March 29, 2004

Notice of Meeting

Dear Shareholder,
we are pleased to invite you to participate in the

Combined General Meeting* of Lagardère SCA

On Tuesday 11th May 2004 at 10:00 a.m.

at the Carrousel du Louvre
99, rue de Rivoli - 75001 PARIS, France

The agenda and draft resolutions for this meeting are enclosed in this invitation.

* In accordance with legal provisions, the combined general meeting will convene for an initial session on Friday 30th April 2004 at 10:00 a.m., 121 avenue de Malakoff, Paris 16 (75), France. The meeting is likely to be unable to deliberate on this date, due to the lack of quorum. Under these conditions, it shall therefore convene for a second session on Tuesday 11th May 2004.

LAGARDERE

How to take part in the general meeting?

To attend the meeting:

Shareholders must be registered in the Company's registered accounts five days at least before the meeting.
All documents which, by law, are to be presented at general meetings shall be made available to shareholders within the statutory time limits, either at the headquarters or at the securities department of LAGARDERE SCA, ARLIS 6, rue Laurent-Pichat, Paris 16e (75) France.

If you wish to attend the meeting, you are requested to apply for an admission card in advance by returning the duly completed and signed application form attached, using the envelope provided, to the following address:

ARLIS
6, rue Laurent-Pichat - 75216 PARIS CEDEX 16 - FRANCE

If you are unable to attend the meeting in person:

you may choose between one of the following four options:

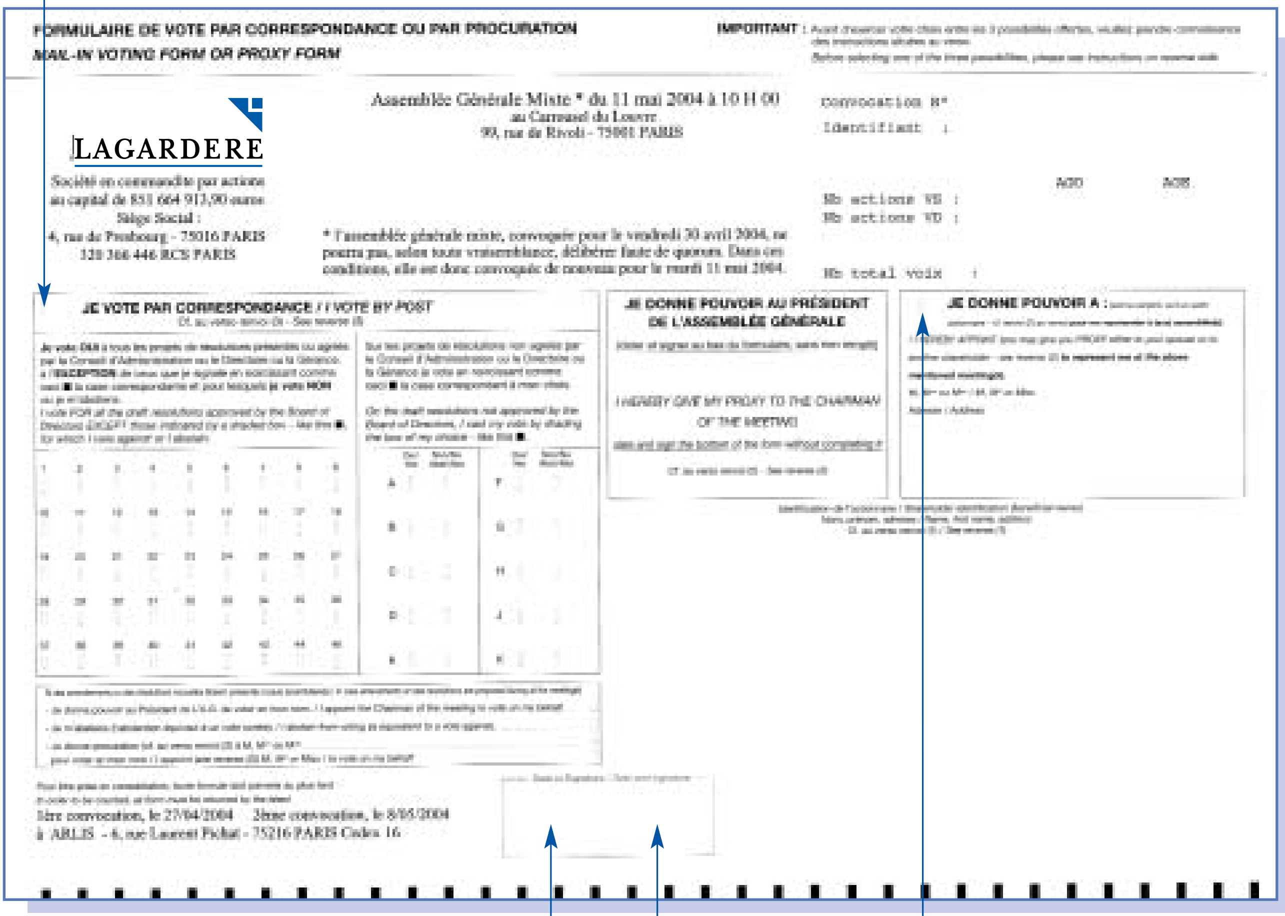
- appoint another shareholder as your proxy,
- appoint your spouse to represent you,
- submit a proxy form to the Company without indicating the representative concerned,
- vote by mail,

Using a mail or proxy voting form, along with the documents and information required by law, which are attached to this invitation.

Mail votes shall be taken into account only if duly completed forms are delivered at the headquarters or at the Company's securities department, at the address indicated above, three days at least before the date of the meeting.

How to complete your voting form?

If you wish to vote by mail:
tick here
and follow the instructions.


FORMULAIRE DE VOTE PAR CORRESPONDANCE OU PAR PROCURATION
MAIL-IN VOTING FORM OR PROXY FORM

IMPORTANT

Assemblée Générale Mixte * du 11 mai 2004 à 10 H 00
au Carrousel du Louvre
99, rue de Rivoli - 75001 PARIS

LAGARDERE
Société en commandite par actions
au capital de 851 664 913,90 euros
Siège Social :
4, rue de Presbourg - 75016 PARIS
320 366 446 RCS PARIS

* l'assemblée générale mixte, convoquée pour le vendredi 30 avril 2004, ne pourra pas, selon toute vraisemblance, délibérer faute de quorum. Dans ces conditions, elle est donc convoquée de nouveau pour le mardi 11 mai 2004.

Convocation N°
Identifiant :
AGO AGE
Nb actions VS :
Nb actions VD :
Nb total voix :

JE VOTE PAR CORRESPONDANCE / *I VOTE BY POST*

JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE

I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE MEETING

JE DONNE POUVOIR A :

1ère convocation, le 27/04/2004 2ème convocation, le 8/05/2004
à ARLIS - 6, rue Laurent Pichat - 75216 PARIS Cedex 16

If you wish to appoint the Chairman of the Meeting as your proxy:
date and sign here.

Whatever your choice:
date and sign here.

If you wish to appoint as proxy a named person,
who will be present at the meeting:
tick here
and enter the details
(name, surname, address)
of this person.

Agenda

Ordinary and Extraordinary general meeting

- **Report by the managing partners** (management report on the Company's activities during the year and on the annual financial statements of the year ended 31 December 2003).
- **Report of the Supervisory Board.**
- **Reports of the Auditors** on their audit of the consolidated corporate financial statements, and on the agreements mentioned in article L 226-10 of the French Commercial Code.
- **Auditors' special report** on the financial authorisations to be granted to the managing partners.
- **Special report of the managing partners** on stock options and share purchase options.
- **Report of the Chairman** of the Supervisory Board.
- **Special report of the auditors** concerning internal control procedures.
- **Approval of the non-consolidated accounts** for the year ended 31 December 2003.
- **Approval of consolidated financial statements** for the year ended 31 December 2003.
- **Allocation of income** and distribution of dividends.
- **Approval of the agreements governed** by article L.225-10 of the French Commercial Code.
- **Purchase of own shares by Company** authorisation to be granted under article L.225-209 of the French Commercial Code.
- **Renewal of all or part of the terms of office** of members of the Supervisory Committee.
- **Election of new members** of the Supervisory Committee and a new advisor.
- **Setting the amount of directors' fees** for the supervisory board.
- **Authorisation to be granted to the managing partners** to issue bonds and /or securities that will or can grant access to securities representing dues from the issuing company and/or a share of the capital of companies other than the issuing Company.
- **Authorisation to be granted to the managing partners** to issue securities that give access to capital with maintenance of pre-emptive share right.
- **Authorisation to be granted to the managing partners** to issue securities that give access to capital without pre-emptive share right.
- **Authorisation to be granted to the managing partners** to issue equity securities in view of a takeover bid.
- **Authorisation to be given to the managing partners** to issue capital by capitalisation of reserves, profits or premiums.
- **Authorisation given to the managing partners** to carry out the above-mentioned issues during a takeover bid or offer concerning the company's securities.
- **Limitations of the total amount of authorised issues** and the resulting equity issue.
- **Authorisation to be granted to the managing partners** to grant stock options and share purchase options to employees and managers of the Company and affiliated companies.
- **Authorisation to be granted to the managing partners** to increase the equity capital by issuing shares to be subscribed by Group employees as part of the Group savings plan.
- **Harmonisation** of the Company's articles of association.
- **Powers to carry out formalities.**

Draft resolutions presented by the managing partners

First resolution

Approval of consolidated financial statements for fiscal year 2003

The General Meeting, acting as an Ordinary General Meeting, after hearing the reports of the managing partners and the Supervisory Board and the statutory auditors' report on the audit of the accounts, approves all parts of the aforementioned reports and the non-consolidated financial statements for the financial year ended 31 December 2003, as drawn up and presented.

Consequently, it approves all the acts carried out by the managing partners as presented in the said reports and statements, and gives the managers discharge for their management during the said financial year.

Second resolution

Approval of consolidated financial statements

The General Meeting, acting as an Ordinary General Meeting, after hearing the reports of the managing partners and the Supervisory Board and the statutory auditors' report on the audit of the consolidated statements for the financial year ended 31 December 2003, approves the said accounts as drawn up and presented to it.

Third resolution

Allocation of net income and approval of the dividend of € 0.90

	Euros
The General Meeting, acting as an Ordinary General Meeting, notes that net income for the financial year corresponds to a profit of	91,572,246.66
which, in view of retained earnings of	232,408,817.72
and provision to the legal reserve of	2,435,089.50
to bring said reserve to 10% of equity capital, yields a distributable net income of	321,545,974.88

It has resolved, in accordance with the articles of association, to deduct a sum of € 3,339,000 from the profit, which is equal to 1% of Group share of consolidated net income as statutory dividends to its general partners.

Based on a proposal from the managing partners, the General Meeting resolves to pay a dividend of € 0.90 per share, taking into account the following:

- shares issued as a result of the exercise of share subscription options before the dividend ex-date carry rights to the said dividend
- shares held by the Company in treasury on the ex-date will not carry rights to the said dividends.

The meeting resolves to allocate the balance to retained earnings, after verification of the amount by management.

The dividend of € 0.90 per share will be accompanied by a tax credit of € 0.45 per share, taking the gross dividend per share to € 1.35 for individuals. The dividend ex-date will be May 19, 2004 and dividends will be payable from that date to holders of registered shares or their authorised representatives, by cheque or bank transfer.

In compliance with applicable law, the dividends paid relating to the last three financial years and their associated tax credits amounted to:

(in euros)	2002	2001	2000
Dividend paid to shareholders	0.82	0.82	0.78
Tax credit	0.41	0.41	0.39
Global dividend	1.23	1.23	1.17
Total dividend	111,226,519.54	110,838,916	106,988,546
Dividend paid to general partners	-	6,160,717	5,809,897
Total	**111,226,519.54**	**116,999,633**	**112,798,443**

Fourth resolution

Approval of regulated agreements

The General Meeting, acting as an Ordinary General Meeting, after hearing the statutory auditors' Special Report concerning the agreements referred to in Article L 226-10 of the French Commercial Code approves this report in all its parts as well as all the agreements contained therein.

Fifth resolution

To authorise the managing partners to buy company shares

After taking note of the managing partners' report and examining the specific memorandum approved by the COB (Commission des opérations en Bourse), the General Meeting, acting as an Ordinary General Meeting, authorises the managing partners, in accordance with Article L 225-209 of the French Commercial Code to acquire a maximum of up to 10% of the current share capital, i.e. € 700,000,000, subject to the following conditions:

Maximum purchase price per share:	70 €
Minimum selling price per share:	30 €

These shares may be acquired in one or more purchases, by any method, including by private agreement, transfers of blocks of shares or by using derivative products, notably for the following purposes:

- to issue shares to employees;
- to regulate the share price;
- to keep or transfer shares using any method, notably share exchanges;
- to cancel shares.

The share buyback programme may be implemented even during a period of a take-over bid.

The present authorisation is valid for eighteen months. It cancels and supersedes for the unexpired period the authorisation granted by the fifth resolution of the Ordinary and Extraordinary General Meeting held on May 13, 2003.

Sixth resolution

Re-election of Mr Raymond H. LEVY as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to re-elect, as member of the supervisory board, Mr Raymond H. LEVY for a six-year period that will expire in 2010 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Seventh resolution

Re-election of Mr Pehr G. GYLLENHAMMAR as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to re-elect, as member of the supervisory board, Mr Pehr G. GYLLENHAMMAR for a four-year period that will expire in 2008 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Eighth resolution

Re-election of Mr Pierre LESCURE as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to re-elect, as member of the supervisory board, Mr Pierre LESCURE for a four-year period that will expire in 2008 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Ninth resolution

Re-election of Mr Didier PINEAU-VALENCIENNE as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to re-elect, as member of the supervisory board, Mr Didier PINEAU-VALENCIENNE for a four-year period that will expire in 2008 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Tenth resolution

Re-election of Mr Felix G. ROHATYN as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to elect, as member of the supervisory board, Mr Felix G. ROHATYN for a four-year period that will expire in 2008 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Eleventh resolution

Re-election of GROUPAMA S.A. as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to re-elect, as member of the supervisory board, GROUPAMA S.A. for a four-year period that will expire in 2008 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Twelfth resolution

Re-election of Mr Manfred BISCHOFF as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to re-elect, as member of the supervisory board, Mr Manfred BISCHOFF for a two-year period that will expire in 2006 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Thirteenth resolution

Re-election of Mr Georges CHODRON de COURCEL as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to re-elect, as member of the supervisory board, of Mr Georges CHODRON de COURCEL for a two-year period that will expire in 2006 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Fourteenth resolution

Re-election of Mr Christian MARBACH as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to re-elect, as member of the supervisory board, Mr Christian MARBACH for a two-year period that will expire in 2006 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Fifteenth resolution

Re-election of Mr Bernard MIRAT as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to re-elect, as member of the supervisory board, Mr Bernard MIRAT for a two-year period that will expire in 2006 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Sixteenth resolution

Election of Mr Bernard ARNAULT as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting and taking note of the death of Mr Jacques NIVARD and that LAGARDERE CAPITAL & MANAGEMENT has not being re-elected, resolves to elect as member of the supervisory board, Mr Bernard ARNAULT for a six-year period hat will expire in 2010 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Seventeeth resolution

Election of Dr Hubert BURDA as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to re-elect, as member of the supervisory board, Dr Hubert BURDA for a six-year period that will expire in 2010 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Eighteenth resolution

Election of Mr René CARRON as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to re-elect, as member of the supervisory board, Mr René CARRON for a six-year period that will expire in 2010 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Nineteenth resolution

Election of Mr Henri PROGLIO as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to re-elect, as member of the supervisory board, Mr Henri PROGLIO for a six-year period that will expire in 2010 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Twentieth resolution

Election of Mr François ROUSSELY as member of the supervisory board

The General Meeting, acting as an Ordinary General Meeting, resolves to re-elect, as member of the supervisory board, Mr François ROUSSELY for a six-year period that will expire in 2010 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Twenty-first resolution

Election of Mr Bernard ESAMBERT as advisor

The General Meeting, acting as an Ordinary General Meeting, takes note that the advisor Mr Yves Sabouret has not been re-elected and resolves to appoint Mr Bernard ESAMBERT for a two-year period that will expire in 2006 following the Annual General Meeting that will be convened to receive the financial statements of the previous financial year.

Twenty-second resolution

Setting the amount of directors' fees for the supervisory board

The General Meeting, acting as an Ordinary General Meeting, after taking note of the supervisory board's report, resolves to fix at € 600 000 the total maximum amount to be paid to the supervisory board as director's fees, until resolved otherwise.

Twenty-third resolution

Authorisation to be granted to the managing partners to issue on one or several occasions, for a period of five years, bonds and/or securities, giving immediate or future access to securities representing debts on the issuing company and/or a share of the capital of companies other than the issuing company, up to € 3 billion for consequent loans

The General Meeting, acting as an Ordinary General Meeting, after taking note of the reports of the managing partners and the supervisory board:

- grants the managing partners the necessary powers to issue, on one or several occasions, in proportions and at times that it shall deem necessary, in France, outside France or on international markets, bonds and all other securities that will and/or may lead, through conversion, exchange, reimbursement, presentation of a bond or through any other means, to the attribution of securities representing debts on the issuing company and/or a share of the capital of companies other than the issuing company;
- resolves that the nominal value of debt securities that could be issued under the aforementioned authorisation may not exceed € 3 billion or the equivalent value of this amount in the event of the issue in foreign currency or in units of account that are fixed in reference to several currencies;
- resolves that the managing partners shall have all the powers required to implement this authorisation, and in particular:
    - set issue prices and conditions, the sums to be issued, the dates and conditions of issue, the form and characteristics of the securities to be issued and the stocks that are entitled or that can be entitled by these, in particular their nature, their date of entitlement even retrospective, the conditions in which they are exercised, their mode of payment, conditions and terms of their reimbursement or their redemption call;
    - if necessary, make provisions for the conditions of their repurchase on the Stock Exchange, the possibility of suspending any related allotment rights for a period not exceeding three months;
    - set, where necessary, the measures to be taken to preserve the rights of the holders of these securities;
    - carry out any formalities that may be required for listing these securities on the Stock Exchange;
    - and generally, enter into an agreement, make any undertakings and do all that is useful or necessary to successfully carry out the projected issues.
- in the event of the issue of debt securities, resolves that the managing partners shall have all powers to decide in particular, whether or not they are subordinated, set their interest rate, their duration, their redemption price, whether fixed or variable, with and/or without premium, their mode of redemption, in cash and/or in kind, arrangements for their amortisation depending on market conditions, and the conditions that are granted, or may be granted by these securities, to the attribution of securities representing debts on the issuing company and/or a share of the capital of companies other than the issuing company.

This authorisation granted to the managing partners is valid as from this meeting for a period of five years. It cancels and supersedes the one granted in the seventh resolution adopted by the Combined General Meeting of 21 May 2001.

Twenty-fourth resolution

Authorisation to be granted to the managing partners, for a period of twenty-six months, for the purpose of issuing securities, on one or more occasions, with pre-emptive rights, giving immediate or future access to company shares, up to € 300 million (excluding premiums) for equity issues and € 2.5 billion for bond issues

The General Meeting, acting as an Extraordinary General Meeting, after hearing the reports of the managing partners and the supervisory board and the special report of the statutory auditors and in accordance with the provisions of paragraph 3 of Article L 225-129 of the French Commercial Code:

- hereby delegates to the managing partners the necessary powers for issuing, on one or more occasions, in the proportion and at periods it deems fit, in France and abroad, the Company's shares as well as all securities of any kind which give or can give immediate or future access to the Company's shares;
- resolves that the nominal amount of equity issues that could be carried out immediately and/or ultimately by virtue of the above-mentioned authorisation, may not exceed € 300 million. This amount may be increased, if necessary, by the nominal value of additional shares to be issued to preserve the rights of holders of securities that give right to shares, in accordance with applicable laws; the above-mentioned limit of € 300 million will also apply to issues of investment or priority share certificates;
- resolves also that the nominal amount of debt securities that could be issued in application of the above-mentioned authorisation may not exceed € 2.5 billion or the equivalent value of this amount in the event of the issue in foreign currency or in units of account that are fixed in reference to several currencies;
- resolves that the shareholders may exercise, under conditions defined by law, their pre-emptive right. Further, the managing partners will have the option of granting shareholders the right to subscribe for securities in excess of the number they are entitled to as of right, proportionally to their subscription rights and, in any case, within the limit of their request.

  If the subscriptions as of right, and where applicable, subscriptions for excess shares, do not completely absorb an issue of shares and securities, as defined above, the managing partners may, as they deem fit, use one and/or other of the options below:

  - restrict the issue to the amount of subscriptions on condition that the latter reaches, at least, three fourths of the decided issue;
  - freely distribute all or part of the unsubscribed securities;
  - offer the public all or part of the unsubscribed securities.
- resolves that any issue of the Company's stock warrants that could be carried out in accordance with Article L 228-95 of the French Commercial Code, may take place either by offering subscriptions under the conditions defined above, or by bonus shares to the holders of existing shares;
- has ascertained that, if necessary, the foregoing authorisation automatically prevails to the advantage of holders of securities giving future access to the Company's shares likely to be issued, waiving the shareholders' pre-emptive rights to shares to which these securities entitles them;

  resolves to waive the pre-emptive rights of shareholders to shares that would be issued by bond conversion or by exercising of warrants;
- resolves that the amount due to or supposed to be due to the Company for each of the shares issued in the context of the foregoing, will be at least equal to the par value of the shares;
- resolves that the managing partners will have full powers, under applicable legal conditions, to implement this authorisation, primarily for the purpose of determining the dates and terms of issues as well as the form and the characteristics of the securities to be created, set the price and define the terms of issues, define the amounts to be issued, fix the

effective date, even retroactive, of the securities to be issued, define the mode of redemption of shares or other securities issued, and where applicable, their terms of redemption, suspend if necessary, the Company's exercise of stock dividend rights attached to securities to be issued for a period that may not exceed three months, define the terms according to which the rights of holders of securities which ultimately give access to shares may be preserved in compliance with legal provisions and regulations. Furthermore, the managing partners may proceed, if necessary to deduct from the share premium or premiums, and in particular, charges incurred by issues, and generally take all the steps and conclude all agreements required for properly completing the issues planned and, note the capital increases resulting from any issue carried out by the use of this authorisation and amend the articles of association accordingly;

in the event of the issue of debt securities, the managing partners will be fully empowered to decide whether or not they are subordinated, fix the interest rate, their term, the fixed or floating redemption price, with or without premium, the terms of amortisation depending on market conditions and the conditions under which these securities will entitle them to the Company's shares.

The authorisation thus granted to the managing partners is valid as from this meeting for a period set out in the third paragraph of Article L 225-129-III of the above-mentioned Code. It cancels and supersedes the authorisation granted on 23 May 2002.

Twenty-fifth resolution

Authorisation to be granted to the managing partners, for a period of twenty-six months, for the purpose of issuing securities, on one or more occasions, without pre-emptive rights, giving immediate or future access to company shares, within a limit of € 300 million (excluding premiums) for equity issues and € 2.5 billion for bond issues

The General Meeting, acting as an Extraordinary General Meeting, after having been notified of the reports of the managing partners, the supervisory board and the special report of the statutory auditors and in accordance with the provisions of paragraph 3 of Article L 225-129 of the French Commercial Code:

- hereby delegates to the managing partners the necessary powers for proceeding by means of a public issue in one or several operations, in the proportion and at the periods that it shall deem fit, both in France and abroad, to the issue of shares, share rights as well as securities of all kinds that will or can grant holders immediate and/or future access to the Group's shares, including if these securities are issued pursuant to Article L 228-93 of the above-mentioned Commercial Code;
- resolves that the nominal amount of equity issues that could be carried out immediately and/or ultimately by virtue of the above-mentioned authorisation, may not exceed € 300 million. This amount may be increased, if necessary, by the nominal value of additional shares to be issued to preserve the rights of holders of securities that give right to shares, in accordance with applicable laws; the above-mentioned limit of € 300 million will also apply to issues of investment or priority share certificates;
- resolves also that the nominal amount of debt securities that could be issued in application of the above-mentioned authorisation may not exceed € 2.5 billion or the equivalent value of this amount in the event of the issue in foreign currency or in units of account that are fixed in reference to several currencies;
- resolves to waive the shareholders' pre-emptive rights to the securities to be issued, on the understanding that the managing partners may grant shareholders a share priority option to all or part of the issue, during the period and under the terms that it will decide. This share priority will not result in the creation of negotiable rights, but may, if the managing partners deem fit, be exercised both as subscriptions as of right and subscriptions for excess shares;
- resolves that if subscriptions of shareholders and the public do not completely absorb an issue of shares and securities, as defined above, the managing partners may, as they deem fit, use one and/or other of the options below:
    - restrict, if necessary, the issue to the amount of subscriptions on condition that the latter reaches, at least, three fourths of the decided issue;
    - freely distribute all or part of the unsubscribed securities;

- has ascertained that if necessary, the foregoing authorisation automatically prevails to the advantage of holders of securities giving future access to the Company's shares likely to be issued, waiving the shareholders' pre-emptive rights to shares to which these securities entitles them;
- resolves to waive the pre-emptive rights of shareholders to shares issued by bond conversion or by exercising of warrants;

  resolves that the issue price of the above-mentioned securities will be calculated so that the amount received immediately after their issue, plus if applicable, sums received from the exercise of all the rights attached to the securities thus issued, will give an average issue price for each share issued and/or to be issued as part of the issue under consideration, at least equal to the average opening market price of the Company's shares during 10 consecutive trading days chosen out of the 20 trading days immediately prior to the issue after, if applicable, adjusting this average to reflect the effective date;
- resolves that the managing partners will have full powers, under applicable legal conditions, to implement this authorisation, primarily for the purpose of determining the dates and terms of issues as well as the form and the characteristics of the securities to be created, set the price and define the terms of issues, define the amounts to be issued, fix the effective date, even retroactive, of the securities to be issued, define the mode of redemption of shares or other securities issued, and where applicable, their terms of redemption, suspend if necessary, the Company's exercise of stock dividend rights attached to securities to be issued for a period that may not exceed three months, define the terms according to which, the rights of holders of securities which ultimately give access to shares may be preserved in compliance with legal provisions and regulations. Furthermore, the managing partners may proceed, if necessary to deduct from the share premium or premiums, and in particular, charges incurred by issues, and generally take all the steps and conclude all agreements required for properly completing the issues planned and, note the capital increases resulting from any issue carried out by the use of this authorisation and amend the articles of association accordingly;

  in the event of the issue of debt securities, the managing partners will be fully empowered to decide whether or not they are subordinated, fix the interest rate, their term, the fixed or floating redemption price, with or without premium, the terms of amortisation depending on market conditions and the conditions under which these securities will entitle them to the Company's shares;

The authorisation thus granted the managing partners is valid as from this meeting for a period set out in the third paragraph of Article L 225-129-III of the French Commercial Code. It cancels and supersedes the authorisation granted on 23 May 2002.

Twenty-sixth resolution

Authorisation to be granted to the managing partners, for a period of twenty-six months, to issue on one or several occasions, new shares and/or securities of all kinds to pay for the securities contributed to an exchange bid up to € 300 million (excluding premiums) for equity issues and € 2.5 billion for bond issues

The General Meeting, acting as an Extraordinary General Meeting, after having read the reports of the managing partners, the supervisory board and the special report of the statutory auditors and in accordance with the provisions of Article L 225-148 of the French Commercial Code, authorises the managing partners to increase the Company's capital by a maximum nominal amount of € 300 million by issuing successively or simultaneously, on one or more occasions, new corporate shares to pay for the securities contributed to and exchange bid or mixed offer for the shares of another company on the official list or on the Second Marché of the Paris Bourse or on the official list of a state that is part of the Agreement on the European Economic Area other than France or the Stock Exchange of a member state of the Organisation for Economic Co-operation and Development.

This issue of new shares to pay for the securities contributed to an exchange bid may, in accordance with the provisions of Article L 225-129 of the above-mentioned code, be the result of the issue of securities of all kinds that give immediate or future access to a share of the Company's capital.

The shareholders will waive their future pre-emptive rights to the above-mentioned securities and, as applicable, to the shares to which the above-mentioned securities may entitle them eventually by exercising a right of any kind. The nominal amount of debt securities issued, if applicable, under this authorisation, has been limited to € 2.5 billion or the equivalent value of this amount in the event of the issue in another currency or in units of account that are fixed in reference to several currencies.

The nominal amount of debt securities issued, if applicable, under this authorisation, has been limited to € 2.5 billion or the equivalent value of this amount in the event of the issue in another currency or in units of account that are fixed in reference to several currencies.

The General Meeting resolves that the managing partners will have full powers, under the conditions set by law, to implement this authorisation primarily for:

- fixing the foreign exchange ratio and, if necessary, the amount of the equalisation payment in cash to be paid;
- recognising the number of securities contributed to the exchange;
- determine the dates, terms of issues, in particular the price and effective date of new shares or, if necessary, securities that give immediate or future access to a share of the Company's capital;
- post to the liability section of a premium account, the difference between the issue price of new shares and their par value;
  deduct if necessary, from said premium, all expenses and fees resulting from the authorised operation;
- generally take all necessary steps and conclude all agreements required for properly completing the issues planned and ascertain any resulting equity issues and amend the articles of association accordingly.

The authorisation granted to the managing partners is valid as from this meeting for a period set out in the third paragraph of Article L 225-129 of the above-mentioned Code. It cancels and supersedes the authorisation granted on 23 May 2002.

Twenty-seventh resolution

Authorisation to be granted to the managing partners, for a period of twenty-six months to carry out an equity issue, on one or several occasions, by capitalisation of reserves, or premiums and scrip issue or increase in nominal value, within the limit of € 300 million

The General Meeting, ruling with the quorum and majority needed for Ordinary Meetings, after having read the reports of the managing partners and the supervisory board, grants the managing partners the necessary powers for carrying out an equity issue, on one or several occasions, up to a maximum nominal amount of € 300 million, by the successive or simultaneous capitalisation of reserves, profits and/or premium, through the creation and scrip issue of shares or by increasing the nominal values of the shares or by the combined use of the two procedures.
The General Meeting resolves that fractional shares will not be negotiable and that the corresponding shares will be sold, the sums from the sale will be allocated to right holders no later than thirty days after the date on which the whole number of granted shares is registered on their account.
The General Meeting grants the managing partners all the powers, under applicable legal conditions, in particular, to determine the dates and terms of issue, fix the conditions of issue, fix the amounts to be issued and generally take all steps to ensure their proper completion, carry out all acts and formalities aimed at finalising the corresponding capital increase or increases and amending the articles of association accordingly.
This authorisation is valid as from this meeting for a period set out in the third paragraph of Article L 225-129-III of the French Commercial Code. It cancels and supersedes the authorisation granted on 23 May 2002.

Twenty-eighth resolution

Overall limit of € 300 million (excluding premiums) for capital increases and € 2.5 billion for bond issues of issues authorised according to the foregoing resolutions

The General Meeting, acting as an Extraordinary General Meeting, having read the reports of the managing partners and the supervisory board, and consequent to the adoption of the twenty-fourth, twenty-fifth and twenty-sixth resolutions, resolves:

- to set the maximum nominal amount of debt securities that can be issued in application of the authorisations granted by the foregoing resolutions, at € 2.5 billion or the equivalent value of this amount in foreign currency or in units of account that are fixed in reference to several currencies,

and

- to set the maximum nominal amount of the immediate and/or future capital increases, that could be carried out by virtue of the authorisations granted by the foregoing resolutions, at € 300 million, with the understanding that this nominal amount may be increased by the nominal value of the additional shares to be issued to preserve the rights of bearers of securities entitling the holders to shares, in compliance with the law.

Twenty-ninth resolution

Authorisation given to the managing partners to carry out the above-mentioned issues during a takeover bid or exchange bid concerning the company's securities

The General Meeting, acting as an Extraordinary General Meeting, having read the reports of the managing partners and the supervisory board, and pursuant to the provisions of the French Commercial Code, expressly resolves that the authorisations given to the managing partners in the foregoing resolutions, leading to or likely to lead to an increase in the Company's capital, be maintained during a take-over bid or exchange bid on the Company's securities.

The authorisations conferred on management partners will be maintained during a take-over bid or exchange bid on the Company's securities. This authority will expire at the end of the next Annual General Meeting convened to adopt the accounts of the financial year ended 31 December 2004.

Thirtieth resolution

Authorisation to the managing partners to issue on one or several occasions, for a period of thirty-eight months, shares reserved for the company's employees and those of some subsidiaries, up to 2% of the company's total shares

The Extraordinary General Meeting, after having read the managing partners' report as well as the reports of the supervisory board and that of the auditors, empowers the managing partners to increase the Company's share capital, without any other consultations. This must be done by issuing, in one or several operations, shares intended for subscription, as part of a Group employee savings plan, in accordance with articles L 443-1 et seq. of the labour code and Article L 225-138 of the French Commercial Code, by employees of the Company and companies and groupings that are affiliated to it within the meaning of Article L 225-180 of the above-mentioned Code. These employees should have been employed for at least six months. The number of new shares to be issued, which will be immediately assimilated to the other existing shares, should not exceed 2% of the number of shares comprising the issued share capital.

This authorisation automatically waives the pre-emptive rights of shareholders, in the event that they exercise their rights, in favour of the employees concerned.

In accordance with Article L 443-5 of the labour code, the General Meeting resolves that the issue price will be equal to 80% of the average of first stock quotes for the twenty days preceding the day the option is granted by the managing partners, rounded up to the next higher tenth of a euro. The meeting also resolves that in the event that all the capital issues have not been subscribed by the employees within the deadlines set by the managing partners, the issue will be made to the tune of the amount of subscribed shares, and the unsubscribed shares may be proposed once again to the employees concerned during a subsequent equity issue.

The General Meeting grants the managing partners all the powers required to set the different conditions of operations, within the limits set out below, in particular to:

- ascertain the subscription price calculated according to the method defined in the previous paragraph, set the deadline for paying for the subscribed shares. Payments by employees may be completed by the Company or its affiliates within the meaning of Article L 225-180 mentioned above under the conditions provided by law;
- set the opening and closing dates for the subscription, ascertain any resulting capital increases and amend the articles of association accordingly.

The authorisation thus conferred on the managing partners is valid as from this meeting for a period of thirty-eight months. It cancels and supersedes the authorisation granted by the Combined General Meeting of 21 May 2001 for the unused part of this authorisation.

Thirty-first resolution

Authorisation given to the managing partners to grant options to employees and managers of the company and affiliated companies within the meaning of article L 225-180 of the commercial code to subscribe for and/or purchase company stock, up to 3% of the company's issued share capital.

The General Meeting, acting as an Extraordinary General Meeting, after hearing the reports of the managing partners, the Supervisory Board and the statutory auditors:

- authorises the managing partners, in accordance with the provisions of Articles L 225-177 et seq. of the French Commercial Code, to grant, once or several times, to some or all of the managers and employees of the Company and of its affiliates within the meaning of Article L 225-180 of the above-mentioned code, options giving the right to subscribe for new shares in the Company and/or buy existing shares from purchases made by the Company under provisions provided by law;
- resolves that the total number of options hereby granted may not entitle the subscription or purchase of a number of shares exceeding 3% of the number of shares in the Company's issued share capital;
- resolves that the time in which options may be exercised may not exceed ten years starting from the date the option is granted by the managing partners;
- resolves, in accordance with the law, that this resolution automatically implies that shareholders shall expressly waive, in favour of the beneficiaries of the options, their pre-emptive rights to the issued shares as the options are exercised;
- grants the managing partners the most extensive powers, within the limits defined above and the applicable legal limits, to:
  - set the share subscription and/or purchase price according to the conditions set down by the managing partners in their report and in accordance with applicable legal provisions;
  - define the terms of operations, set the conditions under which the options will be granted, designate the beneficiaries of the options, set the period during which they may be exercised and the maximum number of options offered at each period, define any restrictions against the immediate resale of shares;

- define the conditions under which the price and/or number of shares to subscribe and/or purchase may be adjusted to reflect financial operations carried out by the Company;
- and, generally, do all that is useful or necessary and, in particular, carry out all acts and formalities concerning registration and advertising, ascertain that the corresponding equity issues have been made and amend the articles of association accordingly.

This authorisation thus conferred on the managing partners for a period of thirty-eight months as from this meeting. It cancels and supersedes the authorisation granted by the Combined General Meeting of 23 May 2000 for the unused part of this authorisation.

Thirty-second resolution

Harmonisation of articles of association

The General Meeting, acting as an Extraordinary General Meeting, resolves to bring article 16 of the Company's articles of association relating to regulated agreements in line with recent laws and to amend said article accordingly as set out below:

Article 16 – Regulated agreements

The members of the supervisory board, or one of the shareholders with a voting right fraction of more than 10% or, in the case of a shareholding company, the controlling company within the meaning of Article L 233-3 of the Commercial Code either directly or through an intermediary, must be subject to authorisation and control formalities prescribed by Articles L 225-38 to L 225-43 of the Commercial Code, pursuant to the provisions of Article L 226-10 of said Code.

(the rest remains unchanged)

The General Meeting resolves to remove article 12 bis, relating to the initial composition of the supervisory board, from the articles of association

Thirty-third resolution

Powers to accomplish the necessary legal formalities

The General Meeting, acting as an Ordinary General Meeting, grants the bearer of the original minutes or of a certified copy or abstract of the minutes of this meeting full powers to accomplish the necessary legal or regulatory formalities wherever needed.

Brief overview

of the Group's business and situation

General presentation

In addition to the media operations, which constitute its core business, the Lagardère group has a strategic holding in EADS (European Aeronautic Defence and Space company). It discontinued its automobile production activities on 26 February 2003.

Médias

In the **Media** sector, the Lagardère group intends to capitalise on its competitive advantages - international presence, high-profile brands *(Elle, Première, Paris Match, Europe 1, Hachette, Virgin)*, expertise in content publishing (books, radio/television, new media, etc.), world-class leaders in its consumer magazines and marketing of cultural leisure products and services – to consolidate its presence and performance in all the major fields relating to the publishing and distribution of strong content.

The key event of the end of 2002 was the sale of the European (French and Spanish) assets of Vivendi Universal Publishing to the Lagardère Group. This transaction was closely scrutinised by the anti-trust authorities and the European commission throughout 2003. Early January this year, the Lagardère group was given the green light by the EU to acquire a stake representing approximately 40% of the consolidated turnover of Editis (formerly VUP), in accordance with the proposal that the group had presented to the European Commission in December 2003. The Lagardère group is therefore to keep the following assets: Larousse, Anaya, Dunod, Dalloz, Armand Colin, Chambers and Harrap. With this acquisition, the group becomes the largest publisher in France and in particular, reinforces its positions on the "reference" and "university" segments. In Spain, Hachette Livre also becomes the leading book publisher, thus confirming its ambition to become the number one publisher on the Romance language market. The acquisition also raises the group from eleventh to sixth rank among publishers worldwide. The priority for 2004 is now to integrate the Editis assets acquired into the group. Editis' remaining assets of are currently in the process of being sold, with the approval of the European commission, and the group is giving priority to a block sale.

In magazine publishing, Hachette Filipacchi Médias continued its strategy to develop its international presence and to consolidate its brands by launching several new editions of *Elle Girl* (South Korea, Netherlands, Russia, Taiwan). The group also bought a 49% stake in Excelsior Filipacchi, the company that publishes the motor magazine, *Action Auto Moto*, in which HFM already had a 51% stake. Lastly, the end of 2003 was marked by the launch in France of a new weekly magazine: *Public*. This magazine is positioned as a generational celebrity magazine. It was tested successfully during the summer and has become a magazine in its own right in HFM's portfolio.

In the radio and television sector, 2003 was a year for consolidating the group's positions and brands. The children's channels, Canal J and Tiji, reinforced their leading edge on their respective targets, and MCM launched two new channels: MCM Top with a schedule structured around current best-selling hits and MCM Pop, the 1980s hits channel.

The merger between M5 and Europe Images International, which has resulted in the creation of one of the largest European TV and radio programme distributors and the reinforcement of Lagardère's production activities (Productions 22, B3Com, Be Aware, Phare Ouest Productions, etc.) once again demonstrated the importance of the audiovisual sector for the group. In radio, the FM segment was marked by the increase in audiences for both Europe 2 and RFM. The excellent performances of Europe 1 in a particularly difficult environment and fiercely competitive environment must be underlined.

The media sector of the Lagardère group has set itself the objective in 2004 to pursue its growth strategy by focusing on two major strategic orientations: actively pursue its international development, particularly, in Europe and the United States, and establish leading positions in the group's key areas of interest: women's issues, education, youth culture, travel, motoring. The Lagardère Group maintains the view that a strong presence in television represents a significant source of value creation, and will therefore examine closely and scrupulously all opportunities that are likely to contribute to this objective. The group hopes that these combined efforts will, in the medium term, rank it among the world's three leading media groups.

High Technology

In the **High Technology** sector, the group's main strategic objective is integration in Europe. This has been achieved, first with the grouping of two major national players (transfer of assets from Matra High Technologies to Aerospatiale), and then on the European level (merger of Aerospatiale Matra with the German group DASA, and that of the Spanish group CASA to form EADS). The creation of EADS increased the overall volume of business generated by the new group considerably and led to significant savings, as result of the synergies achieved. Consequently, with a turnover of nearly 30 billion euros and a portfolio of such world-reputed brands as Airbus, Eurocopter or Astrium, EADS ranks among the world leaders in the aeronautics, space and defence sectors. The scope of its combined businesses enables Europe to hold its own with the major American groups in these sectors. It is Lagardère's firm intention to continue to play a decisive role in the management and strategy of this new grouping, working in harmony with its partners. The critical size of EADS, in global terms and the prospect for improving operating profits as a result of synergies, are all assets, both for the grouping and all its shareholders. They, and Lagardère in particular can thus hope to see a significant increase in the value of their assets in the coming years.

The commercial failure of the Avantime car led Matra Automobile to discontinue production in February 2003. It was Renault's decision, taken back in 1996, to switch production of the 4th generation Espace to its own plant at Sandouville, taking it away from Romorantin, which led the traditional partners to launch the Avantime together. This decision was part of a common determination to keep the Romorantin plant in production.

This decision means that Matra Automobile will no longer manufacture automobiles, but will continue to fulfil its undertakings with respect to Renault as well as Espace and Avantime customers.

In August 2003, the negotiations announced in June between Lagardère SCA and Pininfarina S.p.A. regarding the purchase of Matra-Automobile's engineering, testing and prototyping businesses were successfully concluded. This agreement fulfils the Lagardère group's strategic decision to withdraw from its automotive business activity. It also ensures the employees of Matra-Automobile's engineering and design department, test centre and design subsidiary, D3, an enduring career working for one of the world's leading automotive engineering firms, while highlighting their expertise.

Simplified profit and loss account

Below is the **condensed profit and loss account** for fiscal 2003, compared with those of previous years:

(in millions of euros)	**2001**	**2002 published**	**2002 (1) pro forma**	**2003**
Turnover	13,295	13,216	12,434	12,454
Operating income	514	440	432	671
Non-operating income (loss)	(15)	(331)	(368)	42
Current income	499	109	64	713
Extraordinary items	353	(371)	(98)	(79)
Other items	(225)	(25)	(24)	(276)
Total consolidated net profits	627	(287)	(58)	358
Net consolidated income, Group share	616	(291)	(62)	334

(1) The Automobile sector was deconsolidated with effect from 1st January 2003. Provision had been recorded for its estimated withdrawal costs on 31 December 2002. The summary of accounts published on 31 December 2002 is completed by the presentation of pro forma accounts that exclude the contribution of this branch.

A more detailed analysis of the activity of the Group's main business activities, Lagardère Media and High Technologies, follows below: "Non-sectoral" operations are also presented, together with the summary of results and financing of the Group.

I Lagardère Media

This sector covers the Group's following businesses: "Books", "Press", "Service Distribution", and "Lagardère Active".

(in millions of euros)

Profit and loss account for the media division	2001 (1)	2002	2003
Turnover	**7,668**	**8,095**	**7,944**
Operating income	353	385	427
Non-operating income (loss)	(240)	(363)	55
Current income	**113**	**22**	**482**
Extraordinary item	(46)	(53)	(28)
Earnings of associated equity companies	59	15	47
Pre-tax earnings from activities	**126**	**(16)**	**501**

(1) Further to the statutory modification of the closing date for the annual accounts, which is now 31t December rather than 30th September, the operations of Lagardère Active Broadcast in 2001 have been consolidated for a period of five quarters from 1st October 2000 to 31st December 2001.

BOOKS

Hachette Livre publishes books that meet the demands for education, knowledge, culture and leisure of a wide readership in France, Spain and the UK. It has extensive distribution facilities at its disposal and a presence in all sectors of publishing:

- *Reference [Hachette Dictionary and encyclopaedias];*
- *Education [Hachette Education, Hatier, Didier, Foucher];*
- *General Literature [Calmann-Lévy, Fayard, Grasset, Lattès, Stock, Harlequin (50%)];*
- *Illustrated books [Chêne, Hachette Pratique, Hachette Tourisme, Marabout];*
- *Children's books [Hachette Jeunesse, Gautier-Languereau, Rageot];*
- *Paperbacks [Livre de Poche, Le Masque] ;*
- *Part work (France, Germany, Spain, Italy, etc.);*
- *International [Octopus, Orion, Watts (UK) – Salvat, Bruño (Spain) – Wiedza i Uycie (Poland)].*

The change in Editis' situation, mentioned in the introduction to this overview, had a strong impact on the Book market (see introduction to this overview).
It is against this backdrop that Hachette Livre has once again achieved excellent performances in virtually all the publishing sectors with increases that are still above market figures.

On the whole, the international book market demonstrated strong resilience in the face of the economic downturn with a weighted annual growth rate of 1% between 2000 and 2002. This figure reflects highly variable performances from country to country: 3% in the United States, 10% in China, 2.8% in Spain and 2.6% in France.

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In France, the market grew 0.5% and 1%, and Hachette Livre's turnover rose by 3%.

2003 was a record year: the "General Literature" business benefited from the repeated successes of Fayard, which published two books that sold over 200,000 copies (Nadine Trintignant's *"Ma Fille Marie"* and *"La Face cachée du Monde"* by Pierre Péan and Philippe Cohen. Five books sold aver 100,000 copies.
At Grasset, the literary season was crowned with the Interallié award for Frédéric Beigbeder's *"Windows on the World"*, the schoolchildren's Goncourt for Yann Apperry's *"Farrago"* and the Médicis award for Michel Schneider's essay *"Morts imaginaires"*. Stock published Philippe Claudel's *"Les Ames Grises"* which was selected by the judges of the Renaudot award and those of bookstore keepers and *Lire Magazine*.
Lattès also published books by many authors who joined the best-selling lists. Lastly, driven by its fiftieth anniversary, Le Livre de Poche enjoyed strong market growth.

Although the “Education” segment suffered from the absence of new programmes, the Group’s publishing houses - Hachette Education, Hatier, Didier and Foucher – were able to maintain their positions, both in the junior secondary school and the senior secondary school markets. They even improved upon these results and brought their performance in line with targets.

After an exceptional year in 2002, Hachette Illustrated continued to show strong growth in 2003. This is mainly due to the Children’s sector, with the success of characters like Franklin who delighted the young readers of the Bibliothèque Rose, as well as the “How To” sector with Hachette Pratique, Marabout and Hachette Tourisme, where the Cuisine et Vins titles continues to hold their own.

These so-called trade publishing activities are accompanied by a distribution activity that is also proposed to third-party publishers: In this area, 2003 was a year of improved productivity and processes that enabled Hachette Livre to post excellent performances, given the high burden rate.

Lastly, the Part Work publishing and kiosk sales sector was very successful in 2003, while the international redeployment confirmed the relevance of the format strategy that had been adopted from the beginning.

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On the international market, we note the following highlights:

- In the United Kingdom, Hachette Livre completed the refocusing of the Octopus Publishing Group (acquired at the end of 2001) on the publishing of illustrated books for adults by selling its children’s division Brimax. This transaction was soon followed by the acquisition of the independent publisher Godsfield Press to complete Octopus’ portfolio (Hamlyn division). Godsfield Press is one of leading UK publishers in the fast-growing *“Mind, Body & Spirit”* segment.
- In Canada (Province of Quebec), Hachette Livre sold its 50% stake in Editions CEC, Inc. (school books) to its joint shareholder Québécor Média, Inc.. This transaction was a consequence of the regulation that prevents Hachette Livre from being an operator or stepping up its development in Canada beyond its current position.

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The regulatory environment was characterised by the reinforcement of provisions for the protection of books as a cultural asset. Interdisciplinary debates have focused on the implementation of interprofessional solutions to the issue of the entitlement to library lending.
Furthermore, the issue of remuneration for private digital copies which is a highly significant financial stake in the long term, arrangements for the provision of free school books to secondary schools and the issue of illicit photocopying in the primary education sector are still burning issues for the profession.

2003 was more particularly a decisive year for the introduction of Book advertising on television. The European Commission, as part of its drive to eliminate forbidden sectors, finally decided that book publishing could be advertised on special-interest channels, but not on general-interest terrestrial channel, as from 1 January 2004.

In 2003, the Group’s innovation policy, which is closely linked to the very nature of publishing operations, was embodied by two initiatives:

- Innovation in the range of publications, or new collections of Hachette Pratique, for example, have been welcomed by the public.
- The international development of the “Part work” business, with the creation of a new subsidiary in Japan.

In terms of reorganisation, measures have already been implemented to adjust organisational structures to take account of foreseeable developments in the brokerage sector, particularly at Salvat in Spain.
Elsewhere, measures implemented have been intended to reinforce the improvement of internal operations.

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Hachette Livre, which will go from world number eleven to number six in 2004, has clearly placed its strategy within the framework of the development of its core sectors (education, literature, illustrated books) in the two key language markets: English and Spanish.

(1) 12 mois à fin août 2002, source Ernst & Young.

PRESS

As the world's leading magazine publisher, the Hachette Filipacchi Media Group publishes 245 titles in 36 countries, representing over 1 billion copies and over 130,000 pages of advertising sold. The Group has a turnover of 2.2 billion euros, more than half of which (54%) is generated by its international business.

Interdeco, the number one French print advertising company has developed the most extensive international network and, through the agency of Interdeco Global Advertising, manages international advertising in over 200 magazines published by the Group and by other non-Group publishers.

In 2003, HFM consolidated its positions worldwide through different strategies: streamlining of its businesses in France (sale of video magazines, acquisition of the minority shares of Bonnier and Excelsior Filipacchi), finalisation of its acquisitions in the United Kingdom, continued development in China and Russia. HFM was able to hold out in a difficult global environment thanks to the geographical diversification of its business.

2003 was a year of transition for advertising because the expected recovery did not take place, except in the United States where the turnaround that began at the end of 2002 was finally confirmed, although it was quite weak. However, on the whole, the Group's advertising performances largely exceeded the market trend. Circulation levels varied from country to country but the general trend was a downward one, despite increases in France, particularly in the news segment. The Group increased its profitability through the improvement in advertising revenues and the positive effects of the cost-cutting and business streamlining plan.

The continued weakening of the dollar and the yen and the Chinese yuan partially cancelled out the significant growths in business, in particular in the countries outside the euro zone, whereas the very low interest rates and the reduction in Group debt resulted in significant reductions in financial expenses.

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In the **French Magazine sector**, the acquisition of 100% of the shares of Bonnier in the home decoration sector and *"Action Auto-Moto"* from Excelsior Publications reinforced the Group's position in France, where it remains the number one magazine publisher.

In 2003, the Group streamlined its portfolio of titles by selling off its video titles and by making some changes to the editorial content of its Leisure titles. Newsstand sales rose by over 1% (on a like-for-like basis), with increased performances for celebrity magazines people, news pictures and the women's magazines, which offset the drop in television magazines sales. The launch of *"Public"* was very satisfactory, with circulation in line with objectives.

We must note the performance of *"Entrevue"* which registered double-digit growth in its circulation revenues. Subscriptions also continued to rise for all titles.

The large market share of the Interdeco group, its sales offerings and the awareness of the Group's brands absorbed the effects of the continued slump in the Press advertising market and stabilised advertising revenues. The branch increased its profitability significantly by carrying out a major reorganisation of its delegated divisions, related businesses and common services.

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In the **International Magazine sector,** after a difficult 2002, the year was marked by a recovery in advertising that was partly driven by the upturn in the United States. Circulations continued to experience some difficulties. 2003 was a year of consolidation with the takeover of the operations of acquisitions in the UK, the integration of decoration titles acquired in Spain at the end of 2002, the continuity of partnerships with *"Marie Claire"* (China, Japan, Italy) and the launching of new international versions of *"Elle Girl"* (Netherlands, Russia, Korea, etc.). We must also note the successful launch of two versions of *"Elle"* in Belgium in a joint venture with Edition Ventures and the creation of a subsidiary in Mexico as a result of a joint venture with Grupo Editorial Expansion, who publishes *"Elle"* and *"Quo"*.

In the United States, the signs of the recovery of the advertising market that began to show at the end of 2002, weakened during the second third quarters of 2003, before turning into a full-blown upturn in the fourth quarter. This was mainly to the advantage of *"Woman's day"*, "*Elle*" and Motoring magazines. However, circulation figures slumped with a drop in newsstand sales of *"Woman's day"*, which were partially offset by increased subscriptions. Lastly *"Travel Holiday"* had to be discontinued because of the particularly difficult context of American tourism.

In Italy, business continued to pick up, mainly due to the excellent performances of Elle (which was fully taken over in 2002), in a sluggish advertising market with many competitive new titles, especially in women's magazines. This was in part due to the successful acquisition of *"Marie Claire"* at the end of 2002, which was followed by the launch of a spin-off, *"Marie Claire Maison"* and a special issue *"Marie Claire Accessories"*.

In Spain, the integration of two new decoration titles was a success. The other titles are doing well and there has been a growth in business, mainly due to the good performances of *"Elle"* and *"Diez Minutos"*. Advertising revenues slipped slightly but were largely offset by the increase in circulation figures linked to the association of several titles with the daily newspaper *"La Razon"*, a non-group partner.

In Japan, business was steady on a like-for-like basis, with an increase in advertising revenues, but a significant drop in circulation due to the economic downturn and pressure from distributors. The Japanese version of *"Marie Claire"* was taken over in April 2003.

In the United Kingdom, the integration of acquisitions made in 2002 and the start of operations went on smoothly. Advertising revenues were up, despite some tensions in circulation for some titles. The significant events of the year were the merger of the titles *"TVHits"* and *"CD UK"*, the transformation of *"Inside Soap"* into a weekly magazine to counter competition and the change of the Group's magazine distributor.

In Russia, advertising revenues, mainly for *"Elle"* increased significantly thanks to the growing economy. *"Maxim"* is already making profits in the second year after it was launched. The Group launched *"Elle Girl"* in Russia and *"Maxim"* in Ukraine, and the Russian edition of *"Marie Claire"* continues to grow.

In China, the Group's activity was also driven by the economic boom. Advertising revenues rose sharply for *"Elle"* and *"Marie Claire"* posted a satisfactory performance for its first year since launching.

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In the Daily Press and Supplements sector, the Group's publications followed the general downtrend of the French market, in particular in Nice. However, things picked up slightly at the end of the year for *"La Provence"* and a bit more for *"Corse Matin"* as a result of the summer's events. The *"Journal Du Dimanche"*, on the other hand, benefited from current events and its circulation increased. Local advertising continued to rise for regional dailies, offsetting the drop in the local supplement. Advertising revenues took for *"Journal Du Dimanche"* in the second half after a disappointing first half.

" *Marseilleplus* ", the free newspaper that was launched in 2002 to counter *"Metro"*, has found its readership and is now fully included in the branch's performances. Its results are in line with the business plan. The free newspaper market is currently very buoyant and the Group is carrying out reflections with other players of the daily press market about creating a real national network that can drain the advertising revenues necessary for this market.

"Version Femina" continued its outstanding performance, in terms of advertising as well as circulation, and is now the major weekly supplement of the regional newspapers: *"Le Midi Libre"* and *"L'Indépendant de Perpignan"* have been circulating this supplement since July 2003, bringing the number of partner titles to 38 and thus consolidating its position as a leading women's magazine.

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For the **Photo sector**, the restructuring that was initiated at the beginning of 2002 has started bearing fruit and has resulted in improved earnings. The implementation of editorial and administrative synergies was continued. However, the absence of a clear-cut market recovery and difficulties on the international market have made it necessary to draw up a second restructuring plan that should be fully operational at the end of 2004. Hachette Filipacchi Films recently refocused its activity, and this was marked by downsizing and a halt to the acquisition of new titles. The growth of licensing activities, as a result of the dynamism of Asia and a cost savings plan, was partially offset by the depreciation of invoicing currencies against the euro.

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In 2004, the Group will continue to invest in new launches, thanks to the new alliances that it signed in 2003, such as a French brand, *"Psychologie"* that Hachette Filipacchi Médias will be adding to its international network or the Spanish brand *"Oh La!"*, published by its French Magazine branch. Lastly, the group is poised to take advantage of any improvement in the economic situation.

DISTRIBUTION SERVICES

The aim of Hachette Distribution Services (HDS) is to ensure the effective marketing of communication and cultural entertainment products, thereby providing global access to a wide range of ideas.
With a presence in nineteen countries in Europe, North America and Asia/Oceania, HDS generates 68.4% of its consolidated turnover outside France The breakdown by geographical area changed in 2003 to the detriment of the North American area as a result of the weak dollar: 31.6% in France, 45.1% in Europe, 22.9% in North America (against 26.3% in 2002), and 0.4% in Asia/Oceania.

During the 2003 fiscal year, the Hachette Distribution Services achieved all the targets that it had set itself: the reinforcement of its main brand operations, the development of new commercial concepts, the acquisition or renewal of concession contracts in transportation areas. At the end of 2002, retail trading and press distribution operations accounted for 51% and 49% respectively of the consolidated turnover of HDS. This demonstrates a relative growth in retail activities (50.1% at the end of 2002).

In 2003, HDS posted a slight drop in consolidated turnover in current euros, mainly due to the sharp drop in the dollar rate (-16.8%). As reviewed with comparable data, the progress in turnover is at 2.2%, mainly the result of the organic growth of HDS' core businesses. These figures must be examined in the light of the war in Iraq, the fear of terrorist attacks and SARS, which disrupted air traffic on the most profitable routes (Asia, United States) and resulted in the setting up of cost-cutting plans.

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2003 was once again marked by the growth of all the **press distribution** operations, in particular:

- a 3.9% increase in turnover in Spain, which benefited from the dynamism of national magazine funds and part work. The Spanish subsidiary also carried off the successful industrial integration of the RBA funds that it had won in 2002. These successes have confirmed its position as the leading national press distributor with over 20% of market share. Its main competitor, Logista, is an operator of similar size;
- the consolidation of the division's US business (a 1.2% increase in the turnover of the American subsidiary Curtis, at constant exchange rates) after the strong growth of 43% recorded in 2002 that had been generated by major acquisitions (American Media and Bauer Publishing). Another highlight of the year was the extension of the contract with American Media. The market share of Curtis, the leading national magazine distributor in North America remained stable at nearly 45%. Its main competitors are local companies like TDS / WPS or COMAG;
- significant growth in operations in Hungary (12.2%) and Belgium (8.3%) mainly driven by the dynamism of publications. Business, however, remained stable in Switzerland (0.4%). Hachette Distribution Services has no significant competition in Hungary, Belgium and Switzerland.

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In the **retail sales sector**, Hachette Distribution Services, driven by a policy of innovation and service, is pursuing a strategy that hinges around two orientations:

- its sales outlets in transportation areas (airports, railway stations, and underground trains): its retail press outlets, developed internationally by all Group member companies, together with diversified and specialised sales outlets;
- specialised book, music, video and multimedia outlets, now grouped under the Virgin brand.

The consolidation of the network of retail press outlets in transportation areas continued in 2003: 1,150 shops in 13 European and North American countries are now home to the "Relay" brand. Outlets of the same design, adapted to the specific features of the country in which the brand has a presence, provide a similar product range and pursue the same goal: the daily provision to one million travellers of the widest possible range of products and services to facilitate their journey and to while away the time as they travel.

In 2003, Hachette Distribution Services continued to develop variations of this concept in order to meet the constantly changing needs of travellers: Relay Services (offering a range of snacks and local services), Relay Café (offering fast food in addition to the usual products) and Relay Livres (offering a wide range of books).

In France, the turnover of Relais H grew slightly by 0.6% against a backdrop of declining press and bulk tobacco market. This result was achieved mainly thanks to the good performance of non-press products such as books and food as well as an innovative sales policy to diversify its product range.

Although the dynamism of the press market and increased phone card sales pushed up growth in Belgium to 8.8%, the German market continued to be hit by the economic crisis and posted a 0.5% negative growth.

Hachette Distribution Services continued to develop strongly in Central Europe, particularly in Poland (opening of 36 sale outlets) and Hungary. HDS has a market share of 32% in these countries. In the Czech Republic, the year was marked by the strong development of the network, the resumption of traffic in the Prague metro after the 2002 floods and the acquisition of a 50% stake by the Finnish group Rautakirja with the aim of developing convenience store chain. On a like-for-like basis (excluding the sale to Rautakirja), turnover rose by 54.8%.

The retail sales continued their decline in North America, as a result of a combination of several factors: the war in Iraq, SRAS, the fear of terrorists attacks and the implementation of drastic security measures at office building entrances, the financial troubles of major airline companies (granting of bankruptcy protection to Air Canada and United Airlines). On a like-for-like basis, turnover slipped 4.5% as compared with 2002. This consisted of a 20.1% drop for the tourist site shop network and a 4.1% drop for airports. In 2003, air traffic shrank by 7.2% in Canada and 6.5% in the United States (figures for airports where HDS is established).

Competition in retail press outlets sited in transportation areas comes mainly in the shape of HMSHost or Hudson News in North America after the withdrawal of WH Smith, Valora in Switzerland and Germany in and WHSmith in Asia /Oceania, or in the shape of local competitors: Areas in Spain, Schmitt and Eckert in Germany, Ruch and Kolporter in Poland, etc.

Last year, duty free sales and sales from specialised retail outlets in transportation areas, combined within the “Aelia” organisation suffered a 10.9% drop in consolidated turnover as compared with 2002. This drop is explained by the continued slump in airport traffic, strongly affected by the war in Iraq and SARS (-6.3%) as well as the establishment of a long-term partnership with Aéroports de Paris (as from July) to operate alcohol, tobacco and perfume concessions in Roissy 2. This partnership is managed in a proportionally consolidated common company (4.6%).

Nevertheless, in 2003, Aelia managed to consolidate its position as the French leader and the fifth-ranked global player in airport retailing by opening several retail outlets on the new terminal E at CDG2 and by the renewal of several concessions outside Paris. Aelia currently manages a network of some one hundred specialised brand outlets, either as franchise operations or under its own name. Aelia also undertakes in-flight sales of top-of-the-range products on behalf of airline companies such as Air France and Royal Air Maroc.

Major global players on this market are DFS (LMVH Group), TNG (The Nuance Group), WDF (BAA Group), Heinemann and Weitnauer. In European airports, the main players, in decreasing order of size, are WDF (12%), followed by TNG (9%), Aelia (9%) and Aldeasa (9%), together with Alpha (5%) and Weitnauer (5%) (Source: Mintel Report based on turnover for 2001).

Despite the strong decline of the music market in 2003, the overall sales of the Virgin Megastores rose by 2.4% thanks to the number of new stores opened in France in 2002 (Barbès, Toulouse, Nantes, Melun) and at the beginning of 2003 (Torcy). With the same number of shops, however, business dropped 3.2% as a result of the sluggish music market (a 13%-drop compared with 2002), which accounted for 32% of turnover instead of 36% in 2002. Consequently, the Virgin Megastore on the Champs Elysées, where music sales accounted for a large part of turnover, was particularly affected. Books sales, on the hand, rose by 5% and video sales by 13%.

In France, the network levelled off with 32 Virgin Megastores and the 11 Furet du Nord stores, representing a total turnover of € 395 million in 2003. Hachette Distribution Services has maintained its position as second specialised distributor of cultural products in France, with 9% of the music market, 5% of the book market and 6% of the video market.

The Virgin brand also continued its expansion in transportation areas with 2 sales outlets in French railway stations and 16 in airports: 11 in France, 4 in North America and 1 in Australia. The operations of the 7 Virgin Megastore franchises in the Middle East also continued to grow steadily.

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Business development prospects for Hachette Distribution Services in 2004 will depend partly upon the increase in airport traffic. The recovery has been, up till now, slower than operators had hoped.

Nevertheless, throughout 2004 and beyond, Hachette Distribution Services expects to maintain a steady growth in its core businesses whilst at the same time penetrating new markets, either by internal growth or through acquisitions, whenever this is justified by their complementary nature with existing activities.

In the retail sales sector, objectives will focus on the continuing development of the Virgin brand in France, the development of specialised retail outlets and the adaptation of retail concepts to transportation areas.

LAGARDERE ACTIVE

*Lagardère Active groups the **Audiovisual, Radio, Advertising Agency, and New Media activities** of the Lagardère Group, plus the group's interests in multiThématiques (27.4%) and Canal Satellite (34%).*
In 2003, in a shaky economic and fiercely competitive context, Lagardere Active continued to develop, by expanding its activities and through the acquisition or creation of new companies, always bearing in mind the need to adapt and improve upon its offering to better meet the expectations of its viewers. The soundness of this strategy has been borne out by audience ratings and the warm reception given to its new products.

Lagardère Active operates two businesses in the **Audiovisual** sector, namely, the "Theme Channel" business and the "Production and Distribution" business, both of which occupy a leading position in their respective sectors.

Lagardere Active's nine theme channels, subsidiaries of Lagardère Thématiques or direct subsidiaries of Lagardère Images, are present in four areas:

- music, with a benchmark music offering provided by 5 channels:
  - MCM, the channel for the 15/34 age bracket,
  - MCM TOP, a new music channel for the 15-54 age bracket that broadcasts only current Hits to 4 million households in France and abroad,
  - MCM POP, formerly MCM2, a music channel that broadcasts only clips of Hits and Pop music from the 1980s to the present day, for the 25/34 age bracket,
  - Mezzo, the classical music channel, that has been revamped with an innovative format, with sound by Peter Gabriel and the visual aspect designed by Philippe Starck,
  - MCM Belgique, the leading music channel in Belgium for the sixth year running.

  The Group has withdrawn from MCM Africa, which has become Trace TV, but has kept a non-consolidated stake of less than 20% in the channel's capital.
- children's channels with Canal J, which proposes animation series, dramas and programmes for children and TiJi, a channel for the under sevens,
- a weather channel with the Chaîne Météo,
- a celebrity and news channel with Match TV.

The excellent results obtained in the fifth audience measurement survey on cable and satellite channels (MediaCabSat – January /June 2003) confirmed the high performance of the Group's channels despite increased competition:

- MCM, the leading cable and satellite music channel for the ninth year running, leading theme channel for 15/24 year olds, increased its audience share by 40% as compared to the previous survey.
- Canal J, second cable and satellite channel for all audiences combined, Canal J and TiJi, first and second cable and satellite children's channels respectively. The two channels together have a market share of 42.9% of children's channels (aimed at 4 to 14 year olds). This performance is all the more outstanding since the children's segment is attracting an increasing number of channels: at the end of December 2003, there were 15 children's channels, six of which were launched in 2003.

Digital Terrestrial Television passed new milestones in 2003 with:

- the signing of agreements with the Broadcasting Council (Conseil Supérieur de l'Audiovisuel) for one free-to-air-channel (iMCM) and two subscription channels (Canal J and Match TV) in June 2003,
- the setting-up on 1 August 2003, of the company Nouvelles Télévisions Numériques (NTN), a multiscreen cinema operator, in partnership with the Pathé and Bolloré groups,
- the implementation of the reorganisation of terrestrial analogue frequencies . Terrestrial Digital Television is expected to kick off between December 2004 and 31 March 2005.

In 2003, the Production et Distribution business continued to flourish with the acquisition or creation of new companies:

- production of stock production (animation and drama): Timoon Animation and AKA Films, at GMT Productions,
- and the production of current programmes (magazine programmes, entertainment, prime time access): B3Com with Benjamin Castaldi and Phare Ouest Productions with Arnaud Poivre d'Arvor.

The Distribution business was also reinforced with the acquisition of M5 by Europe Images International. The cinema production business was restructured and Hachette Première, having stopped all production activities, was left dormant.

Europe Audiovisuel's 17 subsidiary companies produced nearly 900 hours of stock and current programmes (as against 800 in 2002 and 500 in 2001) which included 30 of the top 100 audiences figures in 2003, all types of programmes and times combined.

For the second year running, Europe Audiovisuel scored the highest prime time rating for the year in the drama segment (Ecran Total n°480), with 119 hours broadcast during the 2002/2003 season.

Europe Audiovisuel also stood out with the production of individual programmes and prestigious dramas based on literary works or historic characters: *Le Lion*, based on the novel by Joseph Kessel (co-produced by Image & Cie and GMT Productions for France 2, starring Alain Delon and his daughter Anouchka), *Robinson Crusoe* (produced for France 2 by GMT Productions, and starring Pierre Richard).

Europe Audiovisuel also produces a number of leading series featuring a recurrent hero: *Julie Lescaut* (GMT Productions for TF1), *Joséphine, ange gardien* (DEMD Productions for TF1), *Le Procureur* (DEMD Productions for TF1), *Boulevard du Palais* (GMT Productions for France 2), *Famille d'accueil* (GMT Productions for France 3), *Pépé Carvalho* (DEMD/Studio International for Arte), etc…

It was also a Group company, DEMD Productions, that won the contract to make the TF1's summer serial, *Le Bleu de l'Océan*. The fifth and final episode of this serial recorded the summer's highest audience rating, with 46.7% and 9.4 million viewers.

In the current programme area, Europe Audiovisuel climbed from 5th to 3rd place in the 2003 ranking of producers of current programmes on the number of hours to broadcast for the 2003/2004 season (Ecran Total n°487), thanks to Maximal Productions (*C dans l'air*, a daily programme on France 5), JLR Productions (*20 h 10 pétantes* for Canal +, presented by Stéphane Bern), Léo Productions (La grande course for Canal +), Image et Cie (*Ripostes* for France 5), DMLS TV (*Tubes d'un jour, tubes de toujours*, for TF1), B3Com (different formats for M6 : *La saga des gadins, Tout les oppose*, etc.) and Les Productions 22 (*Un gars, une fille* for France 2 and *J-60*, a mini-series of 60 short episodes dedicated to the singer Johnny Halliday).

With the acquisition of M5, the Distribution business (acquisition and distribution of programmes) now has a sales catalogue comprising 13,000 hours of programmes and conducts about 40% of its operations on the international market.

Lagardere Active has achieved its objective of becoming a key player in the field of production for terrestrial channels and that of the creation of theme channels. It is today ready to become number for all genres before exporting its expertise.

For the third year running, the multi-media advertising market was characterised by the "wait-and see" attitude of advertisers, a lack of visibility, pressure on prices, increased competition from the non-media market and preference for Radio and Television, to the detriment of the Press and Display.

With its three national networks, Lagardere Active covers a large section of the **radio market**:

- **Europe 1**, the Group's general-interest radio station, broadcasts a dynamic and interactive News & Talk programme that is constantly changing to meet listener expectations. The 2003 grid included many new presenters: Every morning Jean-Marc Morandini discusses the night's television programmes with listeners. When there is an exceptional event, as was the case with the war in Iraq, the editorial staff comes together to provide listeners with real-time information. In 2003, the Group also completed the digitisation of airtime and advertising and the switching to second-generation digital editing tools. With the quality of its teams, Europe 1 maintained its audience, in a declining general-interest market, with 9.9% of cumulative audience.
- Europe 2 is the musical and radio station for 15/34 year olds, and RFM proposes a contemporary adult music station to the 25-49 age bracket. Both channels have adopted a policy of close contact with the public It begins with Stéphane Cauet's Morning show (open to the public on Fridays, outside Paris once a month), "les Face à Face »" with Bruno Roblès (afternoon music game on RFM). The stations also organise "concert" partnerships, which supply them with music and enable the presenters to communicate around an event. For the Mediamétrie survey of November -December 2003, Europe 2 and RFM obtained 6.7 and 4.4 cumulative audience points for listeners over 13 years old.

On the international market (Eastern Europe, Germany and South Africa), **Lagardere Active Radio International** (LARI) increased its audience ratings on all the seven countries where it operates. Its radio stations reach nearly 12 million listeners daily in Russia (source: TNS Gallup Media), 8 million in Poland (source: SMG/KRC), and over 25 million in all (other sources: AC Nielsen, AG.MA, Szonda-GFK, Median + GFK Prague, IMAS). LARI is the number one radio operator in Poland, the Czech Republic and Romania, number two in Russia and the fourth in Hungary.

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Lagardere Active Publicité has a powerful offering thanks to strong brands in three media (radio, television, Internet) and products that are historic, market leaders and innovative:

- 1st radio advertising agency, with 23.8% of audience share for listeners over 13 years: Europe 1, **Europe 2**, RFM, The Independents (network of over 80 radio station), Oui FM, Autoroute FM, Autoroute Info, 107.7 FM,
- leading advertising agency on the theme channel market: the Lagardere Active channels, the AB group channels, including RTL9, the local channels Télé Lyon Métropole, Télé Toulouse, Clermont 1ère and TV7 Bordeaux, representing a total of 26 theme channels and 5 local or regional channels,
- advertising agency for Group and non-Group Internet sites (the Club Internet, Promovacances and SeLoger web sites).

Thanks to the expertise and sales talent of its teams, **Lagardere Active Publicité** can meet the increasing demand of advertisers for advice and services.

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In 2003, **Lagardere Active Broadband** confirmed the trends of 2002 and implemented its mobile strategy in France and abroad on a fast-growing market.

In France, Plurimedia focused in particular on the creation and production of mobile services (SMS, MMS, Wap, i-mode) for operators and media. Together with its major editorial lines (well-being, cultural events, outings, news, racing, horoscope exclusively for some mobile telephone operators), Plurimedia has created and developed two types of fast-growing mobile telephone content services: mobile telephone personalisation services (downloading of logos and ring tones with the Virginmega.fr brand) and community services (chatrooms, dating services). Armed with its expertise in interactive services for media, Lagardere Active Broadband also launched Live1 in June 2003, the first interactive channel by SMS on CanalSatellite.

On the international market, Lagardere Active Broadband is present in Germany, Greece the UK, and the United States since the end of 2003. Legion GmbH is one of leading players of voice services for the German media (in particular, Prosieben Sat1). In the United Kingdom, Greenland Interactive is developing the voice services of the publications of the Daily Mail group. In Greece, Plurimedia manages a range of interactive SMS and voice services for Antenna, the leading Greek television channel. In the United States, Lagardere Active North America launched its first Wap services with the operator AT&T Wireless in collaboration with Hachette Filipacchi Media.

In terms of the production of interactive digital content, in 2003, Hachette Multimédia became the leader on the French market for the distribution of non-gaming leisure software. Hachette Multimédia also reinforced the penetration of the Encyclopédie Hachette Multimédia on the institutional market, creating a subscription version for online access to the Encyclopaedia.

The ambition of Lagardere Active Broadband is to reinforce its positions as market leader in the supply of mobile content to countries in which it operates and to continue the 2003 growth cycle by developing added value services, its ability for technological innovation and marketing, making its services more global and reinforcing synergies from Group contents and foreign subsidiaries.

CanalSatellite :

With the success of the four subscription packages proposed, the Group's turnover grew faster than the subscription rate to reach € 896 million in 2003, an increase of 15% over the previous year.

CanalSatellite now offers 98 French channels (including 39 exclusive one) and over 50 foreign channels, 40 interactive services and 70 radio stations. With this wide offering, in 2004, CanalSatellite increased its market share in new subscriptions.

In March 2003, CanalSatellite launched its new digital set top box, Pilotime. It has a 80 GB hard disk drive for recording more than 40 hours of programmes and controlling live programmes, and a twin-tuner that will enable viewers to record a channel and watch another. CanalSatellite had nearly 40,000 Pilotime subscribers nine months after it was launched.

multiThématiques :

For multiThématiques, 2003 was the occasion to continue the refocusing of its operations in France, especially after it stopped broadcasting its channels in Spain and Cine+ in Italy.

At the same time in France, it clarified the positioning of the Cinema offering by creating a six-channel package. Canal Jimmy refocused on drama and series and was renamed Jimmy and the Discovery package broadened its target by adding a more spectacular dimension to its programmes.

Lastly in autumn 2003, multiThématiques reinforced its Discovery package by launching Ma Planète, *"The TV channel for the curious"* aimed at providing the entire family with a discovery channel that combines lightness, curiosity and open-mindedness.

multiThématiques's posted a turnover of € 148 million in 2003, down 6.9% as compared with 2002.

II High Technologies (EADS)

(in millions of euros)

Profit and loss account for the division (1)	2001	2002	2003
Turnover	**4,486**	**4,339**	**4,510**
Operating income	104	63	232
Non-operating income (loss)	(11)	(29)	(20)
Current income	**93**	**34**	**212**
Extraordinary items	463	(8)	(49)
Earnings of associated equity companies	18	20	38
Pre-tax earnings from activities	**574**	**46**	**201**

(1) Indicators expressed as a share attributable to the Lagardère Group, as 15,07%.

In response to the decisions reached at the end of 1999 by the French government, Lagardère SCA, DaimlerChrysler AG and the Spanish government (via the holding company SEPI), the three companies, Aerospatiale Matra (ASM), DaimlerChrysler Aerospace AG (DASA) and Construcciones Aeronauticas (CASA) amalgamated their operations to form the company EADS N.V.

The organisation of the Group is strictly in line with the founding principles of EADS, namely:

■ *The principle of parity*

- *As regards controlling structures: this principle of parity is primarily reflected in the control by the French holding company represented by the limited equity partnership Sogeade: the state-owned French company Sogepa holds a 50% capital share in the latter, while the remaining 50% is held by the company Désirade (which is wholly owned by Lagardère since July 2003 – in accordance with the arrangements that were made from the beginning, the French financial institutions, BNP PARIBAS and AXA, transferred their 26% stake in Desirade to Lagardère in July 2003).*
  The principle of parity is also reflected in the Partnership constituted under Dutch law, which has been assigned authority to exercise the voting rights of Sogeade, DaimlerChrysler and SEPI during the general meetings of shareholders of EADS N.V. in accordance with the shareholders' agreement. Sogeade and DaimlerChrysler have a strictly identical stake in the capital of this partnership.
- *At the managerial level: Sogeade has four representatives sitting on the EADS N.V Board of Directors. They have been appointed at the proposal of Lagardère. DaimlerChrysler also designates an equal number of representatives. The board of directors also includes two independent persons, one appointed by Sogeade and the other by DaimlerChrysler. There is also a representative of SEPI.*

  The EADS N.V.Board of Directors, which is more specifically responsible for the development of Group strategy, is chaired by two "Chairmen", respectively Mr Jean-Luc Lagardère (until his death on 14th March 2003) and Mr Manfred Bischoff. The EADS Board of Directors met on 28th March 2003 to ratify, by a unanimous vote of all members present or represented, the election of Mr Arnaud Lagardère as Chairman of the Board, to take effect upon his appointment as Director by the general meeting of EADS that was held on 6 May 2003. Executive management is undertaken by two CEOs in accordance with the same parity principle, respectively Mr Philippe Camus and Mr Rainer Hertrich.

  It should be noted that resolutions of the Board of Directors must be adopted by a majority of seven of the eleven directors and that, as a result, all major decisions regarding EADS obligatorily require the joint approval of Sogeade and DaimlerChrysler.

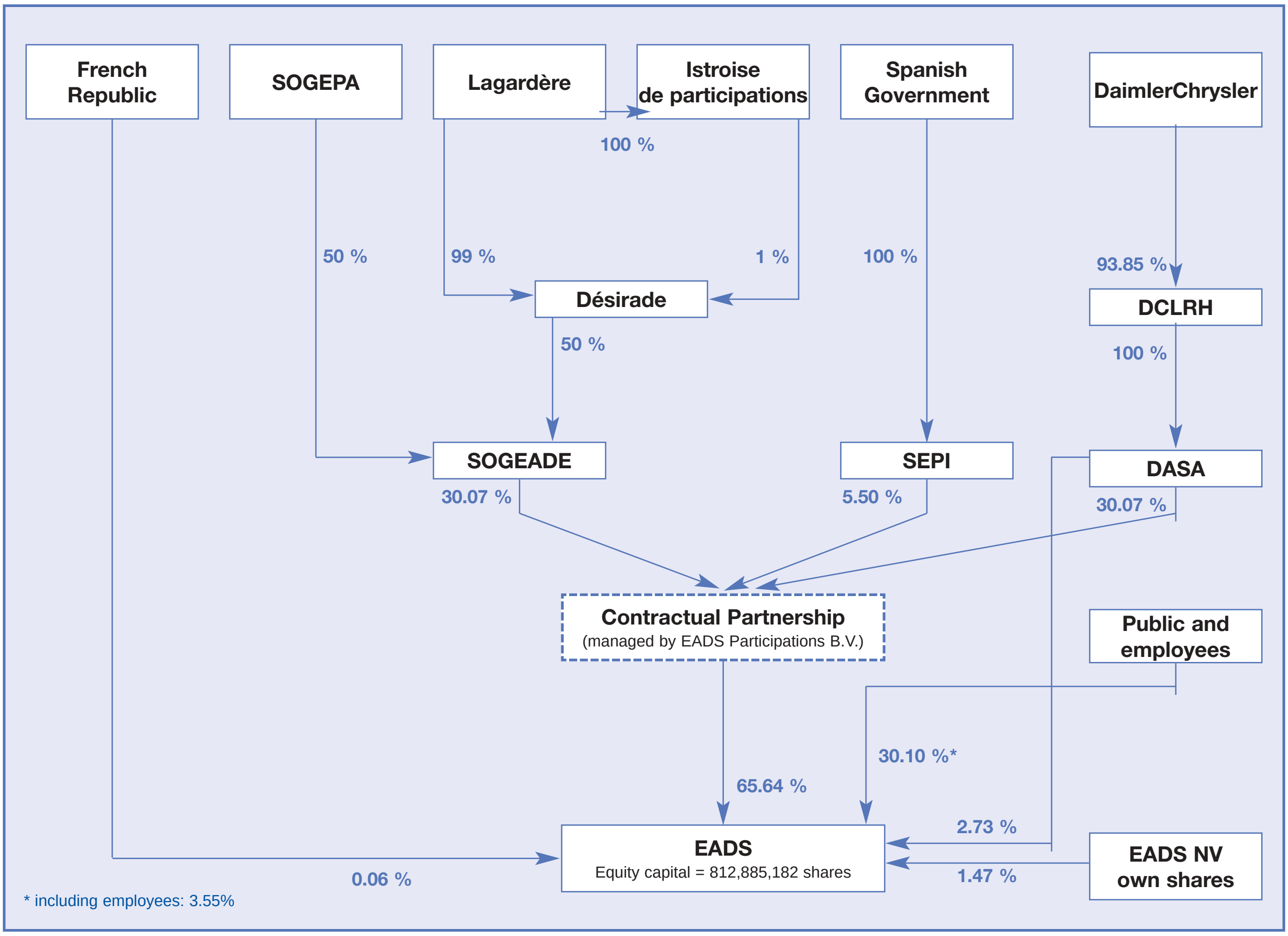
■ *Principle of unity*

- *in accordance with the wishes expressed when it was created, EADS N.V. has only one General Management (even if it has two CEOs), a single Financial Division, Strategy Division, etc…*
- *The executive board of EADS N.V. Group, which is jointly responsible with the CEOs for the executive management of the group, is composed of 12 members.*

Lagardère thus benefits, at all levels of the control structure of EADS N.V, from a system that guarantees first-line access to the management of the entity. This arrangement also combines the protection of Lagardère's rights, made possible by the principle of parity, with the effective management of EADS N.V. to ensure the unity of the international group.

Since 1 July 2003, the shares of EADS N.V. owned by all its controlling shareholders in the Partnership can be traded freely on the market, subject to a pre-emptive right between Sogeade and DaimlerChrysler.

Actionnariat d'EADS N.V. au 31 décembre 2003



With a consolidated turnover of € 30.1 billion in 2003, in line with forecasts, EADS is the leading aeronautics, space and defence group in Europe and the second worldwide.
EADS is one of the world's leading two manufacturers of commercial aircraft, civil helicopters, commercial launch rockets and missiles. The Group also holds leading positions in the sectors of military aircraft, transport and combat aircraft, satellites and electronic defence systems.
In 2003, 77% of the group's turnover was generated by civilian activities and 23% by military sector activities.

In 2003, EADS continued its strategy of restoring the balance of its operations in favour of Defence. The aim of this policy is to offset the impact on EADS of the cyclical nature of the commercial aviation market, while bolstering the growth of the portfolio of innovative products derived from the Group's considerable R&D initiatives. The record order backlog of € 179.3 billion at the end of the year is a considerable asset for EADS. Generally, 2003 was a growth year marked by the signature of the A400M contract for € 20 billion and that of the Paradigm/Skynet-5 contract of £ 2.5 billion. In 2003, for the first time since its creation, Airbus outperformed Boeing in deliveries and in orders. The A380 programme, which represents a significant source of long-term growth for the Group's revenues and profitability, has entered its industrial phase with the production of the principal sections (cockpit, wings, etc.).

Furthermore, Airbus recorded 34 new orders for A380 in 2003. The total number of aircraft ordered to date, totals 129, highlighting the sustained attraction for this product.

The global economy remained sluggish in 2003. The SARS epidemic and the continuing threat of terrorists attacks had a significant impact on air traffic. The operational measures taken by airline companies to counter the dwindling number of passengers and market uncertainties weighed on orders and deliveries in 2003. Notwithstanding this environment, EADS achieved and exceeded the delivery target of 300 Airbus aircraft. To meet the uncertainty of the euro/dollar parity trend and its possible impact on profitability, EADS has implemented a cost-savings plan for Airbus. The impact of this plan is expected to be fully felt as of 2006/2007, in other words, beyond the horizon of the results that are already protected against the volatile US Dollar thanks to currency hedging instruments. The restructuring of the Space division continued and accelerated in 2003 with the aim of returning to the black in 2004.

Thanks to an active cash management policy and control of outstanding customer financing operations, the net cash position stood at € 3.1 billion at year-end 2003 (€ 2.4 billion at the end of 2002). The EADS share jumped 91% during the year, reflecting the confidence of investors in EADS' management and the group's long-term growth strategy.

■ ■ ■

STRATEGY

EADS has defined the following strategic focus points:

Continuing to reinforce the competitive position of EADS and increase its overall influence

EADS sees itself as a world-class company with a strong domestic presence on all the principal aeronautic and Defence markets. It has a portfolio of recognized brands and cutting-edge products which has helped it to establish an extensive international presence on several markets: the commercial aviation market with Airbus, the helicopter market with Eurocopter, the missiles market (MBDA and LFK) and lastly, the commercial launch rocket market thanks to its role as architect and prime contractor of the European Ariane launch rocket programme. EADS is now seeking to capitalise on its strong positions and its existing products line to meet global demand for Defence products such as command systems and outsourced services. It is getting ready to provide integrated and turnkey solutions to military clients and propose innovative financing solutions.

EADS is a major player on its four domestic markets: France, Germany, Spain and the United Kingdom. In these countries and everywhere in Europe, the main challenge that it faces is the optimisation of the efficiency of its client's defence budgets. The Group has the ambition of harmonising the European supply policy and participating in the research and technology initiatives required to bridge the gap between Europe and the US.

EADS also wants to consolidate its position as prime contractor of Defence programmes in the UK, the European country with the highest and most booming Defence related budget initiatives. EADS is therefore leading key projects such as Paradigm/Skynet 5, FSTA and "GBAD", the anti-air defence system. EADS already employs some 12,000 people in the UK, but is looking into the possibility of increasing its local presence through acquisitions and strategic alliances in the defence sector.

EADS will continue to seize opportunities for establishing local supporting presences on key export markets and in particular in the US, Asia and Russia. The Group wants to exploit its established reputation as technological leader and use its rising credibility as systems integrator to leverage its penetration on these markets.

In the United States, EADS seeks to consolidate its status as an "American citizen", by extending the group's industrial presence to meet the needs of the American markets of the homeland security and Defence as locally as possible. Its strong technological capacities and position as European leader have also enabled EADS to strike strategic alliances with leading American Defence and aeronautic industry operators. Programmes concerning ballistic missiles, air intelligence, unmanned air-borne surveillance and reconnaissance systems ("ISR") are developed under cooperation agreements with Boeing, Lockheed Martin, Northrop Grumman and Raytheon, thus paving the way for significant growth prospects in the US.

The Group perceives Asia and China, in particular, as a promising market. In 2003, EADS consolidated its position on the Chinese market by acquiring an equity interest in AviChina, and by

establishing a Eurocopter manufacturing facility in Beijing.
In Russia, EADS intends to participate actively in the ongoing industrial restructuring via partnerships with its local partners and by consolidating its existing operations within a new company called EADS Russia dependent on EADS International.

Increase the group's products and services portfolio to develop synergies

By combining a broad choice of products and its expertise in high added value systems, EADS wants to maximize margins and offer strongly differentiated solutions that meet the increasingly complex requirements of its civil and military customers. Faced with the rising demand for extended capability networks in sectors such as extended anti-air defence, C4ISR (Intelligence, Surveillance command and control), of drones and space military applications, where EADS seeks to be an integrator of principal systems and a solutions provider. EADS, the only European group present in both aerospace and military industries, has a key combination of technological competences that places it in a position of choice to answer the new demand for a "system of systems".
In the civil sector, EADS wants to take advantage of its extended technological base to offer complex commercial systems such as air control equipment, obstacle-warning systems for helicopters and secure telecommunications networks for security forces. In addition, EADS' extensive portfolio of products and services in both private and government sectors allows it to minimise the impact of the cyclical civil market while enjoying the benefits of the more predictable financing for homeland security projects by governments.

EADS aims to increase its turnover from defence activities to around 30% of total turnover. It hopes to significantly drive this growth with major military programmes which are already recorded in the EADS order books, such as the Eurofighter combat aircraft, Tiger and NH90 helicopters, Storm Shadow, Aster, Meteor and Taurus missiles. Furthermore, in 2003, EADS finalised the signature of other substantial military contracts such as the provision of secure communication services to the UK Ministry of Defence thanks to the future Skynet5 satellite (Paradigm programme). MBDA (missiles) consolidated its European leadership when it won a € 2.3 billion contract to supply its Aster missile to the British, French and Italian forces. Most importantly, the launch of the A400M military transport aircraft programme for € 20 billion represented over 100% increase of military activities in EADS' backlog. These orders amount to 46 billion and firmly establish EADS as the world's largest defence supplier.
However, EADS' management considers that growth in the Defence sector is closely linked to stronger European cooperation for the order of military and security equipment. Hence EADS' active efforts to drive change towards the construction of Europe with a Defence capability. Furthermore, considering the scale and rising size of the US government's Defence and homeland security budget, EADS is determined to strengthen its presence on the American market.

ACTIVITIES

The EADS N.V. group comprises five major divisions: Airbus, Aeronautics, Military Transport Aircraft, Space, and Defence and Security Systems.

EADS Group *(in millions of euros)**	**2002**	**2003**	**Change**
Turnover	29,901	30,133	1 %
Operating income	1,426	1,543	8 %
Net profit (loss)	(299)	152	-
Orders taken	31,009	61,150	97 %
Backlog	168,339	179,280	6 %
Salaries	103,967	109,135	5 %

** Data published by EADS.*

AIRBUS

In 2003, in a lacklustre market, Airbus continued to obtain solid commercial results and outperformed for the first time its rival Boeing in the number of deliveries.
Airbus achieved all its self-appointed objectives, largely as a result of its extreme industrial flexibility and the cost-cutting measures implemented at the end of 2001. Airbus offers a complete and competitive range of more than 100-seater commercial aircraft, and is one of the two leading manufacturers worldwide

Since its incorporation, in 1970 until the end of 2003, Airbus has delivered a total of 3,432 aircraft. With a backlog of 1,454 aircraft, Airbus has placed itself for the third consecutive year, far ahead of its competitor, Boeing. This portfolio represents 57% of commercial aircraft scheduled for delivery worldwide. The backlog also represents 5 years of production for Airbus. As at 31 December 2003, Airbus had taken 254 orders (after cancellations), representing 52% of the market in terms of units and 65% in terms of value.

With 305 aircraft delivered in 2003, its market share worldwide climbed from 15% in 1990 to 44% in 2002 then to 52% in 2003. Airbus posted a turnover of € 19,048 billion, and maintained its profitability with an operating income of € 1,353 million (2002 € 1,361 million, despite the increase in self-financed R&D expenses, which grew from € 1,682 million in 2002 to € 1,819 million in 2003 for Airbus.

In light of the current conditions on the civil aviation market, Airbus decided to maintain the precautionary measures adopted in 2002 and has reinforced the control of customer financing. The implementation of a programme known as “Route 06” should help Airbus to sharply reduce its annual operating costs by year-end 2006. Airbus does not expecting the market to rally before 2005, and has nearly 300 aircraft scheduled for delivery in 2004.

MILITARY TRANSPORT AIRCRAFT

The Military Transport Aircraft division designs, produces and markets small and medium-capacity military transport aircraft. It is also responsible for managing and integrating the A400M project, the European large-capacity military transport aircraft built with Airbus technology and designed to the specific requirements of European armed forces and a promising export market. The division also produces and markets dedicated aircraft, derived from existing vehicles and adapted for special missions such as maritime surveillance or anti-sub-marine combat.

In 2003, the division generated a turnover of € 934 million, which represents growth of nearly 80%. The high turnover was primarily boosted by the official launch in May 2003 of the A400M project. It also added an additional € 19.8 billion of orders to the division’s backlog which represented € 20 billion at the end of the year. Operating income has returned to the black at € 30 million after absorbing the losses caused by a bankrupt customer in 2002. With the A400M, EADS positions itself on the segment of large capacity military transport. This aircraft is expected to generate substantial growth of turnover in coming years now that the small-capacity aircraft market has matured and the medium capacity aircraft market is expected to grow at a moderate rate.

2004 should be a pivotal year with the advancement of huge projects such as the A400M and “Deepwater” for American coast guards. After being shortlisted by the British Ministry of Defence, EADS is negotiating to obtain the definitive signature of the FSTA contract (tanker military aircraft).

AERONAUTICS

The aeronautic division comprises the civil and military aircraft operations (Eurocopter), light and regional aircraft (EADS Socata and ATR), together with maintenance and conversion operations (EADS Sogerma Services and EADS EFW) in addition to the aerostructure business. In 2003, the combat aircraft business was transferred to the Defence and Security Systems division, thereby modifying the scope of the Division.

In 2003, the Aeronautics division posted a turnover of € 3,803 million, a virtually stable figure, mainly as a result of the repeated successes of Eurocopter which offset the sluggishness of the commercial aviation market. Operating margin rose sharply from 4.6% to 5.7%.

Eurocopter confirms EADS' position as one of the world's leading helicopter manufacturers and the Europe's number 1. Its principal competitors on the military segment include Agusta Westland in Europe and Bell Helicopter, Boeing and Sikorsky in the United States. On the civil helicopter market, the main competitor is Bell Helicopter. In 2003, Eurocopter confirmed its position at the head of the global civil helicopter market with 53% of market share in value. EADS expects a substantial increase of its military sales with the beginning of the Tiger attack helicopter deliveries in 2004 to the German and French armed forces and the beginning of deliveries at the end of 2004 of the NH90 transport helicopter.

In the regional aircraft sector, the company ATR, number one worldwide on the market of turbo-propulsion regional aircraft with 40 to 70 seats, delivered 9 aircraft and posted 10 orders for new aircraft. There are also orders for 43 used aircraft.

EADS remains confident of the capacity of the division to reach its targets for 2004, with the support of contributions from the Aeronautics division to the A380 and A400M programmes. Civil operations are expected to remain stable while the military business should experience further expansion.

SPACE

EADS is the world's third largest supplier of space systems, behind Boeing and Lockheed Martin, and is Europe's largest supplier of satellites, orbital infrastructures and launch rockets. The division designs, develops and manufactures satellites, orbital infrastructures and launch rockets, largely through its subsidiaries EADS Astrium (which is now wholly owned by EADS after the purchase in 2003 of 25% of BAE Systems), EADS Launch Vehicles and its operational unit EADS CASA Space division. EADS also provides launch services, with holdings in Arianespace, Starsem and Eurockot, telecommunication services and terrestrial observation services. In the defence sector, EADS is active in the field of ballistic missiles and, through SODERN, in the field of optronics and space hardware, together with its laser technology thanks to CILAS. In 2003, the Space division generated turnover of € 2,424 million (2002: €2.2 billion)

In a fiercely competitive market characterised by a significant surplus of global production capacity, EADS initiated and accelerated a fundamental reorganisation started in 2002 of its Space division to cut down on costs and improve efficiency, especially of its satellite operations. As a result of this initiative, the division recorded significant restructuring costs that generated an operating loss of € 400 million in 2003.

All these measures should enable the Division to return to the black in 2004.

The withdrawal of BAE Systems from ASTRIUM resulted in a more unified and flexible strategic management. Although operations have been severely affected by the slump in civil telecommunications there are opportunities for growth in the military sector, as demonstrated by the signature by the UK Ministry for Defence of the "Paradigm", contract, an entity entirely controlled by EADS which was established to provide secure communication services from Skynet 5, a new generation military communication satellites.
In May, Arianespace appointed EADS as the Prime Contractor for Ariane. A contract was then signed for the delivery of 30 Ariane V-10 tonnes launch rockets. The European Space Agency has confirmed its financial backing, key to restarting.

DEFENCE AND MILITARY SYSTEMS

The Defence and Security Systems (DS) Division includes missile system operations (MBDA, 37.5% owned and LFK), of electronic defence systems (Defence electronics) and secure communication systems for both civil and military applications (Communications and Defence Systems). The division also includes service operations (EADS Service) in response to growing demand for military outsourcing. In 2003, the combat aircraft business was added to the division to transform it into a Defence sector equipped with significant technological synergies and capable of providing optimum response to customer needs for Defence integrated solutions.

In 2003, the division posted a turnover of € 5,165 million, i.e. growth of 8% on 2002. The restructuring implemented in the past two years has borne fruit and the beginning of major military programmes such as Eurofighter or missiles helped to drive up profits. The division’s operating income increased by 40% to € 171 million.

The delivery of the first part of the Eurofighter order for 148 aircraft started in 2003 and is expected to continue until 2006. The 2 tranche for 236 aircraft should signed in 2004. In Autumn 2003, the Eurofighter (Typhoon for export) scored its first export success with the Austrian order of 18 combat aircraft.

In 2003, in the missile systems sector, MBDA, which is 50% consolidated by EADS, continued its integration and confirmed its position as Europe’s premier missile manufacturer, and the world’s number two. Its backlog represents 7 years of work with high-profile projects such as the Storm Shadow/Scalp and Meteor signed at year-end 2002 and bolstered by the signature on 12 November 2003 of the contract worth 2.3 billion with the European armament agency OCCAR for the Aster ground-to-air missile. EADS has plans, in the short-term, of integrating EADS’ LFK into MBDA.

In the near future, European budget will always be under pressure but Europe's demand for military capabilities is expected to grow in the systems, services and new generation product sectors. The unique portfolio of complex intelligence gathering and processing systems (Intelligence, surveillance, command and control systems – C4ISR) encompassing the command, information communications and reconnaissance hardware represent a major asset to respond to these demands. Improved competitiveness should also allow EADS to extend its market presence through the pursuit of transatlantic partnerships associated with NATO initiatives.

■ ■ ■

For 2004, EADS expects turnover to generally stabilise around € 29-30 billion, for the fourth year running, despite the persistent economic slump. The growth of the Defence sector should make up for Airbus' shrinking turnover, the result of the combination of a weak dollar and a slight dip in deliveries.

The 2004 turnover target is based on the assumption of a lower dollar rate than in 2003 (1 euro = 1.20 USD, compared to 1 euro = 1.10 USD) a rate which applies to the turnover share that is naturally hedged by purchases denominated in dollars or euros, i.e., roughly one third of EADS’ total turnover.

The absence of growth of Airbus deliveries and the sustained R&D efforts for the A380 should impact EBIT (before amortisation of goodwill and extraordinary items) in 2004. However the turnaround of the Space division enables EADS to aim for an operating income of € 1.8 billion in 2004 (2002: € 1.5 billion).

III Non-sectoral activities

(in millions of euros)	2001	2002	2003
Operating income	(9)	(15)	12
Non-operating income (loss) (including priority compensations)	214	14	(1)
Extraordinary item	(1)	(8)	51
Total	204	(9)	62

The structure of "Non-sectoral activities" encompasses the Group's businesses and financial operations that do not fall within the scope of the sectors described above.

- The operating income mainly comprises the operating costs which remain at the expense of the central holdings as well as the contributions provided by ARjil & Cie and by the activity of Matra Automobile spare parts posted under "Non-sectoral activities", since 1st January 2003. The progress recorded in 2003 can be mainly explained by the integration of the latter activity as well as by the improvement of Arjil & Cie's results.
- The sector posted a non-operating loss of € 1 million in 2003, down by € 15 million over 2002. This was primarily due to non-recurring profits recorded in the previous year by Lagardère's North American subsidiary (€ 9 million), and ten to the net financial cost of the deposit paid in December 2002 for the acquisition of Editis. € 210 million of the non-operating income in 2001 was derived from the capital gain earned from the disposal of EADS excess shares.
- Extraordinary item showed a positive balance of € 51 million; € 40 million of this amount was derived from the capital gain earned from the disposal of all the Renault shares held at 31 December 2002.

IV Summary of results and other information

Based on the results of pre-tax activities, the Group's net share can be obtained as follows:

	2001	2002 reported	2002 [1] pro forma	2003
Business profit[1]	753	(199)	30	702
Non-sectoral activities	204	(9)	(9)	62
Profit before minority interests, goodwill, and taxes	**957**	**(208)**	**21**	**764**
Tax	(168)	143	143	(193)
Reserves and intangible asset depreciation	(162)	(222)	(222)	(213)
Total consolidated net profit	**627**	**(287)**	**(58)**	**358**
Minority interests	(11)	(4)	(4)	(24)
Consolidated net profit – Group	**616**	**(291)**	**(62)**	**334**

(1) Sum of the profit of previously presented sectors: Lagardère Media, High Technologies (Automobile until 2002).
(2) The Automobile sector was deconsolidated with effect from 1st January 2003. Provision had been recorded for its estimated withdrawal costs on 31 December 2002. The summary of accounts published on 31 December 2002 is completed by the presentation of pro forma accounts that exclude the contribution of this branch.

- In 2003, the consolidated tax burden totalled € 193 million and represented 28% of the pre-tax consolidated profit, resulting from companies accounted for under the equity method and the depreciation of intangible assets. In 2002, the tax profit of € 143 million included, for € 195 million, the reversal of provisions for taxes entered into the accounts in respect of the capital gain, with deferred taxation, released by the sale in April 2000 of Club Internet. This reversal is justified, for a value of € 139 million, by the readjustment of provisions for the reduced tax rate on long term capital gains (20.2%), while the contingency had previously been accrued on the bases of the current tax rate, and for the unexpended balance by the impact of the accrued contingency for T-Online shares in 2002.
- Provisions and intangible fixed asset depreciation totalled € 213 million in 2003 versus € 222 million in 2002. This figure breaks down as follows:
  - recurring transfers for goodwill, written off for a value of € 124 million, stable amount in 2003 compared to 2002;
  - exceptional depreciation expense for € 89 million in 2003, set aside in the Lagardère Media sector to integrate identified value losses and principally relating to the Virgin Group (€ 40 million) and to the stake in multiThématiques (€ 36 million). In 2002, exceptional depreciation transfers were posted for a total amount of € 98 million of which € 14 million within the EADS Group and € 68 million for multiThématiques.
- Minority interests share totalled € 24 million in 2003 compared to € 4 million in 2002, primarily driven by EADS Group (+€ 7 million).

V Group Financing

At 31 December 2003, transactions generated by Group businesses totalled € 240 million against € 819 million in 2002, representing a rise of € 421 million (51%), earned by EADS Group for an amount of € 310 million and by the Lagardère Media sector for € 169 million.

The net flow of investments rose from € 2,140 million in 2002 to € 525 million in 2003, largely as a result of:

- the drop in financial investments (€ 1,460 million) particularly in the Media sector which financed in 2002 an advance of € 1,180 million in the context of agreements with Natexis for the acquisition of Vivendi Universal Publishing shares;
- the price gained in 2003 from the sale of Renault stocks (€ 138 million).

Overall, funds released by operations, represented by the sum of transactions generated by the activity and investment flows, released in 2003, a resource of € 714 million to be compared to the consumption of € 1,320 million for 2002.

Net flow of investments posted a slightly negative balance of (€ 65 million) in 2003, which is mainly the result of an increase in financial debt (€ 52 million) as well as the payment of dividends (€ 130 million). In 2003, Lagardère SCA proceeded to the issue of four new loans for a total amount of € 1,020 million (due in 5 and 10 years). Part of the proceeds was used to pay off the Crédit Syndiqué loan contracted in 2001 (€ 1,055 million). Financial year 2002 ended with a positive balance of € 980 million mainly thanks to the proceeds from the issue of bonds convertible into T-Online (€ 768 million) shares.

After taking into account the removal of Matra Automobile (- € 302 million) from the consolidation scope and the impact of exchange rates on current cash flow (- € 43 million) and other reclassified items (- € 25 million), current cash flow went up by € 280 million
in 2003 and levelled off at € 1,881 million at 31 December 2003.

VI Dividend

The Managing Partners have decided to propose to the general meeting of shareholders' the distribution of a dividend of 0.90 per share (plus a tax credit of € 0.45).

Results of Lagardère SCA

Over the last five years

(articles 133-135 and 148 of the decree of 23rd March 1967 on commercial undertakings)

Nature of information	1999	2000	2001	2002	2003
Year-end capital *(euros)*					
a) Share capital	747,300,381	838,916,807	845,878,899	849,229,824	851,664,914
b Ordinary shares outstanding	122,549,229	137,573,338	138,668,672	139,218,004	139,617,199
c) Maximum number of future shares to be created by the exercise of options for share subscription	5,903,509	6,319,495	5,890,385	2,653,353 (1)	3,550,108 (1)
d) Maximum number of future shares to be created by the conversion of bonds	-	-	-	-	-
e) Number of future shares to be created by the exercise of scrip certificates	-	-	-	-	-
Operations and result for the year *(1,000 euros)*					
a) Turnover net of taxes	5,356	23,377	744	926	2,357
b) Result before tax and calculated charges (depreciation and provisions)	57,526	194,606	(119,935)	(72,115)	15,421
c) Company tax	44,980 (2)	66,127 (2)	104,517 (2)	53,316 (2)	50,774 (2)
d) Result after tax and calculated charges (depreciation and provisions)	97,027	1,098	96,475	(65,952)	91,572
e) Earnings allotted to shareholders	94,936	106,989	110,839	111,227	(note 3)
Earnings per share *(in euros)*					
a) Result after tax, but before calculated charges (depreciation and provisions)	0.84	2.00	(0.11)	(0.14)	0.47
b) Earnings after taxes and calculated expenses	0.80	-	0.70	(0.47)	0.66
c) Dividend per share	0.78	0.78	0.82	0.82	(note 3)
Personnel					
a) Average headcount	-	-	-	-	-
b) Total emoluments for the year	-	-	-	-	-
c) Sums paid under the terms of welfare schemes for the year	-	-	-	-	-

(1) The specified number of shares corresponds to the option plans for which the exercise price is lower than the quotation rate as of 31/12.
(2) Primarily tax integration bonuses.
(3) The distribution of a dividend of 0,90 euros per share shall be proposed at the General Meeting.

LAGARDERE SCA

A limited partnership with shares with a share capital of € 851 664 914

Registered office 4, rue de Presbourg PARIS 16e (75), France

320 366 446 R.C.S. PARIS – SIRET : 320 366 446 00013

Admission card application

General and special combined meeting

Tuesday 11th May 2004 at 10:00 a.m.

at the Carrousel du Louvre
99, rue de Rivoli - 75001 PARIS, France.

I the undersigned: ....

wish to attend this meeting in person and hereby enter the identification number shown in the top right hand corner of the voting form:

Identification no.:

Established in ....on 2004

Signature :

This application should be returned to ARLIS using the prepaid envelope attached.

LAGARDERE

LAGARDERE SCA
A limited partnership with shares with a share capital of € 851 664 914
Registered office 4, rue de Presbourg PARIS 16e (75), France
320 366 446 R.C.S. PARIS – SIRET : 320 366 446 00013

Application for the submission of documents and information

General and special combined meeting*

Tuesday 11th May 2004 at 10:00 a.m.

at the Carrousel du Louvre
99, rue de Rivoli - 75001 PARIS, France

I the undersigned: ....

Last name and first name: ....

Address: ....

....

ID number indicated in the upper right-hand corner of the voting form:

....

would like LAGARDERE SCA, in accordance with Article 138 of the order of March 23, 1967, to send me the documents and information set out in Article 135 of said order, in order for me to prepare the May 11, 2004 general meeting.

Established in .... on 2004

Signature :

NOTE: Under item 3 of Article 138 of the order of March 23, 1967, shareholders holding registered securities may, upon mere request, obtain from the Company the documents listed in Article 135 of said order on the occasion of each subsequent shareholder meeting.

This request is to be returned to ARLIS using the business reply envelope attached.

* In accordance with legal provisions, the combined general meeting will convene for an initial session on Friday 30th April 2004 at 10:00 a.m., 121 avenue de Malakoff, Paris 16e (75). The meeting is likely to be unable to deliberate on this date, due to the lack of quorum. Under these conditions, it shall therefore convene for a second session on Tuesday 11th May 2004.

LAGARDERE

LAGARDERE

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