



PROFITABILITY IMPROVEMENT PLAN

PROGRESS REPORT as of September 16, 2002:

1. **IMPLEMENTATION OF THE PLAN IN EACH BRANCH WITH ADDITIONAL ACTIONS FOR LAGARDERE ACTIVE AND HFM**
2. **CONFIRMATION OF 2002 AND 2003 TARGETS FOR SAVINGS, ENABLING TO PROTECT THE OPERATING INCOME IN A DIFFICULT ENVIRONMENT**
3. **THE PLAN IS EXTENDED TO 2004 WITH A NEW TARGET ABOVE 200 MILLION EUROS**



IMPACT* OF PLAN BY BRANCH

M€	2001	2002	2003	2004
HACHETTE LIVRE	3	4	9	12
HACHETTE FILIPACCHI	21	50	72	82
HACHETTE DISTRIBUTION	8	17	36	40
LAGARDERE ACTIVE	19	35	54	72
TOTAL	51	106	171	206

* on operating income of related year, compared to year 2000



Impact of Plan by category of expense and by branch in 2004

	HACHETTE LIVRE	HACHETTE FILIPACCHI	HACHETTE DISTRIBUTION	LAGARDERE ACTIVE	TOTAL
Business Divestitures / Discontinuations	3	20	4	40	67
Purchasing cost reduction program	3	31	14	15	63
Overheads	6	31	22	17	76
	12	82	40	72	206

Implementation of action plan in the three main categories:

- rationalization of portfolio of assets
- reduction of purchasing costs
- productivity and savings on overheads



New actions for 2002

HACHETTE LIVRE

- > Continuation of actions plan in warehouse and fulfillment and abroad
- > Efforts made on creation and repositioning of several book imprints

HACHETTE FILIPACCHI MEDIAS

- > Additional savings plans in the US and France in order to cope with the advertising crisis
- > Reduction of manufacturing costs (printing, digital integration, outsourcing...) and of the cost of paper



New actions for 2002

HACHETTE DISTRIBUTION

- > Enhance "GID" (Industrial Management of Distribution) plan (Germany, Belgium, Spain, Switzerland, Hungary): transportation, infrastructure, returns processing, logistics
- > G&A reduction plan: head office, Aelia, Relay, USA

LAGARDERE ACTIVE

- > Reorganization of Lagardere Active Broadband completion (headcount, shared services, focus on 3 core activities only)
- > Discontinuation / sale of activities: interactive TV, Santé-Vie (cable TV channel)