees”, which complements the section of the Lagardère group Code of Conduct on “confidentiality” and “trading in marketable securities”, describes the constraints incumbent on Group employees in such matters.

The information system security policy sets out the practices to be complied with and the resources to be implemented to protect the information system within the Operating Units.

The Group’s investment procedure sets out the processes for validating projects involving significant investments, disposals and commitments within the Lagardère group.

Where necessary, these charters and principles can be adapted to the specificities of the Group's Operating Units. Internal and external principles specific to the Group's businesses are also applied.

The self-assessment internal control questionnaire described in section 7.4.1.7.C provides all of the Group's Operating Units with a set of key points for attention in the various components of internal control.

The production of financial and accounting information is also governed by a collection of rules and guidelines.

Reference standards and procedure guides for financial reporting

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

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

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

The Operating Units also prepare their own equivalent documentation for their specific systems, in keeping with the Group's principles and under the supervision of the Group's Financial Department.

7.4.1.2.D HUMAN RESOURCES POLICY AND SKILLS MANAGEMENT

The Lagardère group's performance depends directly on the skills of its employees and the suitability of resources. The Group's operating entities manage their human resources independently, under shared principles and commitments defined and formally established at Group level jointly with the divisions' Human Resources Directors.

This point is discussed in more detail in section 5.3 – Corporate social responsibility and corporate citizenship – Ethics.

7.4.1.2.E INFORMATION SYSTEMS

The Group's information systems comprise:

- communication systems such as messaging and collaborative software (intranet);
- business monitoring systems, particularly accounting and financial systems;
- audiovisual production systems such as broadcasting and antenna systems in radio and TV activities; systems for editorial chains in magazine publishing; supplier management tools in distribution operations; and tools for creation and storage of digital content and dedicated tools for websites.

The Operating Units are responsible for managing their own information systems. However, there are also Group applications, such as the single management system presented below in section 7.4.1.3.H – Financial reporting.

The IT Department supervises these systems and ensures they are appropriate to the Group's objectives in the long term. It works in liaison with the Risk and Internal Control Department on the management of IT risks in the light of objectives concerning reliability and continuity of operation, legal and regulatory compliance, and data confidentiality.

E.1 SINGLE MANAGEMENT SYSTEM FOR CONSOLIDATED FINANCIAL AND ACCOUNTING INFORMATION

As explained in section 7.4.1.3.H – Financial reporting, below, the overall consolidated financial reporting cycle is based on common principles and uses a single database and management system shared by all teams in the financial departments in charge of reporting the information required, whether specific to management indicators or intended for publication.

E.2 RELIABILITY OF DATA ENTRY

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

7.4.1.3 PROCEDURES, METHODS, TOOLS AND PRACTICES

7.4.1.3.A COMMITMENTS, INVESTMENTS AND DIVESTMENTS

The Group's investment procedure applies to:

- all financial investments or divestments;
- all acquisitions and disposals of property, plant and equipment or intangible assets of over €10 million if previously planned, or €5 million if the transaction was not included in budgets, or lower amounts if the transaction has any effect related to

antitrust regulations, namely with regard to mono- and plurimedia concentration thresholds. For Lagardère Unlimited, the thresholds applied to this type of investment are €5 million if previously planned and €3 million if not included in budgets;

- o bank guarantees issued.

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

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

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

7.4.1.3.B REPORTING ON DIVISIONS' EXCEPTIONAL TRANSACTIONS TO THE GROUP LEGAL DEPARTMENT

The Group Legal Department, which reports to the Group Secretary General, is informed by the divisions of exceptional transactions planned, including:

- o planned acquisitions and disposals, which are reported under the procedure described in section 7.4.1.3.A above. The Legal Department is represented at all Financial Committee meetings in order to keep abreast of such transactions;
- o contractual commitments which individually involve financial commitments or off-balance sheet commitments that are significant at Group level; and
- o legal restructuring plans involving major operational entities.

7.4.1.3.C FINANCE AND CASH MANAGEMENT

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

C.1 EXTERNAL FINANCING

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

The Group's Financial Department can thus monitor the use of capital by companies in the Group. As explained in section 7.4.1.3.H.3, this department permanently monitors bank covenants which are binding on the whole Group.

C.2 CASH/TREASURY MANAGEMENT

Cash investments must be in fixed-income instruments issued by high-quality entities, with maturities appropriate to the planned duration of the investments. Speculative or high-risk investments are not permitted.

C.3 HEDGING POLICY AND MARKET RISK MONITORING

The hedging policy and market risk monitoring is described in section 3.5. The Group's General Management and the divisions' financial managers regularly adjust the hedging policy and the corresponding control system in the light of the resulting priorities.

7.4.1.3.D PURCHASING, SALES AND SALES ADMINISTRATION

The practices and procedures for purchasing and sales are defined by the Group's Operating Units under the responsibility of their managers, in compliance with the Group's shared principles, particularly regarding segregation of duties.

The Purchasing and Real Estate Department is part of the Group's Financial Department and manages the Group's policy concerning purchases.

7.4.1.3.E COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

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

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

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

The Group Legal Department also ensures that all regulations that may concern Lagardère SCA as the ultimate holding company of the Group (antitrust laws, competition law, etc.) are properly applied.

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

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

E.2 COMPLIANCE WITH THE MAIN LAWS AND REGULATIONS APPLICABLE TO THE DIVISIONS

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

Lagardère Unlimited will begin designing an anti-corruption compliance policy in 2012 in a regulatory context that is becoming increasingly stringent worldwide, in an aim to minimise the related risks.

7.4.1.3.F PROTECTION OF THE GROUP'S PROPERTY AND RIGHTS

F.1 PROTECTION OF BRANDS AND INTELLECTUAL PROPERTY RIGHTS

The Group's brands and intellectual property rights are an essential part of its entire portfolio of property and rights.

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

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

As the Lagardère brand is being increasingly used through the Group's business, in view of the resulting exposure the Group set up a wide-ranging policy in 2007 to extend international protection of the Lagardère name to cover areas where the Group is currently in development or expanding. This policy was pursued in 2011, and protection for the Lagardère brand is now established in all the continents.

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

F.2 LITIGATION MANAGEMENT

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

7.4.1.3.G SECURITY OF INFORMATION SYSTEMS

The Group's IT Department updates and distributes an information system security policy within the Group proposing guidelines, practices and resources to be implemented within each entity to protect the information systems and the data they contain. The Operating Units are responsible for rolling out this policy locally.

7.4.1.3.H FINANCIAL REPORTING

H.1 THE REPORTING SYSTEM: FREQUENCY AND TIMING

The Lagardère group's reporting system is structured by Operating Units. It is decentralised, hence each Operating Unit is responsible for producing its own figures.

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

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

This unified organisation of the cycle relies on the financial departments of each Operating Unit, and the Group's Financial Department. Under the supervision of the Group's Financial Department, the reporting system is designed to meet

management control needs and also to guarantee the relevance and quality of the financial information published, thus fostering greater coherence between the various reporting systems, the business activities covered and the consolidation methods used.

H.2 PREPARATION OF BUDGETS

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

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

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

H.3 MONTHLY GROUP REPORTS, INTERNAL REPORTING

Each Group company's financial department enters data from its own monthly accounts into the Group's financial database.

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

Careful attention is paid to regular revision of forecast figures such as year-end estimates.

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

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

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

The Financial Department also prepares a monthly analysis of cash flows and balances for each Operating Unit, and a breakdown of bank covenants described in note 29 to the consolidated financial statements. A regular analysis of the counterparty risks described in the same note is also drawn up.

H.4 INTERIM AND ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Additional information is supplied for the establishment of the interim or annual consolidated financial statements for publication.

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

H.5 RELATIONS WITH THE STATUTORY AUDITORS

Every year the Managing Partners receive the Statutory Auditors' assurance that they have access to all information required for the purposes of their audit.

They also receive assurance from the Statutory Auditors that their work has progressed sufficiently at the year-end to allow them to make any significant remarks.

7.4.1.4 INFORMATION AND COMMUNICATION

The persons concerned are informed of decisions by the Managing Partners by any means, particularly internal memos and announcements.

All of the Group's announcements and the principal rules applicable are available in the Group's intranet, which is accessible to all employees.

A set of applications and collaborative software packages are also available through the Group's intranet, so that information can be appropriately communicated to everyone according to their needs, both in Central Departments and Operating Units.

7.4.1.5 RISK MANAGEMENT PROCEDURES

Like any company, Lagardère is exposed to a variety of risks in the course of its business activities. The principal exposures identified are described in Chapter 3 - Risk Factors. The Group pays particular attention to risk management, by the business division as well as at central level, where summary reports are prepared.

7.4.1.5.A ORGANISATION OF RISK MANAGEMENT

A.1 BASIC PRINCIPLES

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

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

These procedures help both to manage the risks inherent to the Group's business and to reduce undesirable additional risks.

However, given the limitations inherent to addressing contingencies, these procedures cannot guarantee that all risks the Group may encounter in the future have been correctly analysed or even identified.

A.2 ORGANISATION AND DEFINITION OF RESPONSIBILITIES

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

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

As a rule, risk management is an integral part of the Group's management procedures and cannot be separated from them.

However, certain procedures are specifically dedicated to risks, for example risk mapping or setting up insurance coverage.

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

Within the Financial Department, the Risk and Internal Control Department is in charge of proposing and managing the risk management policy. Working closely with the other Central Departments and the divisions, the Risk and Internal Control Department provides methodological support and advice, particularly for the identification, analysis and quantification of risks, and also when financial or insurance coverage is set up. It is responsible for preparing a report summarising the Group's risks.

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

7.4.1.5.B RISK IDENTIFICATION AND ANALYSIS PROCESS

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

- audit reviews;
- reporting activities described in section 7.4.1.3.H – Financial reporting, particularly for impairment tests and monitoring of off-balance sheet commitments;

- o risk intelligence activities by the various Central Departments and divisions;
- o the investment procedure, which includes a section specifically dedicated to risks, and more generally pre-acquisition or pre-sale audits;
- o review and regular renegotiation of insurance programmes;
- o thematic reviews conducted as and when necessary, for instance the investigation of risks in IT systems and networks.

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

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

7.4.1.5.C MANAGEMENT PROCEDURES FOR THE PRINCIPAL RISKS

C.1 RISKS ASSOCIATED WITH THE ECONOMIC ENVIRONMENT AND BUSINESS ACTIVITY

The management of risks related to the economic and commercial environment forms an integral part of the Group's decision-making process.

Among other duties, General Management of each division is responsible for monitoring risks related to the economic climate, air traffic and the worldwide advertising markets, technological developments such as the expansion of digital products and instruments, and changes in consumer behaviour.

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

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

C.2 LEGAL RISKS

The management procedures for legal risks are an integral part of the relevant internal control procedures as described in section 7.4.1.3.

C.3 MARKET RISKS (LIQUIDITY, INTEREST RATE, EXCHANGE RATE AND EQUITY RISK)

The following description is taken from note 29 to the consolidated financial statements:

"The Group has implemented a policy aimed at reducing market risks by applying authorisation and internal control procedures and by using risk management tools to identify and quantify these risks. Derivatives are used exclusively for non-speculative hedging transactions."

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

Cash investments must be in fixed income instruments issued by entities with high quality credit ratings, with maturities appropriate to the planned duration of the investment. The vehicles used for the Group's cash investments are always non-speculative and risk-free, and the Group does not set up derivatives in connection with these investments."

C.4 RISKS RELATED TO PAPER PRICES

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

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

C.5 CREDIT AND COUNTERPARTY RISKS

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

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

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

In newly-consolidated activities, measures are taken to progressively introduce monitoring procedures that are appropriate for the types of credit risk faced by the entity concerned."

The Group has set up periodic reporting on counterparty risks to monitor its overall risk exposure to its principal counterparties, the variations in accumulated receivables, and the level of related provisions, and to oversee the measures put in place for managing this type of risk."

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

C.6 INDUSTRIAL AND ENVIRONMENTAL RISKS

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

C.6.1 Prevention policy

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

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

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

C.6.2 Assessment of impacts

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

C.7 OTHER OPERATIONAL RISKS

The Group's divisions put in place specific anti-fraud processes for their businesses, organisation and IT systems. In 2011, Lagardère SCA set up a cross-disciplinary working group aimed at bolstering existing procedures and processes.

As mentioned in section 7.4.1.3.G, the Group's IT Department updates and distributes an information system security policy that the Operating Units are responsible for rolling out locally.

In addition, the Group's IT Department, together with the Risk and Internal Control Department, carry out recurrent internal-assessment surveys for IT system and network security. These surveys examine:

- organisation of data security;
- management of assets, property and equipment;
- security as regards human resources;
- physical and environmental security;
- operation and security of information systems;
- control of access;
- acquisition, development and maintenance;
- management of incidents;
- legal and regulatory compliance.

All measures to preserve data confidentiality, protect the systems against intrusion, and minimise the risk of system breakdown are adjusted based on the results of these surveys. The entities also receive recommendation sheets based on the results of the surveys.

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

C.8 INSURANCE POLICIES – RISK COVERAGE

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

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

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

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

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

7.4.1.6 CONTROL ACTIVITIES

Control activities are designed to ensure that the necessary risk control measures are actually implemented.

7.4.1.6.A CONTROL BY THE DIVISIONS AND THEIR OPERATIONAL PROCESSING

The divisions implement their own internal control systems to cover their day-to-day activities. These systems are made up of a combination of resources and take various forms depending on the organisation of the division as well as the business lines, the size of the division, its geographic location and the regulatory constraints of its Operating Units.

Most of these control activities are described in the self-assessment questionnaire common to all Operating Units listed in section 7.4.1.7.C and cover the following areas:

Cycle	Process
Purchasing	Purchasing
Finance	Customer accounts
	Supplier accounts
	General accounting
	Tax
	Assets
	Investments
	Cash
Risk management	Insurance management
	Risk management
Legal	Legal (other than employment law)
Human resources	Personnel administration
	Human resource management
	Expense claims
	Payroll
Information systems	Information systems
Sales	Distribution
	Sales management

7.4.1.6.B CONTROL BY THE CENTRAL DEPARTMENTS OF PROCESSING CARRIED OUT WITHIN THE GROUP

THE GROUP'S FINANCIAL MANAGEMENT

The consolidated financial statements are drawn up at the end of each month (except for January and July), which allows the Central Department responsible for consolidation to regularly review the financial information reported by the divisions.

The Group's Chief Financial Officer monitors the divisions' cash flow position each month, with the assistance of a number of the Central Departments. When these positions are monitored, the ratios that pertain to the Lagardère group and the banks involved in cash management are also monitored.

The Group's Chief Financial Officer reviews the divisions' and the Group's counterparty risks on a twice-monthly basis, with the assistance of a number of the Central Departments. This review provides details, by division and at Group level, of the counterparty risks relating particularly to customers, the investment portfolio and hedging instruments.

At year-end the Financial Committee, described in section 7.4.1.2.A.3, also validates the annual budget and the three-year plan proposed by each of the divisions. Each month the Reporting Committee, described in section 7.4.1.2.A.4, is responsible for verifying that the budget is adhered to by each of the divisions.

Finally, as stipulated in the Group's investment procedure, the Financial Committee reviews any significant investments, divestments and commitments.

MONITORING LEGAL AFFAIRS

Within the scope of the Group's legal reporting, the Group Legal Department requires the divisions to provide, whenever necessary and in real time, the information and documents relating to the following topics:

- relations with national or supranational administrative bodies;
- control of activities (in terms of legal and regulatory compliance);

- exceptional transactions (including materiality thresholds);
- disputes representing an annual financial impact of more than €5 million or involving a risk for the Group's image;
- non-competition commitments (including materiality thresholds);
- change of control clauses;
- management of corporate brands (Lagardère, Hachette and Matra);
- investments (including materiality thresholds);
- fraud/corruption (with no minimum threshold).

OTHER AREAS

The Central Departments have also put in place exchanges with the divisions allowing them to receive information about the processes carried out within the Group, particularly as regards information systems, sustainable development, human resources management, risk management and internal control. These exchanges generally take place with the General Management of each division and in certain cases the Operating Units of the divisions. The exchanges involve implementing a reporting process and are based on a network of correspondents who liaise with the operating entities.

7.4.1.7 PERMANENT MONITORING OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Lagardère group continuously strengthens the monitoring of its internal control and risk management systems.

7.4.1.7.A AUDIT OF THE SYSTEMS

The Group's Audit Department, supervised by the Managing Partners, audits the internal control and risk management systems, as well as the related reporting processes, as set out within the Lagardère group. Audits are conducted as part of the annual audit plan or following specific requests from the Managing Partners or the Group's Financial Department or from the heads of the divisions. The Audit Department's scope of intervention includes all fully-consolidated companies. The audit plan is established on a multi-annual base and includes:

- coverage of Group entities on a rotating basis;
- taking into account the needs of the Group's and the divisions' General Management;
- audits of the risk management and internal control systems identified in the context of risk mapping or through analyses performed by the Group's Risk and Internal Control Department;
- audits of cross-functional themes relevant to the divisions and/or their subsidiaries;
- audits related to the internal control self-assessment system.

The Group's Audit Department may also conduct consulting or operational assistance assignments on specific projects at the request of the Managing Partners or the divisions, specific assignments involving reviews of operational and financial risks, audits relating to merger/acquisition projects, or ad hoc audits with entities facing incidents involving fraud. Audit assignments are conducted following a standard process, involving in particular monitoring by the Department of the action plans resulting from its audits.

The mission of the Group's Internal Audit Department, its powers and responsibilities are set out in an internal audit charter. The Group's Audit Department presents to the Audit Committee the annual audit plan, a summary of the work carried out, the resulting conclusions and details of their application, as well as business indicators that make it possible to assess the effectiveness of its work.

The Group's Audit Department uses a recruitment policy in order to maintain its technical skills (e.g., related to computerised audit) and language skills (to be able to work in the languages that are used the most within the Group). The Department helps spread the risk management and internal control culture within the Group through its audits, as well as through professional mobility for its employees.

7.4.1.7.B PERMANENT MONITORING OF THE RISK MANAGEMENT SYSTEM

As mentioned in section 7.4.1.5.A.2, the Risk and Internal Control Department proposes and manages the Lagardère group's risk management policy.

As part of its work, the Risk and Internal Control Department is responsible for monitoring and alerting the Managing Partners and the divisions, and analysing the Group's cross-business risks. In 2011, for example, the Department analysed certain strategic risks for the Group: the risks relating to digital technologies and the risks relating to Lagardère Unlimited. In 2011 the Department was also responsible for updating the divisions' strategic plans, enabling the Department to strengthen its vision of risks at Group level.

The Risk and Internal Control Department is responsible for establishing risk mapping for each division, particularly by defining a shared methodology. The last risk mapping was established in 2010, and a report summarising the work done at Group level was presented to the Audit Committee. The Risk and Internal Control Department monitors the main risks identified during this

risk mapping and puts in place related control measures. The risk mapping for each division and the Group summary report will be updated in 2012.

7.4.1.7.C PERMANENT MONITORING OF THE INTERNAL CONTROL SYSTEM

The Risk and Internal Control Department has been responsible for managing the Group's internal control system since 2010. To accomplish this mission, the Department created and filled the position of Group Internal Control Manager. This Manager has a correspondent in each division, the Internal Control Manager, who is responsible for managing the internal control system within his/her division. The Internal Control Manager of each division reports to a member of his/her division's Management, most often the Chief Financial Officer. This organisation makes it possible to provide stronger and more efficient monitoring of the internal control system throughout the Group.

As explained in section 7.4.1.6 – Control activities, an internal self-assessment procedure exists for internal control at Lagardère SCA's main entities/subsidiaries. This procedure is managed by the Internal Control Managers and consolidated by the Risk and Internal Control Department. This procedure helps the continuous improvement process for the control and efficiency of processing within the Lagardère group's entities.

The methodology is based on defining a Group reference framework (shared with all the divisions) consisting of seven financial processes, nine operational processes and two risk management processes covered by 210 points of control. Two divisions have also added questionnaires specific to their businesses.

The self-assessment aims to identify the applicability, efficient implementation and traceability of each of these points of control, and to establish a stronger formal definition of internal control procedures and ensure their adoption by all operational managers. The Internal Control Managers analyse the results of the self-assessment for their respective divisions, and a report is presented to the Managing Partners for the entire Group. This information is used by operational management in their quality assessment of the internal control procedures that they oversee, and for the implementation of improvement plans. It is included in the scope of audits carried out by the Group's Audit Department.

Each head of division also sends a detailed report to the Chairman of the Supervisory Board on risk management and internal control within his/her division. This report includes analysis of the results from the self-assessment questionnaires.

7.4.1.7.D INFORMATION SYSTEMS

D.1 SECURITY

As described in section 7.4.1.5.C.7 – Other operational risks, the Group's IT Department, together with the Risk and Internal Control Department, carries out regular surveys to assess the security of the IT systems and networks, contributing to improve the security of those systems and networks.

D.2 CHANGES IN THE SINGLE MANAGEMENT SYSTEM

The single management system described in section 7.4.1.3.H – Financial reporting, and its settings are upgraded to the latest versions as often as necessary. Specific resources (as described in 7.4.1.2.E.1) are dedicated to data integrity, availability and confidentiality.

7.4.1.7.E ACTION IN RESPONSE TO THE STATUTORY AUDITORS' WORK

The Managing Partners ensure that the Statutory Auditors have reviewed the accounting principles and options that have a material impact on the presentation of the financial statements.

They ask the Statutory Auditors for details of the audit scope and methods, and are also informed of the conclusions of the audit.

The Managing Partners are informed of any significant risks and material weaknesses in internal control, as communicated by the Statutory Auditors, that could have a significant influence on the published financial and accounting information, and ensure that these factors are taken into consideration in the corrective action taken by the Group.

7.4.1.7.F CHANGES IN INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Group's General Management and operational managers adjust the internal control and risk management systems following on from the actions undertaken in 2010:

- The Group's Audit Department strengthened its organisation by appointing a Deputy Director. It also pursued its strategy of strengthening the audit process and establishing the audit plan, particularly by improving coverage of significant entities within the Group;
- The Group's Audit Department is now responsible for systematically conducting post-acquisition audits, to support or control the consolidation project;

- The Risk and Internal Control Department created and filled in 2011 the position of Group Internal Control Manager to guide and strengthen the internal control system. This has made it possible in particular to lead the network of Internal Control Managers within the divisions;
- The Risk and Internal Control Department strengthened its analysis tools for responses to the self-assessment questionnaires for internal control. Detailed analyses are presented to the Managing Partners, the Central Departments and the divisions, along with recommendations intended to strengthen the Group's internal control system.

7.4.2 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*) principally concerning the membership and operation of the Supervisory Board, and the internal control and risk management procedures applied by the Company.

All preparatory work for this report (including interviews with Management) was presented at an Audit Committee meeting. The Supervisory Board approved the terms of the report at its meeting of 8 March 2012.

MEMBERSHIP OF THE SUPERVISORY BOARD

In accordance with the Company's Articles of Association, the Supervisory Board is composed of a maximum of fifteen members, appointed for a maximum term of four years. One half of the Board is renewed every two years.

The Board currently comprises the following fifteen members:

		Date of first appointment or renewal	End of current term of office
Chairman of the Board Chairman of the Audit Committee	Xavier de Sarrau Lawyer Former Managing Partner of Arthur Andersen Group for Europe/Middle East/India/Africa	10 March 2010	2014 OGM ^(*)
Honorary Chairman of the Board Member of the Audit Committee	Raymond H. Lévy Honorary Chairman of Renault SA	27 April 2010	2012 OGM ^(*)
Member of the Board	Bernard Arnault Chairman and Chief Executive Officer of LVMH	27 April 2010	2012 OGM ^(*)
Member of the Board	Martine Chêne Former archivist at Hachette Filipacchi Associés Former CFDT union representative on the Group Employees' Committee	29 April 2008	2014 OGM ^(*)
Member of the Board Member of the Appointments and Remuneration Committee	Georges Chodron de Courcel Chief Operating Officer of BNP Paribas	2 May 2006	2012 OGM ^(*)
Member of the Board Member of the Audit Committee Member of the Appointments and Remuneration Committee	François David Chairman of the Board of Directors of COFACE SA	29 April 2008	2014 OGM ^(*)
Member of the Board Member of the Appointments and Remuneration Committee	Pierre Lescure Former Chairman and Chief Executive Officer of Canal+ SA	29 April 2008	2014 OGM ^(*)
Member of the Board	Jean-Claude Magendie Former First President of the Paris Court of Appeal	27 April 2010	2014 OGM ^(*)
Member of the Board Member of the Audit Committee	Christian Marbach Former Chairman of the French innovation agency ANVAR	2 May 2006	2012 OGM ^(*)
Member of the Board	Javier Monzón Chairman of the Spanish company Indra Sistemas	29 April 2008	2014 OGM ^(*)
Member of the Board Member of the Audit Committee	Amélie Oudéa-Castéra Brand Director, Research Department, Axa France	27 April 2010	2012 OGM ^(*)
Member of the Board Member of the Audit Committee	Didier Pineau-Valencienne Former Chairman and Chief Executive Officer of Schneider SA	29 April 2008	2014 OGM ^(*)
Member of the Board	François Roussely Chairman of Crédit Suisse-France	27 April 2010	2012 OGM ^(*)
Member of the Board	Susan M. Tolson Former Senior Vice President of The Capital Group Companies	10 May 2011	2015 OGM ^(*)
Member of the Board Member of the Audit Committee	Patrick Valroff Former Chief Executive Officer of Crédit Agricole CIB	27 April 2010	2014 OGM ^(*)

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

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

A review of each member of the Supervisory Board's position by the Appointments and Remuneration Committee has concluded that twelve Supervisory Board members – or four fifths of the Board – currently qualify as “independent” directors as defined by the AFEP-MEDEF report on corporate governance for listed companies, as applied by Lagardère (see below). The twelve members concerned are:

- Mr. Bernard Arnault;
- Mrs. Martine Chêne;
- Mr. François David;
- Mr. Xavier de Sarrau;
- Mr. Pierre Lescure;
- Mr. Jean-Claude Magendie;
- Mr. Christian Marbach;
- Mr. Javier Monzón;
- Mr. Didier Pineau-Valencienne;
- Mr. François Roussely;
- Mrs. Susan Tolson;
- Mr. Patrick Valroff.

However, as regards the independence criteria defined by the Supervisory Board, the following members are considered “non-independent” for the following reasons:

- Mr. Georges Chodron de Courcel, Chief Operating Officer of BNP Paribas, a significant bank of the Group;
- Mr. Raymond H. Lévy, a former employee of the Group;
- Mrs. Amélie Oudéa-Castéra, wife of the Chairman of Société Générale. In view of the uncertainty regarding the application of the relevant legal provisions to the situation of Mrs. Amélie Oudéa-Castéra, the Supervisory Board, through the Appointments and Remuneration Committee, decided to apply a strict interpretation of the criterion set out in the AFEP-MEDEF Code, notwithstanding the fact that it considers her status to be strictly independent.

OPERATION OF THE SUPERVISORY BOARD

The terms and conditions of the Supervisory Board's organisation and operations are set forth in a set of internal rules (updated on 9 March 2011) which also define the duties incumbent on each member, and the code of professional ethics each individual member is bound to respect.

These rules concern the following:

1. **The independence of Board members:** the minimum quota for independent members is fixed at half of the total serving members. Independent members must have no direct or indirect relations of any kind with the Company, Group or Management that could compromise their freedom of judgement or participation in the work of the Board.
2. **The annual number of meetings:** a schedule for the coming year is fixed annually, based on a proposal by the Chairman.
3. **The duties of each member:** apart from the fundamental duties of loyalty, confidentiality and diligence, members' obligations also concern knowledge of the law, regulations and 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;
 - shares must be retained for at least six months after expiry of a Board member's term of office;
 - 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: four meetings are planned for 2012. During 2011, the Supervisory Board met five times:

- on 9 March, with an attendance rate of 73%, 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, finalise his report to the shareholders and amend the internal rules of the Supervisory Board;
- on 23 March, with an attendance rate of 80%, to examine the final financial statements for 2010 and issue its opinion on the dividend to be proposed at the Annual General Meeting as well as to propose the appointment of a new member of the Supervisory Board;
- on 8 June, with an attendance rate of 80%, mainly to examine the position of the Group's Book Publishing and Magazine Publishing activities, in particular as regards the move from paper to digital formats (presentations given by Arnaud Nourry and Didier Quillot respectively) and to appoint a new member of the Audit Committee;
- on 7 September, with an attendance rate of 93%, mainly to examine the interim parent company and consolidated financial statements and the general business position and outlook, as well as the results of the Supervisory Board's self-assessment;
- on 7 December, with an attendance rate of 93%, mainly to meet the two new heads of divisions, understand their business view, key issues and projects (presentations given by Dag Inge Rasmussen for Lagardère Services and Denis Olivennes and his team for Lagardère Active), as well as to examine the Group's approach to sustainable development (presentation by Isabelle Juppé).

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 continuity 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 Annual 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 as required by law. 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 (posts held in general or financial management or in an audit firm), academic background or specific knowledge of the Company's business.

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

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

The Audit Committee met six times in 2011, in February, March, June, August, October and November.

All meetings were attended by all Committee members, except for the meetings of June and October when the attendance rate was 75% and 71.4% respectively.

The February meeting involved a review of intangible assets and impairment methods as regards the financial statements for the year ended 31 December 2010, the accounting treatment of the deconsolidation of the International Magazine Publishing business and the related intangible assets, as well as a review of recent acquisitions.

The March meeting was held to examine the consolidated financial statements for 2010, and for the presentation and examination of the Chairman's draft report on internal control and risk management.

In June, the Committee focused on the internal audit activity and reviewed remuneration of the Statutory Auditors. It heard a presentation of the risks of Lagardère Unlimited, given by a member of the Audit Committee in liaison with the Director of Risk and Internal Control and the Chief Financial Officer of Lagardère Unlimited. Finally, it examined the state of relations with Lagardère Capital & Management.

The purpose of the August Audit Committee meeting was to examine the consolidated financial statements for the first half of 2011.

In October, the Committee heard a presentation on the Group's litigation and tax situation.

At the last meeting of the year in November, the agenda concerned a review of internal audit activities during the second half of 2011 and the audit plan for 2012. It also heard a presentation on Digital Risks given by one of the members of the Audit Committee in liaison with the Director of Risk and Internal Control.

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

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.

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

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 subscription or purchase options and free shares awarded;
 - 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 record 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 done by the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee met once during 2011 in March, with an attendance rate of 100%, to examine the distribution of attendance fees and propose a new method of distribution to the Supervisory Board. It also examined the independence of each of the members of the Board.

This meeting took place in the presence of the Group Secretary General.

The Appointments and Remuneration Committee had been scheduled to meet in December 2011, but the meeting was postponed to January 2012.

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, the Supervisory Board has decided to introduce a formal self-assessment procedure from 2009, with the primary aim of assessing the preparation and quality of its own work and the work of its Committees.

Consequently, the Supervisory Board carried out its second self-assessment in 2011 (concerning its operation in 2010). In 2012, in accordance with the recommendations of the AFEP-MEDEF Code, an external assessment was carried out.

COMPLIANCE WITH FRENCH CORPORATE GOVERNANCE REGULATIONS – AFEP-MEDEF

The Company has applied the corporate governance principles brought together in the AFEP-MEDEF *Code de gouvernement d'entreprise des sociétés cotées* (Code of Corporate Governance for Listed Companies) revised in April 2010. 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.

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

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

It has thus been decided that:

- Mrs. Chêne's former employee status does not disqualify her as an independent member, since she benefited from a protective legal status due to her functions as union representative on the Group Employees' Committee. However, this criterion has been applied for Mr. Raymond H. Lévy;
- 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;
- the fact of being, or having been, a member of the Board of Directors or Supervisory Board of a company consolidated by Lagardère SCA does not affect the independence of Mr. François David, who was a director of EADS from 2004 to 2007.

SPECIFIC RULES FOR ATTENDANCE OF GENERAL MEETINGS BY SHAREHOLDERS

These rules are set out in the Articles of Association (articles 19 to 22), and mostly reported 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).

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

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

The Group's Risk and Internal Control Department, supported by the Audit and Legal Departments, has been given the task of 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 2011 Reference Document.

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

The Chairman of the Supervisory Board

7.4.3 STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 226-10-1 OF THE FRENCH COMMERCIAL CODE ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF 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 2011.

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'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'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'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'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*).

French language original signed at Paris La Défense and Courbevoie, on 28 March 2012

By the Statutory Auditors

Mazars
Bruno Balaire

Ernst & Young et Autres
Jeanne Boillet

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

7.5.1 TRANSACTIONS WITH LC&M

Lagardère Capital & Management (LC&M), controlled and chaired by Mr. Arnaud Lagardère and with Mr. Pierre Leroy as Chief Operating Officer, provides an array of management resources and skills to both the Group and each of its component parts, with the following aims:

- over the long term, to guarantee that the Group's operating businesses have the best environment required for expansion;
- to bring them the economic and financial power of a Group with sales of €8 billion;
- to supply the Group with strategic planning and operational services, coupled with high quality management services, including principally:
 - designing and developing economic and financial strategic scenarios, providing project monitoring skills;
 - providing research and follow up concerning major markets and their evolution; assessing factors in different market environments that may create new opportunities for action;
 - keeping a watchful eye on potential investments and divestments;
 - managing business negotiations such as divestments, mergers and acquisitions;
 - orchestrating corporate operations, including state-of-the-art finance and capital management techniques;
 - establishing and maintaining relations in banking and finance, with particular attention to the characteristics of the various countries in which the Group does or plans to do business;
 - enhancing human resources by attracting high-potential management personnel;
 - providing overall management of the Group's image.

To accomplish its mission, LC&M employs the principal senior managers forming the Group's Executive Committee. The role of the Executive Committee is to assist the Managing Partners in the fulfilment of their duties, i.e., to develop and ensure the application of the Group's strategy, to lead the Group's development, to take the resulting necessary management decisions and implement them globally at parent company level and in the Group's different business activities. LC&M bears the entire cost of senior managers' salaries and the related overheads as well as the fees billed by any French and/or international consultants that they may work with.

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

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

As a result, in 2011, LC&M invoiced €22.1 million to the Group, versus €23.3 million in 2010. Total payroll costs recognised by LC&M amounted to €18.0 million. This figure corresponds to €9.9 million for gross salaries, not including payroll taxes and the pension provision. After deducting other expenses (support costs reimbursed to the Group for €1.9 million and fees and miscellaneous expenses for €0.8 million), this left operating profit after tax from the above agreement of €0.7 million.

7.5.2 TRANSACTIONS WITH MEMBERS OF THE SUPERVISORY BOARD

None. See section 7.2.4.2.