letter to our shareholders

LAGARDERE

APRIL 2002

"REAPING THE BENEFITS OF RIGOROUS MANAGEMENT"

Lagardère Media's operating profits for 2001 were up more than 10% over 2000. With advertising in the doldrums – especially in the United States –, many media groups announced a fall in profits compared to the previous year. On the other hand, only a very small number were able to produce a double-digit rate of growth.

The performance of Lagardère Media has its basis in solid advantages:

- strong competitive positions, the better to weather the storm;
- a well-balanced portfolio of business activities, achieved in particular thanks to those activities not affected or only slightly affected by changes in the advertising market;
- proper execution of the cost cutting program launched in March 2001, that will be continued at least until the end of 2003.

Furthermore, the strict investment discipline that has been implemented over the past few years has provided protection against the risk of having to write-down assets that were acquired above their real value. It also enabled the preservation of an extremely solid financial position. The Group in fact has a positive net cash surplus.

In conclusion, LAGARDERE is in a highly favorable position. The continued implementation of the cost-cutting plan will produce amplified effects in 2002 and 2003, which, of course, will protect future growth or perhaps even accelerate it. Then, the absence of debts will enable the company to fund the acceleration of its development and, within this framework, seize appropriate opportunities for acquisitions, when they present themselves.

The market has recognized this, and responded with an increase in the LAGARDERE share price since the beginning of the year that is higher than both the "DJ Stoxx Media", the media sector index, and the general French business index, the "CAC 40".

SUMMARY

2001 Annual Results

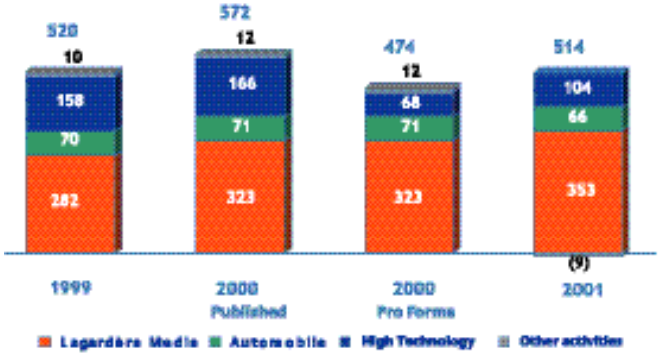
LAGARDERE MEDIA REPORTS OPERATING INCOME GROWTH OF 10.4 % (*)

Sales (in million €)

CONSOLIDATED REVENUES

The consolidated revenues for the year 2001 attained 13,295 M€ (compared to the pro-forma 2000 sales of 11,875 M€), an increase of 12.0%. **Lagardère Media** revenues rose 6.5% to 7,668 M€. This increase comes from the solid performance realized by the Distribution & Services and Book divisions. Sales of the "**Automobile**" segment declined by 3.6%. However, Matra Automobile maintained its leadership in the French and European markets for the high-end mini-van segment. The strong growth in the **High Technology** revenues comes from all the activities (with the exception of the Space Division) and especially the Airbus Division which includes the consolidation of 100% of the Airbus activities in 2001.

Operating Income (in million €)



CONSOLIDATED OPERATING INCOME GROWTH OF 8.4%

(on a pro-forma basis)

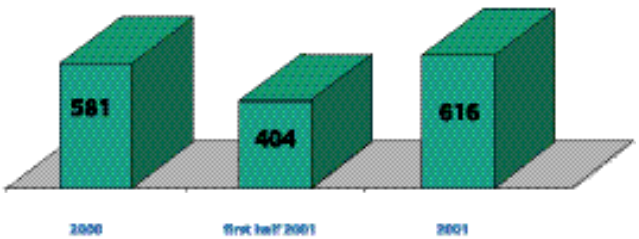
• Lagardere Media operating income grew by 9.3% to 353 M€. In this difficult global economic context, the significant increase in operating income reflects the successful implementation of **Lagardère Media**'s organic growth and profitability improvement plan launched in 2001.

• As anticipated, the 2001 financial results were affected by a significant increase in the Research & Development spending, especially those linked to the A380 program and to the final step of A340-500/-600 development. At the same time, EADS's operating income benefited from the 100% consolidation of the Airbus activities in 2001 versus 80% in 2000.
In total, the EADS contribution to the consolidated accounts was +104 M€ in operating income (compared to +68 M€ in 2000 on a pro-forma basis) and +470 M€ in net income (against -49 M€ in 2000 on a pro-forma basis).

• The **Automobile** segment reported an operating income of + 66 M€ which is slightly below the 2000 figure (+ 71 M€). This decrease results from the cost of launching the new model Avantime (delayed until December 2001) as well as a reduction of the sales of the Espace mini-van in the later part of 2001. Despite these two unfavorable events, the profitability of Matra Automobile remained strong as a result of a favorable mix of higher margin products as well as the growth of diversification revenue including engineering.

(*) Including the impact of the additional three months of activity for Lagardere Active Broadcast (December close instead of a September close historically), Lagardère Media's operating income growth was 9.3%.

Net Income (in million €)



NET INCOME

Considering notably :

• Non-recurring events as the gain recorded on the sale of the EADS "Excess Shares" in January 2001 (+ 210 M€ before taxes), the provision for depreciation of the T-Online shares (- 157 M€ before taxes) recorded in the first half of 2001, the gain recognized by EADS following the creation of Airbus SAS which amounts to a gain of +441 M€ for the Lagardère accounts, the impairment of various goodwill and other intangibles for - 42 M€, as well as provisions for restructuring for -99 M€ of which - 66 M€ is for the activities of Media and Automobile;

• Goodwill amortization increased from 61 M€ in 2000 (on a pro-forma basis) to 121 M€ in 2001 essentially as a result of the full year impact of the amortization related to the buyout of the Hachette Filipacchi Médias minority stockholders and EADS for the remaining portion.

The **CONSOLIDATED NET INCOME** attained **616** M€ (compared to 528 M€ in 2000 on a pro forma basis).

SOLID BALANCE SHEET

The net bank debt at 2001 year end of 219 M€ is to be compared with the Consolidated Net Worth of 4,328 M€.

We remind you that the whole of the documents put at the disposal of the market on the occasion of the publication of 2001 Annual Results (press release and documents presented during the analyst meeting on 21 march) can be consulted on the LAGARDERE site at the following address:
http://www.lagardere.com/us/info_financieres/detail_actu.cfm?idn=2473&idt=81&nav=0

Ana Rosa Sells Like Hotcakes

© AR

Launched in October, AR is based on a concept invented in the USA, which draws readers through the name recognition of a celebrity. AR exceeded everyone's wildest hopes. All told, the first issue sold over 600,000 copies. This high "score" for its debut issue makes AR's launch the most successful in Spain in the last 20 years.
www.ar-revista.com

Version Femina

Launch of Version Femina

Version Femina, the first European Women's Weekly Magazine, is sold at newsstands as a supplement to 32 regional daily newspapers through the weekend.
With a distribution of 3.6 million copies (9.2 million devoted readers), Version Femina is devoted to glamour and practical issues and has borrowed the best features from two women's magazines, Version Femme and Femina Hebdo.
From Version Femme, it gets its feminine touch with cover pages highlighting celebrities and stars and a current weekly news story. The practical side of Version Femina, its quality and wealth of information and its column content (covering cuisine, fashion, beauty, health, children, psychology, tourism, law, money, etc.) come from Femina Hebdo.
Version Femina will also regularly run (once a month to start) the special-interest column that appeared in Version Femme and will continue Femina Hebdo's regional column for the weekly dailies that it had previously featured.

© HFM

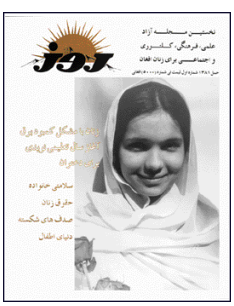
25 ans Magazine in Korea

Hachette Next Media, a joint venture created by Hachette Filipacchi Médias and the Korean group Next Media, launched the Korean version of the magazine 25 ans in February. The monthly's introduction marks the first foreign spin-off of the Japanese magazine of the same name, published by Hachette Fujingaho (a fully-owned HFM subsidiary). Hachette Next Media already publishes the Korean editions of ELLE and Première.

Afghan Women

Launch of the Woman's Magazine ROZ in Kabul

The woman's magazine Roz (Daylight) has just been launched in Kabul with the support of Hachette Filipacchi Médias, whose decision to become involved with the project helped to make the magazine a reality. The world's leading magazine publisher marshalled its magazine press expertise and international experience in aid of a charitable cause. ELLE magazine and its editorial staff set up the project, which was designed to give Afghan women a new source of information, knowledge and entertainment after years of silence and oppression. This mobilization of editorial staff is in keeping with the magazine's tradition, ever since its creation, of supporting initiatives aimed at improving the conditions of women throughout the world.



© Marion Ruggieri

Exemplary Women

Jack Kliger, the chairman and CEO of Hachette Filipacchi Magazines INC, welcomed Laura Bush and Libby Pataki (the wife of the governor of New York) to the first awards ceremony for the "Exemplary Women" trophies. Eight exceptional women involved in social or humanitarian work were honoured on the occasion by the magazine Woman's Day.

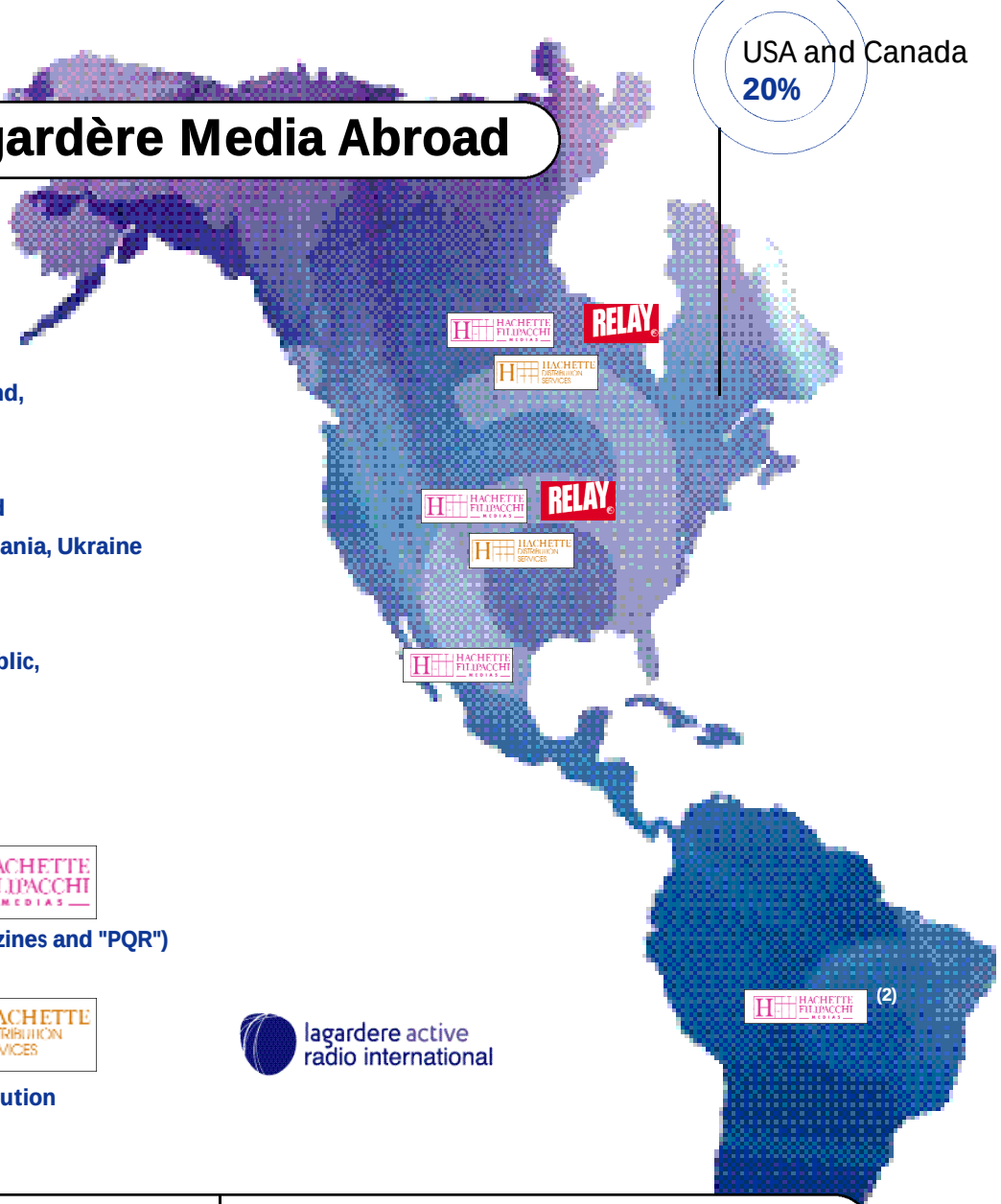

© DR

EDIF

In January Hachette Filipacchi Médias has acquired 100% of the capital of EDIF (Edizioni Italo Francesi). The magazines ELLE and ELLE Decor Italy are now wholly owned by Hachette Rusconi which is now involved in every segment of the general magazine press. In Italy, HFM is the top foreign publisher and the third-largest press group.

LAGARDERE MEDIA

Lagardère Media Abroad



1/ Germany, Hungary, Luxembourg, Poland, Czech Republic, Rumania
2/ Argentina, Brazil, Chile, Colombia
3/ Germany, the Netherlands, Switzerland
4/ Hungary, Poland, Czech Republic, Rumania, Ukraine
5/ Taiwan, Singapore, Thailand
6/ Germany, Belgium, Switzerland
7/ Bulgary, Hungary, Poland, Czech Republic, Rumania, Slovakia, Yugoslavia

Hachette Livre

Hachette Filipacchi Medias

Press (magazines and "PQR")

RELAY

Travel Retail

Hachette Distribution Services

Press Distribution

lagardere active radio international

HACHETTE LIVRE

Acquisition of Octopus

Hachette Livre has acquired the British publisher Octopus Publishing group.

The takeover of the top independent publisher of illustrated books in the United Kingdom marks a new step in Hachette Livre's international development, which had already been demonstrated by the acquisitions of Orion and Cassell in 1998, and the Spanish academic publisher Bruño last May. Founded by the eminent editor Lord Paul Hamlyn in 1971, Octopus comprises six trade publishing houses (general public and non-academic). In addition to these six "houses", Octopus has diversified into two other areas: Octopus Television (creation of documentary TV series) and Digital Octopus (marketing of digital content). Octopus's numbers are as follows: turnover of over 68 million Euros –half earned internationally (30% in Europe, 10% in North America)– 250 employees, 250 titles published annually, over 500 authors, a catalogue of 100,000 titles and ownership of most of its photographic library. With the acquisition of Octopus, Hachette Livre boasts turnover of roughly 180 million Euros (FRF 1.2 billion) in Great Britain, placing it fourth in sales in the country. Even more important, the Octopus and Orion pairing now ranks No. 1 in the British market in the fields of antiques and architecture, and No. 2 for art books. Observers give Hachette a 25% share of the British illustrated book market, which makes it the top general-interest publishers.

MITCHELL BEAZLEY

MILLER'S

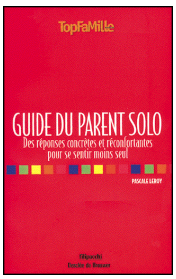
conran OCTOPUS

PHILIP'S

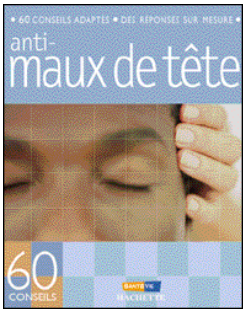
hamlyn

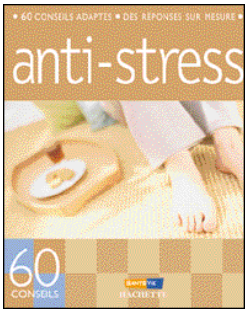
Families on Top

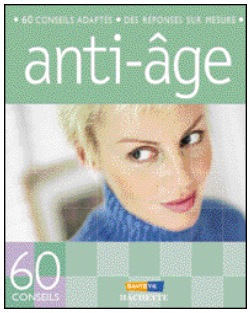
The Les Pratiques de Top Famille Magazine collection, co-published by Editions Filipacchi and Desclée de Brouwer, debuted in early January. The five books are written to help and advise parents, but stop short of handing them hard-and-fast rules. Titles of the new collection include Household Chores, When Your Teenager Takes Drugs and The Overweight Child.



Loads of Advice







In early January, Hachette Pratique and Santé-Vie launched a new collection of health guides, called 60 conseils : ten lively, up-to-the-minute titles covering contemporary topics. Chock-full of advice and solutions, the guides will focus on prevention, healthful living and non-traditional, gentle forms of medicine. Sample titles include Stress-beaters, Combating Headaches, Fully Fit and Getting the Sleep You Dream About.

Last March 12, Mediamétrie published the results of MediaCabSat's second survey, which includes cable and satellite channel audiences, covering the September 2001-February 2002 period.
Canal J still ranks third among special-interest channels among all viewer groups, earns it the top spot for youth-oriented special-interest channels.
Even better, TiJi is making a strong debut: its audience share shot up by over 20% among 4- to 10-year-olds, to 3.5%.
Canal J and TiJi capture 35% of the audience for youth-oriented special-interest shows.
On the music side, MCM has a firm hold on its position as the top cable and satellite music channel among viewers aged 4 and up, 15- to 24-year-olds and 15- to 34-year-olds.

GMT Productions

GMT Productions has begun filming the mini-series Jean Moulin in early March. It is scheduled to air in September on TF1.

TNT on the Net

Lagardère Media presents Focus on TV (http://www.lagardere.fr/tnt), an interactive flash site where you can find answers to all your questions about television. The site – also available in English – is divided into ten sections, which are rounded out by a glossary and a list of useful links.

LAGARDERE ACTIVE

Match TV settles in

Launched last 10 December, Match TV has begun to hit its stride.

Assessment and upcoming new programmes and events for Lagardere Active new station: the various shows are hitting their stride. For instance, J'y étais, hosted by Frédéric Lopez, has welcomed scores of guests (the attorney Vergès, actress Marie-France Pisier, photographer Jean-Marie Périer, actor Jacques Perrin, performer Arturo Brachetti and more) and introduced two new columnists: Father de La Morandais and Philippe Gougler. The show will even travel to various major urban centres on a regular basis. Its first off-site foray was scheduled for 1-5 April in Lyons. The team is also planned to go on location for a few days at the Cannes Film Festival.

Initial subscription rates are looking pretty positive. The first audience ratings will be available during the third sweep of MediaCabSat next July. Some discussions are on course with a view to distributing Match TV outside France.
www.match-tv.fr

E.D.I. becomes Lari

lagardere active radio international

The birth of Lagardere Active Radio International

In early January, Europe Développement International "activated" itself and became Lagardere Active Radio International (LARI). This subsidiary, in charge of developing the group's radio activities abroad, is run from Paris. LARI has facilities in eight countries (Germany, Hungary, Luxembourg, Poland, South Africa, the Czech Republic, Romania and Russia/CIS). It currently encompasses 17 radio stations, 1,000 people and nearly 400 broadcast points serving a total population of more than 200 million individuals, which adds up to a total audience of 23 million people per day. The radio stations all have different names, formats and market positions, but they use the same research, organizational and marketing methods. LARI is the number-one radio operator, with 25% of the advertising market, in Central and Eastern Europe.
Outside Europe, LARI has invested in South Africa by acquiring a stake in the top radiostation in Johannesburg and Pretoria: Jacaranda.
In the view of Jean-Christophe Lestra –General Manager- : "Now we have to strengthen our position, and perhaps to penetrate new countries, if the opportunity arises."

Images International

Europe Images International, a programme acquisition and distribution company, has clinched a number of sales to television stations over the last several months. Below is a list of the most recent:
- **Fabio Montale** (GMT Productions), sold in Russia and the Czech Republic.
- **Julie Lescaut** (GMT Productions), sold to the Brazilian channel Globosat.
- **Joséphine Ange Gardien** (DEMD Productions), sold to the Série+ channel in Canada.
- **Champions de la nature** (animal documentary), purchased by the Discovery International channel.
- **Belphégor** (animated series) sold to the Forta channels in Spain.
- **100 one-hour cultural programmes** sold to the ArtsWorld channel in Great Britain.

MCM Gets Busy

The new Mezzo has been laucnhed
The new Mezzo is focusing on four main themes (classical music, jazz, dance/opera and world music) and is a synthesis of what Muzzik and the old Mezzo did best. The station is available in 25 countries and has 1.5 million subscribers in France (via CanalSatellite, TPS, France Telecom Câble, Noos, NC Numericable...) and 7 million in Europe.
www.mezzo.fr and www.mezzo.tv

What's New in FM Radio

As of February, RFM's repositioning, which began in mid-November, is no longer leaving anything to chance. The station has a new, more "active" logo, a new format and a new signature ("The best of music"), tailor-made for its new target: 30- to 45-year-olds. RFM is the 'intergenerational' musical bridge between Europe 2/NRJ and Nostalgie," says Christophe Sabot, general manager of Europe 2 & RFM.
As far as Europe 2's position is concerned, it represents an objective unto itself: to be the music and general-interest challenger against the leader.

Virgin

Roaring success for the Megastore launches in Montpellier (end of November 2001), Nice (December 2001) and Toulouse (April 11, 2002).

Questions to Frédéric Cazaux, Manager of the Virgin store in Toulouse:

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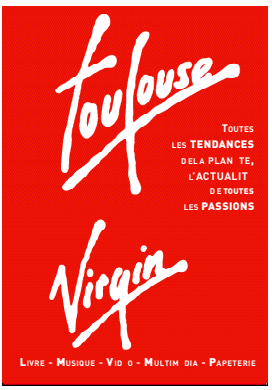


What is the strong point at Virgin Toulouse?
The service provided by competent sales staff who are friendly, helpful, pleasant and attentive.

Status report on the first days of trading?
Extremely busy, with over 8,000 checkout transactions: it was definitely the place to see and visit!
The figures were very good.

What still has to be worked at or smoothed out?
It will take 2 to 3 months for the basics and 6 months to be totally autonomous at all levels (organization, mastering the computer system, etc.).
The most important thing is to identify the needs and expectations of the people in Toulouse.

A few words in conclusion?
Along with the whole team, I am very proud and happy that our store inauguration and first days of trading were so successful. This is when the real work starts: we now have to exceed our targets and satisfy the people of Toulouse!

Forthcoming launches

- Nantes Beaulieu
- Paris Barbès
- Melun-Sénart

Extensions

- Dunkirk
- Belle-Epine
- Quatre Temps La Défense

Virgin Megastore Toulouse

© Charly Hel

Virgin Megastore Toulouse in a few figures

- 45 employees
- Floor space: 1,800 square meters on 3 levels
- Music:
  90,000 records
  30,000 product references
- Video-Multimedia:
  Video :
  1 500 items
  5 000 product references
  Multimedia:
  10 000 items
  1 135 product references
- Bookshop:
  55 000 books
  35 000 product references
- Stationery:
  45 000 items
  1 690 product references
- Other:
  25,0000 records for digital playback
  92 headphone points

Virgin Megastore Montpellier

© Philippe Dureuil

Virgin Megastore Montpellier in a few figures

- 40 employees
- Floor space : 1,700 square meters (sales) on 2 levels
- Music:
  75 000 records
  24 000 product references
- Video-Multimedia:
  Video:
  18 000 items
  4 800 product references
  Multimedia :
  11 000 items
  2 000 product references
- Bookshop:
  45 000 books
  20 000 product references
- Other:
  No net sound system
  76 headphone points

Virgin Megastore Nice

© Jean-Pierre FIZET

Virgin Megastore Nice in a few figures

- 38 employees
- Floor space: 2 200 m^2 sur 3 niveaux
- Music:
  60 000 records
  23 000 product references
- Video-Multimédia :
  Video:
  17 000 items
  5 500 product references
  Multimedia:
  10 000 items
  2 000 product references
- Bookshop:
  90 000 books
  40 000 product references
- Stationery:
  73 000 items
  4 200 product references
- Other:
  No net sound system
  65 headphone points

EADS

Exceeds Its Targets

© EADS

EADS surpassed every one of its financial goals in 2001

Presentation of EADS annual results on March 18 highlighted a 27% increase in sales (the target was 20%) and a 21% increase in earnings from operations. Its EBIT (before depreciation of goodwill and extraordinary entries) of 1.7 billion euros surpassed its growth target of 15%. Further measures have been taken to maintain the 2002 pre-R&D EBIT margin at the 2001 level, or roughly 12%. The company's EBIT breakdown is as follows: 1.655 million euros against 1.412 million in 2000 in the Airbus division, and a positive EBIT of 1 million euros in the Military Transport Planes division in 2001, pending the A400 M contract, which will generate exceptional growth. The EBIT of the Aeronautics division climbed 4%, to 308 million euros (296 million in 2000), while its operations margin held steady at 6%. The Space division reported operating losses of 222 million euros, caused by high, non-recurrent expenses arising essentially from the restructuring and depreciation of investment holdings. The Civil and Defense Systems division managed to reduce its operating losses and should be profitable during the second half of 2001.

In the opinion of Philippe Camus and Rainer Hertrich, the CEOs of EADS, "EADS is a very solid company and we are continuing to do what is necessary to protect the security of our future profits and expand our defense-related business."

Other figures: earnings per share before goodwill and exceptional entries rose to 1.16 euros, and at the end of 2001 net cash flow topped 1.5 billion euros. In addition, as it did for the 2000 business year, EADS's Board of Directors plans to propose a dividend of 0.50 euro per share,
reflecting the "great business successes of EADS in 2001."

MATRA AUTOMOBILE

A Campaign Featuring The Avantime

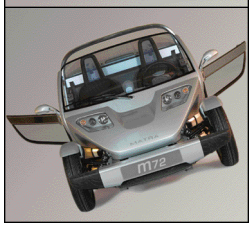
© Renault

M72


© Matra

During the Geneva Auto Show, the launch of the M72 in the first half of 2003 was confirmed. The sneak preview of a new version of the 50-hp "roadster" was presented. The latter follows the presentation at the last Mondial de Paris of the Matra 20-hp M72 "concept car," which will also roll off the production lines of the Romorantin factory. The first car marketed under the Matra name since 1967, the Matra M72 will be distributed by its traditional automobile partners. This means Renault will continue to enjoy a special relationship with the revived brand. Other partners, from such new industries as recreational commerce, will also contribute their know-how. Plans for another, equally innovative car were also announced in Geneva.

http://www.matra72.com/index.html



LAGARD RE MÉDIA

Generational Questions

QUESTIONS DE GÉNÉRATION

Young people between the ages of 18 and 24 tend to have a lot to say – if you listen to them and take them seriously. That is exactly what Generational Questions set out to do.

The twenty young people, all between the ages of 18 and 24, represent the new generation, the one that will take over in a few years – that is, they will if adults can see their way clear to giving them a proper hearing, because as things stand now, the ears of the older generations are all but closed. Such indifference is what prompted Arnaud Lagardère to give these young people a public forum.

Taking advantage of the pre-electoral period, when France is in a mood to debate and listen, Lagardère Media teamed up with the national daily press on an initiative dubbed Generational Questions. Thierry Funck-Brentano, VP of Human Relations and Communication, explains: "We wanted to give some six million young people – usually reduced to statistics, clichés and to silence, for all practical purposes – a chance to express themselves. About what? Whatever themes and topics preoccupy them. Where? In the primary national daily newspapers, which they rarely read themselves. How? By interviewing the public figures of their choice, who would otherwise be inaccessible to them."

So France's eight largest dailies – Le Monde, L'Equipe, Les Echos, La Croix, Le Figaro, l'Humanité, la Tribune and Le Journal du Dimanche – agreed to take part in Lagardère Media's initiative. They opened up their editorial pages and columns to these reporters-for-a-day, who set out to interview such French luminaries as professor Axel Kahn, banker Jean Peyrelevade, government minister Hubert Védrine, author Amélie Nothomb, coach Guy Roux, musician Etienne Daho or reporter Maryse Burgot. "Generational Questions is all about meeting people," explains Arnaud Lagardère. Readers meet 20 young people, chosen to represent the diversity of their generation as well as its topics of interest, worries, fads, dreams and audacity.

© A. Beauvais pr HR Gardens

la Croix
Les Echos
L'ÉQUIPE
LE FIGARO
l'Humanité
Le Journal du Dimanche
Le Monde
La Tribune

Fondation HACHETTE

HACHETTE FOUNDATION

Bursaries 2002

Applications for Hachette Foundation Bursaries 2002 can be submitted up to June 17th!

2002: Promotion of the 100th award winner.
Every year, the Hachette Foundation awards six bursaries worth a total of 150,000 euros to encourage creativity in the writing, audiovisual and digital professions. This year, for the thirteenth year running, the Hachette Foundation will once again help young professionals from all over the world to realize a cherished project in written fiction, film, documentary or digital creation. Applicants should be under thirty years of age and speak French.
To obtain an application form, applicants may call now on 0 825 05 47 53 or download a form from the Hachette Foundation's website at: www.fondation-hachette.org
Application forms should be returned no later than June 17, 2002. For further information, contact Stéphane Vigand:

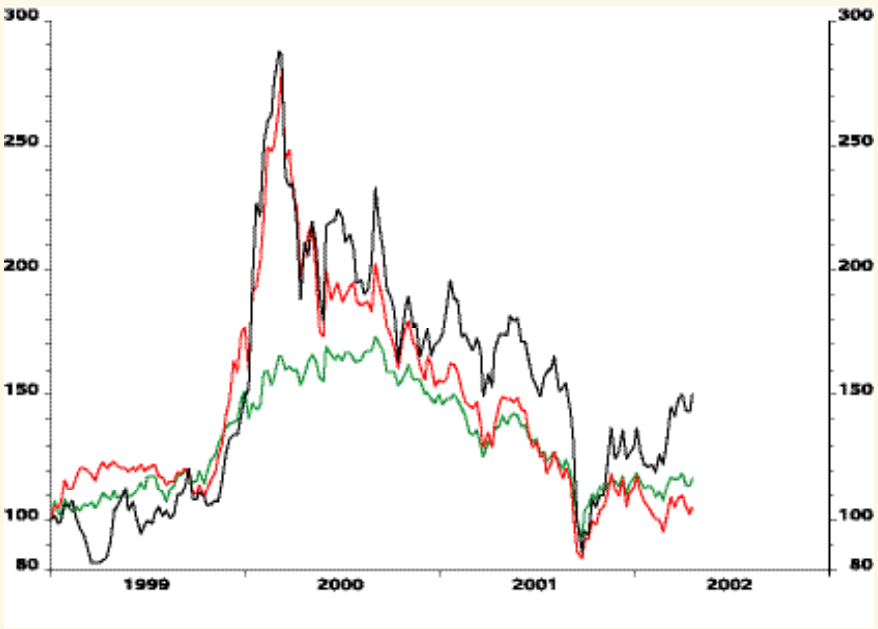
Tel. 33 (0) 1 40 69 18 84 - email: fondhachette@lagardere.fr

Lagardere relative to the CAC 40 and DJ STOXX MEDIA,
from 1st January, 1999 to 24th April, 2002.

Lagardere share

Stock Market	Stock Market Paris Premier Marché - SRD
SICOVAM Code	13021
High (*)	€54.85
Low (*)	€41.92
Number of shares at 1st January, 2002	138,668,672
Market capitalisation (€ billion)	7.26
Average daily trading volume (**)	498,643
Dividends for 2001(***) (paid from May 29, 2002)	Net : €0.78 Tax credit : €0.39 Gross : €1.17

(*) Since January 1, 2002
(**) Average from January to March 2002
(***) proposed at Shareholders' General Meeting on May 23, 2002



upcoming events

- **Shareholders's General Meeting: Thursday 23 May, 2002**

For further information, please consult our site:
http://www.lagardere.com/info_financieres/actionnaires_ag_participer.shtml

- **Meetings to be held outside Paris (to be confirmed):**

- Thursday 30 May: Grenoble
- Tuesday 11 June: Nantes
- Thursday 10 October: Reims
- Tuesday 5 November: Nîmes

shareholders' consultative committee

A workgroup devoted to improving the means of communication towards individual shareholders met in January.
Three new members (Messrs André Balligand, Gérard Clinquart, Ove Lange) attended their first Consultative Committee meeting on the occasion of the plenary session that was held on March 29.
The Committee will hold meeting in October.

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Contacts:
Centre d'information des actionnaires de Lagardère SCA
121 avenue de Malakoff
75216 Paris Cedex 16
Telephone:
33.1.01.40.69.20.73.
Internet :
http//www.lagardere.com
Financial Information:
http//www.lagardere.com/us/info_financieres/index.cfm
E.mail:
lalettre@lagardere.fr

Agence Le Goff & Cabarra SARL