Lagardère SCA

A French limited partnership with shares
with share capital of € 870,416,509.10
divided into 142,691,231 shares of € 6.10 par value each.
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Documents for the Combined Ordinary and Extraordinary Annual General Meeting

27 April 2007

1 – AGENDA

AGENDA

- Report of the Managing Partners (report on the operations of the Company and the Group, and on the Parent Company financial statements for the year ended 31 December 2006).
- Report of the Supervisory Board.
- Reports of the Statutory Auditors on their audit of the Parent Company financial statements, the Group's consolidated financial statements, and agreements covered by article L.226-10 of the French Commercial Code.
- Special reports of the Statutory Auditors on financial authorisations to be given to the Managing Partners.
- Special report of the Managing Partners on share subscription and purchase options.
- Special report of the Managing Partners on purchases of its own shares by the Company.
- Report of the Chairman of the Supervisory Board on the Board's organisation and on internal control procedures.
- Special report of the Statutory Auditors on internal control procedures.
- Approval of the Parent Company financial statements for the year ended 31 December 2006.
- Approval of the consolidated financial statements for the year ended 31 December 2006.
- Allocation of Parent Company net profit; dividend distribution.
- Approval of agreements covered by article L.226-10 of the French Commercial Code.
- Authorisation to be given to the Managing Partners to deal in Company shares.
- Authorisation to be given to the Managing Partners to issue composite securities not giving access to share capital of the Company.
- Authorisation to be given to the Managing Partners to issue ordinary shares and other securities with preferential subscription rights giving access, immediately or at a later date, to the share capital of the Company.
- Authorisation to be given to the Managing Partners to issue ordinary shares and other securities without preferential subscription rights giving access, immediately or at a later date, to the share capital of the Company.
- Authorisation to be given to the Managing Partners to raise the amount of issues decided in case of oversubscription.
- Authorisation to be given to the Managing Partners to issue ordinary shares and all types of securities in exchange for the securities offered in response to a public exchange offer or in payment of a contribution in kind.
- Maximum overall limit for authorised issues, of € 300 million for capital increases and € 2.5 billion for issues of debt securities under the above authorisations.

- Authorisation to be given to the Managing Partners to increase the share capital through the incorporation of reserves or additional paid-in capital and issue of bonus shares or increase in the par value of existing shares.

- Authorisation to be given to the Managing Partners to issue shares reserved for employees of the Lagardère Group as part of the Group Savings Plan.

- Authorisation to be given to the Managing Partners to grant free shares of the Company to employees of the Company and its related companies.

- Authorisation to be given to the Managing Partners to grant employees and senior executives of the Company and its related companies options to subscribe and/or purchase Company shares.

- Maximum overall limit of 5% of the share capital for shares subscribed or purchased by and/or granted to employees and senior executives of the Company and its related companies under the three preceding authorisations above.

- Changes in articles 9 A, 13, 19, 20 and 21 of the by-laws to conform to legal requirements.

- Powers to accomplish formalities.

2 – REPORTS OF THE MANAGING PARTNERS

MANAGEMENT REPORT

Ladies and Gentlemen, dear Shareholders,

We have invited you to attend today's Combined Ordinary and Extraordinary General Meeting principally to:

- report to you on the business activity, situation and outlook of Lagardère SCA and of the Lagardère Group as a whole;
- present the Parent Company financial statements and the consolidated financial statements for the year ended 31 December 2006, ask you to approve these financial statements, the allocation of Parent Company net profit for the year and the distribution of a dividend of € 1.20 per share;
- ask you to renew all the financial authorisations previously given to the Managing Partners;
- ask you to approve changes in the Company's by-laws to conform to legal requirements.

Among the documents made available to you, as every year the "general meeting documents" includes the draft resolutions to be submitted for your approval together with the various reports to be presented to you:

- this report by the Managing Partners on the management of Lagardère SCA and the Lagardère Group;
- the special report by the Managing Partners on share subscription and purchase options;
- the special report by the Managing Partners on the share buyback operations carried out by Lagardère SCA;
- the report by the Supervisory Board and the report by the Chairman of the Supervisory Board on the Board's organisation and internal control procedures;
- the reports of the Statutory Auditors.

In response to remarks from a number of our shareholders, we have decided again this year to present a shorter, more condensed management report than in previous years, containing brief commentaries and referring readers to the Reference Document for any further details and the specific information required by law and current stock market regulations.

The Reference Document (*Document de Référence*), which is registered with the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF), and can form the basis of a Prospectus in the event of an issue of capital, is an appendix in its own right to this management report. Starting this year, it follows the structure defined by EU regulations, but as every year, it contains complete information on your Company and the Lagardère Group, particularly concerning:

- the by-laws, Lagardère SCA share and share capital;
- the Group's business activities and markets;
- labour, social and environmental information;
- information on the assets, financial position and results;
- the Group's organisation structure, operation and control systems;
- recent developments and the outlook for the future.

The following lines will therefore be restricted to discussing the main financial data, the operations for the year and future prospects, and the resolutions submitted for your approval.

KEY FINANCIAL DATA FOR 2006

(in millions of euros)	2005 Lagardère Group excluding EADS	2005 EADS	2005 **Total Lagardère Group**	2006 Lagardère Group excluding EADS	2006 EADS	2006 **Total Lagardère Group**
Net sales	**7,901**	**5,112**	**13,013**	**8,092**	**5,907**	**13,999**
Recurring operating profit before associates	**504**	**392**	**896**	**539**	**39**	**578**
Non-recurring items	(67)	(3)	(70)	(40)	(31)	(71)
Income from associates	63	31	94	68	23	91
Profit before finance costs and tax	**500**	**420**	**920**	**567**	**31**	**598**
Finance costs, net	(53)	(23)	(76)	(174)	(18)	(192)
Income tax expense	(16)	(126)	(142)	(97)	12	(85)
Profit for the year	**431**	**271**	**702**	**296**	**25**	**321**
Profit attributable to minority interests	(27)	(5)	(32)	(28)	(2)	(30)
Profit attributable to equity holders of the parent	**404**	**266**	**670**	**268**	**23**	**291**

[1] In Lagardère's new organisation, the Book Publishing, Lagardère Active (Print Media, Audiovisual and Digital activities) and Distribution Services divisions are now called "Lagardère Publishing", "Lagardère Active" and "Lagardère Services". In this report on operations for 2006 the old denominations are used.

NET SALES

The Group's consolidated net sales increased by 7.6% to € 13,999 million, compared to € 13,013 million in 2005.

Lagardère Media registered sales of € 8,092 million, up 0.9% from 2005 on a like-for-like basis.

The Book Publishing division achieved strong growth, with sales up by 1.8% on a like-for-like basis due to the consolidation of Time Warner Book Group over 9 months. Print Media sales, meanwhile, declined by 1.2% on a like-for-like basis, under the combined impact of withdrawal of certain titles and low level of business in certain segments such as men's magazines and automobile magazines. The Distribution Services division saw a 1.9% increase in sales on a like-for-like basis, as the decrease in low-margin sales such as tobacco sales was more than offset by the robust progression in higher-margin activities such as airport sales. Finally, the Audiovisual division (Lagardère Active) achieved better than expected results: sales declined by only 0.9% after the particularly high figures of 2005.

EADS' contribution to consolidated sales amounted to € 5,907 million, a 15.5% increase:

- With sales of € 25.2 billion, a 14% increase from 2005, the Airbus division enjoyed record delivery levels: 434 aircraft were delivered in 2006 compared to 378 in 2005.
- The extremely high growth in the Military Transport Aircraft division was boosted by progress on the A400M programme.
- The Eurocopter division also benefited from significant growth, delivering 381 helicopters in 2006 compared to 334 in 2005, and thus achieving 18% increase in sales.
- The Space division, with Astrium, registered a 19% increase in sales, building on the advances in production of the heavy-lift launcher Ariane 5 and new space services businesses.

RECURRING OPERATING PROFIT BEFORE ASSOCIATES

The recurring operating profit before associates stood at € 578 million in 2006 (€ 539 million for the Lagardère Group excluding EADS and € 39 million for EADS).

Media operations recorded recurring operating profit before associates of € 539 million, an increase of 7%; excluding the impact of acquisition of the Time Warner Book Group, the sale of Dalloz and investments in digital terrestrial television and using a euro/dollar exchange rate of 1.25, the increased was 4.8%.

The operating margin (recurring operating profit before associates/sales) of the Media activities in constant data increased from 6.4% in 2005 to 6.7% in 2006, despite the poor performance of the press sector and the additional investments required for digital terrestrial television.

- The Book Publishing division registered a good performance, contributing € 220 million to recurring operating profit before associates, a rise of 16.6%;
- The Audiovisual activities (Lagardère Active) again recorded a record level of recurring operating profit before associates in 2006 totalling € 71 million compared to € 47 million in 2005 (+53%); the operating margin thus rose from 7.5% to 12.1%.
- The Distribution Services division achieved recurring operating profit before associates of € 116 million, a rise of 8.4%.
- The Print media division contributed € 132 million, less than in 2005 as anticipated.

EADS' contribution to the Group's recurring operating profit before associates saw a sharp downturn, from € 392 million in 2005 to € 39 million in 2006.
The factors contributing to this downturn were exceptional expenses related to delays on the A380 programme, the launch of the A350 XWB, a provision in respect of the A400M, and losses by EADS Sogerma Services; these factors were accentuated by the worsening euro/dollar exchange rate and the increase in Airbus research and development expenses.

NON-RECURRING ITEMS

Non-recurring items for Lagardère excluding EADS represented a net loss of € 40 million, comprising a € 54 million loss by Lagardère Media and a € 14 million gain on Other Activities.

The main components of Lagardère Média's € 54 million loss are:

- -€ 42 million in restructuring costs, including € 31 million for the Print Media division (mainly in France, the USA and the UK),
- -€ 31 million in impairment (accounting expenses which do not involve any outflow of cash), mainly in respect of certain US press publications,
- € 19 million of income, essentially gains on disposals.

The € 14 million gain for Other Activities is essentially due to the sale of a building in the Paris area.

INCOME FROM ASSOCIATES

For the Lagardère Group excluding EADS, income from associates reached € 68 million compared to € 63 million in 2005.

This increase is attributable to the further improvement in CanalSatellite's contribution (€ 52 million in 2006 compared to € 45 million in 2005).

FINANCE COSTS, NET

The Group's net finance costs reached € 192 million, from € 76 million in 2005.
Excluding EADS, net finance costs amounted to € 174 million, against € 53 million in 2005.

The rise in net finance costs is explained by the following:

- a € 15 million loss on the exchange in July 2006 of T-Online shares for Deutsche Telekom shares,
- finance costs related to the rise in the Group's net debt to finance new investments (Time Warner Book Group, Canal+ France, Newsweb) and the share buyback programme, in a context of rising interest rates,
- a € 80 million charge corresponding to net finance costs, related to the issue of Mandatory Exchangeable Bonds and amortisation of the corresponding hedging derivative (collar).

INCOME TAX EXPENSE

The income tax expense for the entire Group reached € 85 million in 2005 (including a tax gain of € 12 million attributable to EADS).
The tax expense for the Lagardère Group excluding EADS is € 97 million, corresponding to a rate of approximately 30% of pre-tax income (excluding net income from associates).

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The share of net profit attributable to minority interests amounted to € 30 million, including € 2 million attributable to the EADS group.

The net profit attributable to equity holders of the Parent Company declined, from € 670 million in 2005 to € 291 million in 2006.
Excluding EADS, the net profit attributable to equity holders of the Parent Company declined to € 268 million from € 404 million in 2005.

ADJUSTED PROFIT

(in millions of euros)	**2005**	**2006**
Net profit attributable to equity holders of the parent (excl EADS)	**404**	**268**
Impact of Mandatory Exchangeable Bonds issue on finance costs	-	80
Non-recurring tax-related items	(99)	-
Loss on the T-Online/Deutsche Telekom share exchange	-	15
Total	**305**	**363**
Impairment on property, plant and equipment and intangible assets (net of tax effect)	55	15
Adjusted net profit attributable to equity holders of the parent (excl EADS) (before impairment on property, plant and equipment and intangible assets)	**360**	**378**

CASH FLOWS FROM OPERATIONS

Total cash flows of € 465 million were used in operating and investing activities in 2006 (excluding EADS), compared with cash flows generated by operating and investing activities of € 857 in 2005. This reflects the active investment policy applied during the year.

The various components of this change were as follows:

- Cash flows from operations before the change in working capital (excluding EADS) increased significantly, by 16% to € 770 million. This resulted from:

  - higher recurring cash flows generated by all media activities,
  - the cash flows contributed by consolidation over 9 months of Time Warner Book Group,

- the impact of the dividend paid by CanalSatellite (€ 102 million compared to € 27 million in 2005).

- The change in working capital requirement was +€ 12 million, after the -€ 9million in 2005, due to the contributions by the Book Publishing, Distribution Services and Lagardère Active divisions, which more than offset the higher working capital required for the Print Media activity (-€ 38 million). In all, total cash flows generated by operations (cash flows from operations and change in working capital) rose by close on 20% in 2006.

- Purchases of intangible assets and property, plant and equipment, net of disposals and excluding EADS, showed a marked decrease from € 150 million in 2005 to € 113 million in 2006. This is largely explained a sale of assets by Hodder Headline.

- In 2006, purchases of investments net of disposals and excluding EADS totalled € 948 million, reflecting the Group's investment policy. The three major operations concerned Time Warner Book Group (for approximately € 404 million), Canal+ France (€ 469 million, offset by the payment of € 102 million dividends by CanalSatellite mentioned previously, and NewsWeb (€ 64 million). Proceeds on the sale of Dalloz partly offset these outflows.

INDEBTEDNESS: HIGHER FINANCIAL LEVERAGE

At 31 December 2006, the net indebtedness totalled € 1,532 million, higher than in 2005 (€ 863 million).
Excluding EADS, net indebtedness amounted to € 2,023 million compared to € 1,075 million at end 2005.
This rise in net indebtedness primarily reflects the acquisitions of the year (Time Warner Book Group, shares in Canal+ France, NewsWeb) as described above.
It also includes repurchases of Lagardère SCA shares (approximately € 260 million at 31 December 2006), payment of dividends net of dividends received (€ 103 million), and the impact of adjustment to fair value of financial indebtedness (approximately € 110 million).
The acquisition of Sportfive took place in January 2007, and did not therefore affect indebtedness at 31 December 2006.
The impact of the issue of Mandatory Exchangeable Bonds (excluding changes in the value of the dollar) on consolidated indebtedness at end 2006 was neutral.

CHANGES IN BUSINESS ACTIVITIES AND OUTLOOK FOR THE FUTURE

As presented above, 2006 ended on a decline in sales for Lagardère, particularly due to the difficulties experienced by the Magazine Publishing division and by Airbus.
However, as 2006 drew to a close, the Group also made a break with the past, opting for vigorous change to adapt to a new environment characterised by the rapid development of the digital economy and the plentiful choice of audiovisual products on offer.
After a brief review of the events that marked 2006 for each of the Group's business divisions, we examine the business outlook and how the Group is actively preparing for its future.

LAGARDÈRE MEDIA

In the field of the **Media**, in 2006 the geographic expansion of the **Book Publishing division** was materialised through the acquisition of the publisher Time Warner Book Group in the United States. The operation provided Hachette Livre with a solid foothold in the three key linguistic regions, bringing sales to almost € 2 billion and raising it to the rank of largest European publishing house, and third-largest worldwide.

In France, Hachette Livre maintained a steady performance in "Literature", benefiting from the ongoing success of best-selling titles at Grasset, Fayard and JC. Lattès.
Similar results were achieved in "Education", "Children's books" and "Practical works", which increased their market shares. "Dictionaries" and "Reference works", however, experienced a decline in business, particularly at Larousse, where remedial measures were implemented.

Outside France, the Group's UK subsidiary Hodder Headline had a year of strong growth in 2006, following the successful merger with Watts, while in Spain Anaya registered excellent progress in "Education". In the United States, the Time Warner Book Group, which publishes general literature, placed over 70 titles on the bestseller list. 2006 was also an exceptional year for "part-works", which developed successfully in Germany, Japan and Spain, as well as in Latin America.

With almost € 3.7 billion in sales for 2006, of which 60% were achieved outside France, the **Distribution Services division** maintained its position as the world leader in retail sales dedicated to travel areas, despite a slight decline in sales.
For Hachette Distribution Services (HDS), 2006 was marked by the recovery of air traffic. However, the more intensive security procedures, particularly at airports, were not conducive to an increase in sales.
In retail sales dedicated to travel areas, Relais H achieved stability in its business activities in France, with a particularly good performance by non-press products. Outside France, development continued at a sustained pace, particularly in Germany, Central Europe and Asia/Oceania, following the takeover of the UK group WHSmith's sales outlets in Australia and Hong Kong.
To complement its traditional products available through a network of 1,100 sales outlets, in 2006 HDS launched "HDS Digital", a virtual electronic newsstand enabling travellers to download material from over 140 magazine sites.

In the specialist trade in cultural and leisure products, stores in the Virgin Megastore and Le Furet du Nord networks experienced a fall in sales due to the now chronic decline in the music and video market which was only partially offset by increased sales in books and stationery. Nevertheless, the vitality of "Virginmega.fr" made it the 2nd largest French legal online music service; the site also extended its product offer by launching a new video-on-demand (VOD) business, and a pay-for-download classical music site, "Virginmegaclassic.fr".
In 2006, HDS's second business activity, press distribution, saw a slight decline in both North America and Europe. The only exception was Hungary, due to the positive impact of a reduction in taxes on daily newspapers and magazines.

With sales in excess of € 1.8 billion in 2006, the **Magazine Publishing** business saw a decline in newsstand sales and advertising revenue, particularly in men's magazines, in most European countries, Japan and the United States, where home/interiors and automobile magazines also suffered. In contrast, upmarket women's magazines such as "Elle" maintained their good performances across all markets, and continued rapid penetration of Russia and China, where television guides and "Psychologies Magazine" also enjoyed sales increases.

Following a strategy review and the decision to focus on core activities, the Photo business segment ceased to be a strategic business. The Group decided to part with its Photo Agencies, whose performance had been disappointing.

The **Audiovisual division** (Lagardère Active) achieved a good level of performance in all its business activities through a combination of innovation skills and commercial strength, registering sales of close to € 600 million in 2006.
The three radio stations Europe 1, Europe 2 and RFM maintained good target audience ratings, while Lagardère Active Radio International continued to extend its networks in Eastern Europe, acquiring several new radio stations in Russia and Poland.
In the field of television, Lagardère Active's ten special interest channels obtained excellent audience ratings: this was the case for the music channel MCM and the four children's channels, including Gulli, on digital terrestrial TV.
In film and television production, Europe Audiovisuel continued to assert itself as a major player and a key partner of the terrestrial channels, producing more than 800 hours of programmes - both for deferred and immediate broadcast.
Also in the field of television, at the beginning of 2006 Lagardère and Vivendi signed a key agreement, under the terms of which Lagardère Active undertook to acquire a 20% interest in Canal+ France, a company formed by the merger of CanalSatellite and TPS, by transferring its 34% shareholding in CanalSatellite, and paying an additional amount in cash.

Finally, in the new media, Lagardère Active Broadband combined its mobile phone services in 2006 into a new company, Cellfish Media. A share in the capital of Cellfish Media was opened to several North American institutional investors.

EADS

In the field of High Technologies, until April 2006, Lagardère held a 15% interest in **EADS**, a group whose five divisions - Airbus, Military Transport Aircraft, Eurocopter, Defence and Security, and Astrium - achieved sales of € 39.4 billion in 2006.

Airbus
Despite technical problems related to the production of the A380 aircraft, which also affected the parent company EADS, the Airbus division achieved a strong sales performance in 2006, with a record number of aircraft shipments a total of 434 aircraft. In October 2006, EADS acquired the 20% share in Airbus held by BAE Systems, and is now the sole owner of Airbus. The net order intake for Airbus for 2006 was for 790 aircraft, which is the second best score in its entire history.
At the end of 2006, the A380 had successfully completed its trial flights, and Airbus expects to make the first deliveries of the aircraft in the last quarter of 2007. Moreover, to meet the very substantial challenge of the weak US dollar, increased competitive pressure, and the financial burden related to the A380 delays, Airbus launched a restructuring and rationalisation plan called "Power 8".
In December 2006, Airbus received authorisation from EADS to begin production of the new A350 XWB family of long-haul, large-capacity aircraft, scheduled to enter service in 2013.

Military Transport Aircraft (MTA)
In 2006, the division focused on the A400M programme, which is progressing on schedule, and the A330 Multirole Tanker Transport (MRTT) aircraft.
The division received notification of new contracts from Malaysia for the A400M and Portugal for light capacity military transport aircraft.

Eurocopter
In 2006, **Eurocopter** maintained its leading position worldwide in civil and para-public helicopters with a record 381 new deliveries.
Eurocopter took a decisive stride into the American Defence market by winning the United States Army contract for the supply of the new Light Utility Helicopters. Meanwhile, to increase proximity to European customers, Eurocopter extended its presence in Russia and Spain.
In 2006, Australia and New Zealand joined the long list of countries who have already placed orders for the NH90 military transport helicopter.

Defence and Security
While MBDA, the leading global supplier of tactical missile systems, strengthened its position with the acquisition of LFK, the division expanded its business levels further with the increased pace of production at Eurofighter and security activities.
MBDA also received notification from the French defence procurement agency, the DGA (*Délégation Générale pour l'Armement*), of a development and production contract for SCALP Naval missiles, the naval cruise missiles to be used by the French Navy.
With the acquisition of Sofrelog and Atlas, this division of EADS also reinforced its presence in the naval sector.

Astrium
After several years of industrial restructuring, the division can now draw the full benefit of its strong position as major prime contractor in the European space sector. The expanding order book includes programmes of launch services for Ariane 5, as well as military telecommunications satellite systems such as Skynet 5 and SatcomBw, which attracted more new orders for Astrium in 2006.

OUTLOOK FOR THE GROUP

2006 was a noteworthy year for the Group, marked by four significant events providing as many reasons to assert confidence in the future: the difficulties of Airbus and its parent company EADS; the contrasting successful emergence of Hachette Livre as the new leader of the European publishing market; and above all, the formation of two new divisions designed to accelerate the Group's development in the activities of tomorrow - digital contents on one hand, and sports on the other.

First significant event: the difficulties of Airbus and EADS.
Although the delays in deliveries of the Airbus A380 have considerable consequences on a social and financial level, the intrinsic technical qualities of the aircraft remain unquestioned, since almost all of the orders placed by the customer airlines have been maintained.
The recently adopted "Power 8" rationalisation plan will lead to in-depth restructuring of both Airbus and EADS, which will clarify the group's management structure and streamline hitherto geographically dispersed production processes.
EADS' solid order book is reason for confidence, for we believe this company, which we actively contributed to bringing to its position as a global leader in aerospace and defence, is undergoing a growth crisis which it will overcome.

Second significant event: Hachette Livre's new phase of international expansion.
Following the takeovers in previous years of the publishing assets of VUP/Editis, then Hodder Headline, the acquisition of Time Warner Book Group in February 2006 in the United States now places our subsidiary Hachette Livre among the most enterprising players in publishing, a sector that remains dynamic, buoyed up by its capacity to integrate new electronic media such as the Internet. This operation extended the geographic reach and strengthened the size of Hachette Livre, but also helped to improve its profitability: Hachette Livre is now the largest publishing house in Europe and the third-largest in the world, and more importantly, its profitability is on a par with the best global players.

Other significant events: the creation of two new divisions at Lagardère - "Lagardère Active" and "Lagardère Sports" - marks a major change in Group strategy. In the last quarter of 2006 Lagardère announced that it was merging its magazine publishing and audiovisual and digital businesses, previously run separately by Hachette Filipacchi Médias (HFM) and Lagardère Active SAS, to form a new division called Lagardère Active; Lagardère also negotiated important acquisitions in the field of sports, assembling the components of the new "Sports" division to exist from 2007.

First of all, to meet the challenge of the decline in daily newspaper and magazine sales, caused by the expansion of the Internet and digital techniques, which are completely changing the media consumption paradigm, Lagardère Active defined the following objectives:

- instatement of a new management team with a new corporate culture, and a stronger orientation towards marketing and cross-media/content approaches;
- rationalisation of the portfolio of publications;
- return to profitability;
- emphasis on digital techniques and media, in order to position Lagardère Active as the leader in content production, particularly digital content.

By 2010, digital revenue should represent a 5% to 10% share of Lagardère Active's total revenue. In addition, the new entity will double the number of websites online to 100; it will also develop a more innovative and more comprehensive "cross-media" advertising offer, through the merger of the existing advertising sales businesses Interdeco and Lagardère Active Publicité.
In television, the 20% shareholding acquired a year ago in Canal+ France, through the flexible options and the liquidity clause conferred on Lagardère, is an excellent opportunity. In this fast-changing domain, where powerful new players can emerge on the occasion of an advance in technology or a change in the regulatory environment, the Group is now in a strong position.

Final significant event: the creation of a "Sports" division, Lagardère Sports.
In November 2006, Lagardère signed an agreement with a view to acquiring Sportfive, for an enterprise value of € 865 million. The leading manager in sports rights, Sportfive handles the marketing and television rights to the sports events of more than 40 international federations and 270 clubs.
In December 2006, Lagardère acquired Newsweb, one of the leading French Internet content publishers, and the leading Internet publisher for the male target market. The company provides real-

time information through five websites including three specialising respectively in football, automobiles and the stock exchange. This operation reinforces the Group's existing offer in terms of print media and radio; in addition, the specialisation of Sportfive and Newsweb, particularly the latter's digital expertise, make these companies the ideal complement to Lagardère Active. The synergies generated will enable the Group to accelerate the pace of expansion in the generation and operation of digital content.

In conclusion, it is clear that consumers have been faced with an unparalleled profusion of media choices in the past few years, accentuated by the increasing number of platforms and free-of-charge access. Demand has thus become extremely dispersed, and the traditional landscape of competition in the media world has profoundly changed. All communication groups, including Lagardère, have therefore adjusted their positioning and redirected their strategies.

Always responsive to new challenges, in 2006 Lagardère opted to accelerate the development of digital content production and sports management, two sectors with high growth potential. The Group will continue to strengthen its presence in these areas, which will rapidly make a positive contribution to its expansion.

In 2007, armed with new values and new objectives, the Group is now ready to express its new identity: that of a major multimedia corporation, still actively engaged in most of its traditional businesses, but with clear ambitions in its new business lines, where it is determined to reach the highest ranks.

Having adjusted and enlarged its business scope, Lagardère is well-equipped for the present and fully confident in the future, ready to play a major role in the new economy of information, culture and entertainment.

ALLOCATION OF NET PROFIT - DIVIDENDS

Parent Company net profit for 2006 amounts to	218,565,196.54€
which, together with unappropriated retained profit brought forward of	36,241,857.63€
less allocation to the legal reserve of	18,671.49€
to bring this reserve to 10% of the share capital as required by law	
makes net profit available for distribution of	**254,788,382.68€**

In accordance with the Company's by-laws, an amount of € 2,913,680 must be paid first to the general partners in the form of dividends, representing 1% of consolidated net profit attributable to equity holders of the parent. Under article 158-3-2° of the French General Tax Code, this dividend will be eligible for the 40% reduction available to individual shareholders who are subject to income tax in France.

In agreement with the Supervisory Board, we propose that a net dividend of € 1.20 be paid on each share, compared to € 1.10 last year.

Coupons will be detached on 10 May 2007 and the dividend will be paid from this date to holders of registered shares or to their duly appointed representatives, by cheque or by bank transfer.

The € 1.20 dividend will be eligible for the 40% reduction available to qualifying individual shareholders, in accordance with article 158.3.2° of the French General Tax Code.

Shares issued upon the exercise of share subscription options before the payment date will be entitled to this dividend; treasury shares held by the Company at the payment date will not be entitled to this dividend.

Dividends paid over the last three years and the related tax credits were as follows:

(in euros)	**2005**	**2004**	**2003**
Net dividend per share paid to shareholders	1.1	1+2 *	0.90
Tax credit	-	-	0.45
Gross dividend	-	-	1.35
Total dividends	153,613,313.70	410,517,996.00*	122,815,095.30
Dividends paid to general partners	6,697,620.00	3,818,730.00	3,339,000.00
Total	**160,310,933.70**	**414,336,726.00***	**126,154,095.30**

* including the € 2 exceptional dividend.

RENEWAL OF THE AUTHORISATION GIVEN TO THE MANAGING PARTNERS TO DEAL IN SHARES OF THE COMPANY

Under the authorisations granted to the Company by the General Meetings, in 2006, the Company:

- as part of the employee stock option plans, purchased on the market or from Barclays Bank Plc 4,969,461 shares representing 3.48% of the share capital,

- sold to or exchanged with Group employees that are members of the stock option plans, 544,900 shares representing 0.38% of the share capital;

- as part of its programme to cover its obligations under the 2005 stock option plan, sold to Barclays Bank 430,519 shares representing 0.30% of the share capital, and purchased from Barclays Bank 1,659,994 call options which enable it to buy from Barclays Bank the 1,659,994 shares that may be acquired by employees under the 2005 plan;

At 31 December 2006, the Company directly held 6,712,538 of its own shares, representing 4.70% of the total share capital at that date. Including the 707,627 shares held via its wholly-owned subsidiary MP55, the Company directly and indirectly held 7,420,165 of its own shares at 31 December 2006, representing 5.30% of total share capital at that date.

For more information on operations carried out by the Company in 2006 in general and under the authorisation granted by the General Meeting of 2 May 2006, please see the special report included in Appendix 2 below.

In the fifth resolution, you are requested to renew the authorisation granted to the Managing Partners to purchase, in conformity with the law, shares in your Company.

Most of the terms and conditions for implementing this authorisation are embodied in European regulations and were incorporated into French regulations by the French Financial Market Authority in its *Règlement Général* applicable since the end of 2004. Thus:

- the number of shares purchased may not exceed 10% of the capital, which, based on the share capital at 28 February 2006 and taking account of treasury stock held directly and indirectly at that date, would permit the acquisition of 4,103,920 shares, that is approximately 2.88% of the current share capital assuming no shares are cancelled or sold by the Company;

- the total purchase price may not exceed € 700 million, it being understood that under this new authorisation the maximum purchase price would be € 80 per share;

- the acquisition, sale or other transfer of the shares must comply with the objectives fixed by European regulations and market practices accepted by the French Financial Markets Authority: reduction of the share capital (authorisation granted by your General Meeting of 10 May 2005); allocation to holders of securities giving access to the share capital; allocation to employees or to beneficiaries of stock purchase options, etc.; transfer or exchange in consideration for an acquisition; regulation or stabilisation of the stock market price for the purpose of ensuring proper market liquidity;

- these acquisitions of shares could take place at any time in conformity with laws and regulations; thus for example acquisitions of shares on the market – currently entrusted to independent service providers under the terms of a contract enabling them to independently acquire a certain number of shares over a certain period of time and at a maximum price – could continue to be undertaken by the same intermediaries, including in the case of a public offer.

RENEWAL OF FINANCIAL AUTHORISATIONS GIVEN TO THE MANAGING PARTNERS

In accordance with article L.225-100 of the French Commercial Code, a table appended to this report summarises the authorisations granted in previous years to the Managing Partners and still valid, showing how they were used during the year.

This year, we propose that you renew all these authorisations, independently of their remaining period of validity (twelve or twenty-four months), so that you are able to formulate a well-informed and consistent opinion on the resolutions you are being asked to approve.

- these authorisations will now be valid for a period of no more than 26 months from this year's meeting, whatever their purpose;

- previous authorisations with the same object will automatically lapse;

- the issue of transferable securities granting access to the capital will entail shareholders' surrender of their preferential rights to subscribe for the equity securities to which such transferable securities would give access;

- the Managing Partners shall have all powers to implement these authorisations, set their terms and conditions, take note of the capital increases resulting therefrom, and modify the by-laws accordingly;

- when these authorisations are used, the Managing Partners and the Statutory Auditors will each prepare a supplementary report when required by law; these reports will be made available to you in accordance with the law.

Should your Supervisory Board also prepare a report on such an occasion, that report would be submitted to you at the next General Meeting.

1 - Issue of bonds and transferable securities not giving access to the Company's share capital

In the ninth resolution voted by the Annual General Meeting of 10 May 2005, you renewed the powers granted to the Managing Partners to issue bonds and composite transferable securities that give or may give, in any manner, immediate and/or deferred access to transferable securities representing debts of the Company, but also to transferable securities representing a portion of the share capital of companies other than your Company, with a limit of € 3 billion for borrowings resulting therefrom.

You are requested to renew the authorisation granted to the Managing Partners to issue composite transferable securities not giving access to the Company's share capital but only to the share capital of other companies or to debt securities of Lagardère SCA, with a maximum limit of € 2.5 billion for borrowings resulting therefrom.

Such is the purpose of the sixth resolution submitted for your approval.

2 - Issue, with preferential subscription right, of ordinary shares and other transferable securities giving access to the share capital of the Company

The seventh resolution submitted for your approval is similar to the tenth resolution voted by the Annual General Meeting of 10 May 2005. Its purpose is to authorise the issue of ordinary shares and other transferable securities giving, immediately or at a later date, in particular by means of debt securities (bonds, etc.), access to the Company's share capital, within a limit of € 300 million for capital increases and € 2.5 billion for bond borrowings resulting therefrom.

The issues carried out under this authorisation would take place with preferential subscription rights.

3 - Issue, without preferential subscription right, of ordinary shares and other transferable securities giving access to the share capital of the Company

The eighth resolution submitted for your approval seeks to authorise the issue of the same securities as the preceding resolution, within a limit of € 200 million for capital increases resulting therefrom but without preferential subscription rights for existing shareholders.

The issue price of the shares shall not be less than the weighted average market price of the Company's share for the last three trading days preceding the determination of such price, less a possible discount of 5% maximum; since 2005 this new rule has replaced that of the average market price of the ten consecutive trading days chosen among the twenty trading days preceding the issue, and is better suited to the conditions currently prevailing in the financial markets.

Shareholders shall have no preferential subscription rights, but they may, upon decision of the Managing Partners, benefit from the priority right established by law.

4 - Possibility of raising the amount of issues already decided in the event of oversubscription

The ninth resolution is submitted for your approval in application of the new legal provisions officially confirming the so-called "green shoe" technique used in practice for several years. This resolution seeks to authorise the Managing Partners, when an issue has been decided and the subscription applications received exceed the number of securities offered, to raise, within 30 days of the close of the subscription period, the number of the securities to be issued by up to 15% of the amount initially decided, the issue price remaining unchanged; in any case, the total amount of the issue may not exceed the maximum overall limit set in the eleventh resolution presented below.

5 - Issue of new shares and transferable securities of all types in exchange for securities offered in response to a public exchange offer or in payment of a contribution in kind

The tenth resolution submitted for your approval is similar to the thirteenth resolution voted by the General Meeting of 10 May 2005. However, it introduces the possibility included in the new wording of article L 225-147 of the French Commercial Code, to grant the Managing Partners the powers required to increase the Company's share capital, within a limit of € 85 million (about 10% of the capital), to pay for contributions in kind received by your Company in the form of equity securities or other securities granting access to the capital of another company, provided that the provisions of article L.225-148 on public exchange offers do not apply.

In the case of a public exchange offer, the maximum nominal amount of the resulting capital increase would be € 300,000,000.

6 - Maximum overall limits for capital increases and issues of debt securities

In the eleventh resolution, as was already approved by your General Meeting of 10 May 2005, and in accordance with article L.225-129-2 of the French Commercial Code, we ask you:

- to fix at € 300 million the maximum nominal amount of capital increases that may be carried out under the authorisations presented above, it being understood that the capital increases resulting from the incorporation of reserves, retained earnings or additional paid-in capital and the capital increases reserved for employees are subject to specific maximum limits; this amount may nevertheless be increased by the nominal amount of additional securities that must be issued to preserve, as required by law, the rights of holders of existing securities;

- to fix at € 2.5 billion (or the equivalent of this amount for issues in another currency), the maximum nominal amount of debt securities that may be issued under the authorisations submitted for your approval under the 7th, 8th, 9th and 10th resolutions.

7 - Increasing the share capital by incorporation of reserves, retained earnings or additional paid-in capital and issue of bonus shares

The twelfth resolution is similar to the fourteenth resolution voted by the General Meeting of 10 May 2005 and relates to the incorporation of reserves, retained earnings or additional paid-in capital for the purpose of allocating bonus shares to shareholders of the Company or increasing the par value of existing shares, within a maximum limit of €300 million.

8 - Capital increases reserved for employees of the Lagardère Group as part of the Group Savings Plan

The purpose of the thirteenth resolution is to authorise the issue of shares reserved for employees of the Lagardère Group who are members of the Group Savings Plan.

Group employees today hold, notably through the investment funds, nearly 0.93% of the Company's share capital; if shares held by employees personally (and freely transferable) are added, this proportion rises to 2.23% of the capital.

This resolution is in line with the French government's intention to encourage employee savings, as reflected in the recent adjustments to this end in existing legal provisions.

The capital increase resulting from use of this resolution would be limited to 3% of the current share capital.

This authorisation, like all other financial authorisations, would now be limited to twenty-six months starting from the date of this meeting.

9 - Allocation of free shares to employees

The fourteenth resolution seeks to authorise the Managing Partners to grant to employees of companies in the Lagardère Group free shares of the Company up to a limit of 1% of the current share capital.

This system, also intended to reinforce existing systems related to employee savings, is largely modelled on the regime for stock subscription and purchase options.

The shares thus allocated to employees would either be existing shares previously repurchased by the Company as part of its buyback programme authorised by you at past general meetings, or shares to be issued on the occasion of a capital increase by incorporation of reserves, retained earnings or additional paid-in capital.

The shares would be definitively allocated to the employee only after a vesting period of at least two years, and should then be kept for another period of at least two years.

The Managing Partners would be given the necessary powers to set the conditions of, and if necessary, the criteria for the allocation to employees, fix the length of the vesting period and the period during which the shares must be kept.

This authorisation would be given for a period of twenty-six months.

10 - Renewal of the authorisation granted to the Managing Partners to grant options to subscribe and/or purchase Lagardère SCA shares

At the last General Meeting, you authorised the Managing Partners to grant options to subscribe and/or purchase Company shares to employees and senior executives of the Company and of companies that are related to it within the meaning of French law, in order to encourage the personal involvement of the executives of Lagardère throughout the world in the Group's development. We propose that you renew it and authorise the Managing Partners to grant such subscription and/or purchase options on the following bases:

- the subscription and/or purchase price of the shares under option shall be equal to the average opening market price of the share for the last twenty trading days preceding the date of grant of the said options with no discount, but shall not be lower than the average cost of treasury shares;

- the total number of options granted under this authorisation shall not entitle beneficiaries to subscribe and/or purchase a number of shares higher than 3% of the number of shares currently making up the share capital;

- these options must be exercised within not more than ten years from the date of grant by the Managing Partners.

In accordance with law, this authorisation shall entail shareholders' express surrender to the benefit of option beneficiaries, of their preferential subscription right to the new shares that will be issued as and when the options are exercised.

Such is the purpose of the fourteenth resolution.

The attached Special report of the Managing Partners on share subscription and purchase options provides you with details on the various stock option plans in effect in the Company and its subsidiaries since 1999, including in particular the 14 December 2006 plan.

This authorisation, like all the other financial authorisations, will now be limited to twenty-six months starting from the date of this meeting. It cancels and replaces the authorisation given by the previous meeting.

11 - Overall limit for shares subscribed or purchased by and/or granted to employees of Group companies

We propose that you fix a maximum limit of 5% of the number of shares making up the current share capital for the number of shares which, during the next two years, may be subscribed, acquired and/or transferred to employees and senior executives of the Group under the thirteenth, fourteenth and fifteenth resolutions.

12 - Update of the by-laws of the Company

The purpose of the 16^{th} resolution is to change the by-laws so that they are in conformity with changes in law decided during the last two years.

The purpose of the changes that we propose to you is:

- To change the terminology used in the by-laws to that currently used in laws and regulations (Article 9A):

- To take account of new legal requirements (Article 19);

- To allow the Company to use new technologies for meetings of the Board and of shareholders (Articles 13 and 19), and to favour the use of electronic means of communication.

However, the use of certain technologies is currently difficult, given the conditions laid down by law. For example, the use of electronic forms for voting by mail or for giving proxies today requires, in addition to the use of an electronic signature to verify the vote or the proxy, the use of secure means of transmission. While technical solutions exist to meet the conditions laid down by law, their cost is today out of all proportion with the advantage to shareholders. Moreover, if the reliability of the systems used was contested, the risk is that the whole meeting might be declared void, even if the dispute related to only a few votes.

We propose nevertheless that you approve the relevant changes to the by-laws so that the Company may be in a position to use these new technologies when it is possible to do so in a manner esteemed satisfactory.

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The Managing Partners' special reports will now be read out to you, followed by the reports of the Supervisory Board and of its Chairman, and by the various reports from your Statutory Auditors.

The information contained in these reports and in the Managing Partners' reports, including the Reference Document, should be sufficient for you to formulate a well-informed opinion on the position and business of your Company and the Lagardère Group over the past year, and on the resolutions you are being asked to approve.

The resolutions to be put to the vote are an accurate reflection of the terms of these reports; in our opinion, they are coherent with your Company's interests and will foster your Group's development.

We therefore ask you to vote in favour of these resolutions, and thank you again for the continuing support you have always shown us, particularly at each decisive stage in the Group's development.

The Managing Partners

APPENDIX I: Summary of authorisations granted by shareholders to the Managing Partners for the purpose of capital increases.

APPENDIX II: Special report of the Managing Partners on share subscription and purchase options.

APPENDIX III: Special report of the Managing Partners on share purchases made under authorised share buyback programmes.

APPENDIX IV: Reference Document.

Appendix I to the report of the Managing Partners

Summary of current authorisations granted by the shareholders to the Managing Partners for the purpose of capital increases

Description of authorisation	Authorisations				
Date of meeting	Combined Ordinary and Extraordinary Meeting of 10 May 2005				Combined Ordinary and Extraordinary Meeting of 2 May 2006
Purpose of authorisation	Issue of all securities giving access to the share capital (shares, convertible bonds, bonds with share subscription warrants, bonds redeemable in shares, share subscription warrants, etc.) with or without PSR *	Issue of shares reserved for Group employees who are members of the Group Savings Plan	Allocation of free shares to Group employees	Allocation of bonus shares to shareholders upon incorporation of reserves, profits or premiums	Allocation of share subscription and purchase options to Group employees and executives
Total maximum nominal amount authorised	€300 million			€300 million	3% of share capital
Unit nominal amount authorised	€300 million	€30 million	1% of share capital	€300 million	
Utilisation in 2005 and 2006	None	None	None	None	14 December 2006 allocation of share purchase options (1.3% of capital)
Duration of authorisation	26 months	38 months	38 months	26 months	38 months

(*) PSR: preferential subscription rights.

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

Ladies and Gentlemen, dear Shareholders,

The shareholders' meeting must now be informed each year, through a special report, of the operations carried out in the course of the year just ended relative to the share subscription and purchase options granted by the Company and by the subsidiaries in which it has a majority interest.

You will therefore find in this report, in addition to the required information about stock options granted in the course of 2006, a more detailed reminder of the Group's policy in this domain and of the main characteristics of the plans in force today.

I – LAGARDÈRE GROUP POLICY

On the basis of the authorisations conferred on the Managing Partners at the Combined General Meeting on 29 June 1993, on completion of the restructuring operations undertaken by the Group at the end of 1992, the Managing Partners of the Company implemented several share subscription plans, then share purchase plans, from 1994 onwards.

AIM OF THE STOCK OPTIONS POLICY

The aim of the policy implemented is primarily to encourage the personal involvement of Group executives throughout the world in the development of the Lagardère Group and the resulting value created.

It is also used to reward those executives who make a particular contribution to the Group's results through their positive action.

Lastly, it is used to develop the loyalty of the people the Company would like to keep for the long term, especially young executives with a high potential for future career development, who will enable the Group to ensure the continuity of its growth, within the framework of its long-term strategy.

CRITERIA AND MODALITIES OF THE STOCK OPTIONS POLICY

The number of options granted depends on the level of responsibility and the contribution of the beneficiaries, based on an evaluation of their performance and results.

The beneficiaries therefore fall into different categories:

- members of the Executive Committee and the heads of the Group's divisions and businesses;
- senior executives taking into account their responsibilities, within the Group and its subsidiaries;
- other executives: most often these are senior managers or young executives with a high development potential in terms of managerial capacity or expertise.

Options are granted by Mr. Arnaud Lagardère under the authority conferred by the general meeting, following an internal process for selecting beneficiaries and quantifying the number of options to be granted to them, depending on their level of responsibility, their performance and results.

As far as the Group's majority-held subsidiaries are concerned, in previous years some of them implemented their own stock option plans which are gradually being phased out. Currently these are:

- Hachette Filipacchi Médias, which was listed on the Paris Bourse before being taken over fully by Lagardère in 2000;
- Virgin Stores, of which the Group took control in July 2001.

For each of these companies, the beneficiaries of the options granted have generally been part of the senior management team. The small number of grants made between 2001 and 2004 were solely for the purpose of completing the existing plans in favour of executives who had joined these teams. The executives and senior executives of these companies have now been integrated into the stock option plans of Lagardère SCA in order to reinforce the spirit of solidarity and synergy already existing between the Group's various business activities.

II – OPTIONS TO SUBSCRIBE OR PURCHASE LAGARDÈRE SCA SHARES

A – General characteristics

The main characteristics of the plans in force today are summarised in the table below, which was taken from the Reference Document.

Date of meeting / Date of grant and exercise price (1)	Number of options granted (2)	Number of beneficiaries	Options exercised in 2006	Options remaining (3)	Date of exercise
SUBSCRIPTION OPTIONS					
23 May 2000 / 18 Dec. 2000 €62.31 (FRF 413.25)	1,254,500	458	25,268	1,011,554	18 Dec. 2002 to 17 Dec. 2007
PURCHASE OPTIONS					
23 May 2000 / 19 Dec. 2001 €46.48 (FRF 308.30)	1,258,000	421	192,793	818,034	19 Dec. 2003 to 19 Dec. 2008
23 May 2000 / 19 Dec. 2002 €51.45 (FRF 341.23)	1,299,000	416	59,981	1,147,579	19 Dec. 2004 to 19 Dec. 2009
23 May 2000 / 18 Dec. 2003 €51.45 (FRF 341.23)	1,437,250	445	20,426	1,377,847	18 Dec. 2005 to 18 Dec. 2013
11 May 2004 / 20 Nov. 2004 €51.92 (FRF 344.37)	1,568,750	481	0	1,534,582	20 Nov. 2006 to 20 Nov. 2014
11 May 2004 / 21 Nov. 2005 €56.97 (FRF 373.70)	1,683,844	495	0	1,656,994	21 Nov. 2007 to 21 Nov. 2015
2 May 2006 / 14 Dec. 2006 €55.84 (FRF 366.29)	1,844,700	451	0	1,844,700	14 Dec. 2008 to 14 Dec. 2016
Total	**9,091,544**		**273,200**	**8,399,736**	

(1) After repricing adjustment.
(2) Before adjusting option numbers.
(3) Taking account of the adjustment of option numbers and options cancelled.

This table invites the following main comments:

NATURE OF THE OPTIONS GRANTED

Up to the end of 2000, the various plans in force concerned share subscription options leading to increases in equity capital.

The plans implemented since the end of 2001 concern share purchase options.

***Number of beneficiaries*: the number of beneficiaries represents some 400 to 500 people each year.

***Quantities granted*: over the past five years, the annual average number of options granted represented 1,570,708 shares.

***Subscription price*: in compliance with the decisions taken by the shareholders' meetings, the subscription or purchase price of the shares under option since 1999 is equal to or greater than 100% of the average market price of the share for the last 20 trading days preceding the date the options were granted. The exercise price of the purchase options granted in 2002, 2003 and 2004 was equal to the average cost of treasury shares and, compared to the average market price of the share for the 20 trading days preceding the date the options were granted, the exercise price was equivalent to between 121% and 101% of that average. In 2005 and 2006, the exercise price was equivalent to the average market price of the share for the last 20 trading days.

***Exercise period*: depending on the plan under consideration, each of these options gives the right to subscribe or purchase one Lagardère SCA share for a period of five years between the start of the third year following the date the options were granted and the end of the seventh year following this same date. Since the decision made by the shareholders' meeting of 13 May 2003, this period has been extended from five to eight years.

***Exercise conditions*: to exercise the options, the beneficiary must still be an employee or officer of the Lagardère Group, with the exception of beneficiaries who no longer belong to the Group for reasons such as the sale of their company or business, its merger with a non-group company or similar reasons.

***Immediate resale prohibited*: beneficiaries are prohibited from reselling the shares acquired through the exercise of their options during the period known as "fiscal non-transferability", except in the cases stipulated by law (retirement, release, invalidity, etc.). This period, which was five years for the former plans, has been changed to four years by legislation voted in 2000.

B – Repricing adjustment of July 2005

As the exceptional € 2 dividend of July 2005 was partly paid out of reserves, the following adjustments were applied at 6 July 2005:

- in application of article 174-12 of the decree of 23 March 1967, the subscription and purchase prices for shares under option were adjusted;
- in application of article 174-13 of the same decree, the number of shares under option was adjusted.

Under article 174-12 of the decree, when a company distributes reserves in cash, the subscription or purchase price of shares under option fixed prior to the distribution of reserves must be decreased by an amount equal to the product of that price and the ratio between the value of the cash distribution and the value of the share before the distribution.

- Amount per share of the dividend paid out of reserves:

€ 87,314,139 : € 136,898,627 = € 0.6378 rounded up to € 0.64.

The value of the shares under option prior to the distribution is based on the average of opening market prices during a period of at least one month, no more than two months prior to the start of the distribution.

- Average applied: May and June 2005, i.e. € 58.4

- Impact on prices of shares under existing option plans:

2000 Plan	63.00	-	63.00	x	$\frac{0.64}{58.4}$	=	€ 62.31
2001 Plan	47.00	-	47.00	x	$\frac{0.64}{58.4}$	=	€ 46.48
2002 Plan	52.02	-	52.02	x	$\frac{0.64}{58.4}$	=	€ 51.45
2003 Plan	52.02	-	52.02	x	$\frac{0.64}{58.4}$	=	€ 51.45
2004 Plan	52.50	-	52.50	x	$\frac{0.64}{58.4}$	=	€ 51.925

Under article 174-13 of the above decree, the number of shares under option was then adjusted such that, for each beneficiary, the total of share subscription or purchase prices remains constant, although the number is rounded up to the next whole number. This calculation was performed for each beneficiary and each plan concerned, and the total repricing adjustments are summarised in the tables below.

The share subscription and purchase prices under the various plans in existence today were thus adjusted as follows:

Share subscription plans:

Plan	Share price before adjustment	Share price after adjustment
18 December 2000	€ 63.00	€ 62.31

Share purchase plans:

Plan	Share price before adjustment	Share price after adjustment
19 December 2001	€ 47.00	€ 46.48
19 December 2002	€ 52.02	€ 51.45
18 December 2003	€ 52.02	€ 51.45
20 November 2004	€ 52.50	€ 51.92

Similarly, the numbers of shares available for exercise of subscription and purchase options outstanding at 6 July 2005 are as follows for each plan, after adjustment for each beneficiary:

Share subscription plans:

Plan	Number of shares before adjustment	Number of shares after adjustment
18 December 2000	1,254,500	1,268,688

Share purchase plans:

Plan	Number of shares before adjustment	Number of shares after adjustment
19 December 2001	1,211,100	1,224,840
19 December 2002	1,297,400	1,312,039
18 December 2003	1,437,250	1,453,451
20 November 2004	1,568,750	1,586,519

C – Characteristics of Lagardère SCA's share purchase options plan of 14 December 2006

On 14 December 2006, Arnaud Lagardère, as the Company's Managing Partner, introduced a stock option plan for the purchase of Lagardère SCA shares under the authorisation granted at the Combined Ordinary and Extraordinary Meeting of 2 May 2006. The features of the plan are coherent with the general features described above:

- ***Number of purchase options granted*****:** 1,844,700 options, each giving the right to acquire one share, in favour of 451 executives and senior executives of the Group excluding EADS.

- ***Purchase price:*** € 55.84, or the rounded-up average market price for the last 20 trading days prior to the date of grant (€ 55.8375).

- ***Exercise period:*** 14 December 2008 to 14 December 2016.

- ***Resale prohibited*****:** up to 14 December 2010.

D – Information on the Company's officers and on Lagardère Group employees

1 - <u>Options to subscribe or purchase shares of Lagardère Group companies granted in 2006 to Lagardère SCA's Managing Partners, members of the Supervisory Board and other officers, and options exercised by these beneficiaries in 2006</u>

- **Mr. Arnaud Lagardère** did not receive any options to purchase Lagardère SCA shares in 2006.

  He exercised 40,442 subscription options in 2006 at a price of € 43.52 per share; these options had been attributed to him on 10 December 1999.

- **Mr. Philippe Camus**, in 2006, received 50,000 options to purchase Lagardère SCA shares, exercisable at the per-share price of € 55.84 between 14 December 2008 and 14 December 2016.

- **Mr. Pierre Leroy**, in 2006, received 50,000 options to purchase Lagardère SCA shares, exercisable at the per-share price of € 55.84 between 14 December 2008 and 14 December 2016.

- **Members of the Supervisory Board and other officers**: No option awarded.

2 - <u>Options to subscribe or purchase shares of companies in the Lagardère Group granted in 2006 to other executives and employees of the Lagardère Group, and options exercised by these beneficiaries in 2006</u>

Lagardère SCA is the Group's holding company and has no employees.

- Messrs Philippe Camus and Pierre Leroy apart, the ten principal beneficiaries of purchase options granted in 2006 by Lagardère SCA were Group executives (including members of the Executive Committee), representing 355,000 options overall.

- The ten largest exercises of options in 2006 by the Group's executives enabled them to subscribe and/or to acquire 393,218 shares at the average price of € 46.78 per share.

III – OPTIONS TO SUBSCRIBE OR PURCHASE SHARES IN SUBSIDIARIES UNDER THE MAJORITY CONTROL OF LAGARDÈRE SCA

As mentioned in the first part of this report, since 2001 none of the Group's majority-owned subsidiaries granted share subscription or purchase options for the benefit of the principal senior executives or employees of their divisions, except Virgin Stores.

As far as EADS is concerned, Lagardère SCA indirectly holds 14.98% of the capital. For information on the stock options granted in 2006, see EADS' own registration document.

A – General characteristics

These various plans are summarised in the following table, which was taken from the Reference Document.

(at 31 December 2006)

Date of AGM / Date of grant	Exercise price (in €)	Date of exercise	Number of options granted	Number of beneficiaries	Number of options forfeited	Number of options remaining	Period of repurchase (1) (2)
Hachette Filipacchi Médias							
18 June 1997 18 June1997	37.44	18 June 1997 to 17 June 2007	1,577 (3)	11	64	64 (5)	19 June 2002 to 19 June 2007
18 June 1997 22 July 1999	46.20	22 July 1999 to 21 July 2009	1,525 (4)	63	55	888 (6)	23 July 2004 to 23 July 2009
Virgin Stores							
25 September 1998 15 April 1999 (7)	40.04	15 April 2002 to 15 April 2009	9,959	6	4,482	0	16 April 2004 to 15 April 2009
15March 2000 15 March 2000	32.03	16 January 2003 to 15 January 2010	56,269	8	3,984	0	16 March 2005 to 15 March 2010
15 March 2000 17 January 2001	47.77	18 January 2004 to 17 January 2011	2,988	2	2,998	0	18 January 2006 to 17 January 2011
15 March 2000 19 April 2001	47.77	20 April 2004 to 19 April 2011	498	1	498	0	20 April 2006 to 17 January 2011
15 March 2000 5 June 2001	71.82	6 June 2004 to 5 June 2011	1,992	1	1,992	0	6 June 2006 to 5 June 2011
25 September 2002 5 July 2004	99.40	5 July 2008 to 5 July 2014	10,000	6	2,000	8,000	5 July 2008 to 5 July 2014

(1) Beneficiaries have the right to resell their options to the companies concerned depending on various criteria such as changes in shareholders' equity and/or changes in results.
(2) In the case of Hachette Filipacchi Médias, period of exchange for Lagardère shares.
(3) Each option gives right to subscribe to 300 shares.
(4) Each option gives right to subscribe to 500 shares.
(5) 617 options were exercised in 2006.
(6) 152 options were exercised in 2006.
(7) Purchase options.

This table invites the following principal comments:

Nature of the options granted: with the exception of the Virgin Stores plan dated 15 April 1999 concerning purchase options, all the plans concern subscription options.

Beneficiaries**:** generally, the beneficiaries are the management team of the company concerned and its main subsidiaries.

Exercise price: this is calculated using formulae that take into account, depending on the kind of business, equity and results calculated according to more or less sophisticated methods.

Exercise period**:** this varies between two and ten years, and normally commences two to four years after the date the stock options were granted.

Number of options granted**:** this is principally dependent on the value of the shares and does not exceed 5% of the share capital of the company concerned.

Liquidity**:** as the companies concerned are no longer listed and are fully controlled by Lagardère SCA, in each of these companies a plan has been implemented to ensure the liquidity of the shares subscribed or acquired. This plan, implemented by the immediate parent company of the company concerned, comprises an undertaking by the parent company to purchase the shares from the beneficiary and an undertaking by the beneficiary to sell his shares to the parent company.

The purchase undertaking given to the beneficiary can only be exercised while the beneficiary still belongs to the Group, with a few specific exceptions (leaving for a reason out of the beneficiary's control, etc.). In theory, it cannot be exercised during the period of fiscal non-transferability, except in cases allowed for by the legislation. The price is normally set using the same method used to set the exercise price of the options.

In consideration of the purchase undertaking and to allow the Group to retain control over the capital of its subsidiaries, the beneficiaries undertake to sell back the shares acquired should they leave the company or the Lagardère Group.

In the case of Hachette Filipacchi Médias, which was listed on the Paris Bourse before Lagardère SCA took full control in 2000, on the occasion of public exchange and withdrawal offers on the shares of this company, Lagardère SCA made the following undertakings:

- on the occasion of the public exchange offer in 2000, Lagardère SCA agreed to exchange, for the beneficiaries of the share subscription options granted previously, Hachette Filipacchi Médias shares acquired following the exercise of their options for Lagardère SCA shares;

- this undertaking was for a period of five years following the end of the period of fiscal non-transferability;

- the exchange is made on the basis of the exchange ratio established at the time of the public exchange offer, that is to say 11 Lagardère SCA shares for 10 Hachette Filipacchi Médias shares.

In consideration of this commitment, the beneficiaries of this undertaking agreed to exchange their Hachette Filipacchi Médias shares for Lagardère SCA shares should they leave the Group, to allow Lagardère to retain full control over its subsidiary.

In 2006, 247,000 Hachette Filipacchi Médias shares were exchanged against 271,700 Lagardère SCA shares.

B – Data relative to 2006

1 - Options granted by the subsidiaries concerned

In the course of 2006, none of the companies mentioned above nor any other Group company other than Lagardère SCA granted any new options.

2 - Options exercised in 2006

These concerned Hachette Filipacchi Médias, where 12 executive employees of the company or of its subsidiaries exercised part of the subscription options granted in 1997 and 1999, enabling them to subscribe for 185,100 Hachette Filipacchi Médias shares at € 37.44 per share and 76,000 shares at € 46.20 per share. 247,000 of these shares were exchanged for 271,700 Lagardère SCA shares.

The Managing Partners

SPECIAL REPORT OF THE MANAGING PARTNERS ON SHARE PURCHASES MADE UNDER AUTHORISED SHARE BUYBACK PROGRAMMES

Ladies and Gentlemen, dear Shareholders,

In application of article L.225-209 of the French Commercial Code, the shareholders' meeting must now be informed each year, through a special report, of the operations carried out under authorised share buyback programmes.

You will therefore find in this report the information required by the said article; this information is also provided in section 8.1.2.2 of Chapter 8 of the Reference Document appended to the management report.

A – Operations carried out in 2006

Under the authorisations granted to the Company by the General Meetings of 10 May 2005 and 2 May 2006, in 2006, the Company:

- did not cancel any shares;

- as part of its programme to cover all of its obligations under stock purchase options granted to Group employees:

  - purchased 242,096 shares over the counter from Barclays Bank Plc for a total amount of € 11,616,603.84 by exercising some of the call options and optional repos entered into on 3 November 2005 to cover its obligations under the 2001-2004 stock option plans;

  - sold 430,519 shares over the counter to Barclays Capital Securities Ltd on 21 November 2006 at a per-share price of € 56;

  - on 26 November 2006, purchased over the counter from Barclays Bank Plc 1,659,994 call options at a price of € 14.37 each, to cover its obligations under the 2005 stock option plan, exercisable at a per-share price of € 56.97 until 21 November 2011;

- sold 273,200 shares (0.19% of the share capital) to Group employees as a result of the exercise of stock purchase options;

- exchanged 271,700 Lagardère SCA shares (0.19% of the share capital) for 247,000 Hachette Filipacchi Médias shares under the share exchange agreement concluded in 2000 with the subsidiary's employees;

- acquired 4,727,365 shares (3.31% of the share capital) on the market for retention in view of a future transfer or exchange in consideration for an acquisition, for a price of € 264,241,750.49 or an average per-share price of € 55.90. These shares were acquired through investment companies authorised to act independently on Lagardère's behalf.

B – Position at 31 December 2006

At 31 December 2006, 6,712,538 shares directly held by the Company and representing 4.70% of the share capital were allocated as follows:

- 1,409,213 shares for future allocation to employees (stock option plans, share allocation plans, etc.), representing 0.99% of the share capital;

- 575,960 shares to be exchanged for Hachette Filipacchi Médias shares, representing 0.4% of the share capital;

- 4,727,365 shares for retention in view of a future transfer or exchange in consideration for an acquisition, representing 3.31% of the share capital.

The 707,627 Lagardère shares held by the subsidiary MP 55 (0.50% of the share capital) were held for retention in view of a future transfer or exchange in consideration for an acquisition.

Lagardère also held rights to purchase 6,660,426 shares from Barclays Bank Plc in the form of call options and optional repos at the prices stated below, for subsequent resale at the same prices to Group employees benefiting from the stock purchase option plans awarded between 2001 and 2005:

Date of Plan	Maximum number of shares to be acquired	Exercise price	Expiry date for call options and optional repos
2001	828,022	46.48	19 December 2008
2002	1,196,126	51.45	19 December 2009
2003	1,403,521	51.45	18 December 2013
2004	1,572,763	51.92	20 November 2014
2005	1,659,994	56.97	21 November 2015

C – Operations carried out under the authorisation granted by the General Meeting of 2 May 2006

The General Meeting of 2 May 2006 renewed the authorisation granted to the Managing Partners by the General Meeting of 10 May 2005 to acquire Lagardère SCA shares representing up to 10% of the share capital, for a maximum amount of € 700 million, and at a maximum per-share purchase price of € 80, for the following purposes:

• allocation of shares to holders of stock purchase options on Lagardère SCA shares;
• allocation of free shares to employees of the Lagardère Group;
• any other allocation of shares to Group employees under the conditions defined by current laws and regulations;
• allocation of shares upon exercise of rights attaching to securities granting access to the Company's capital;
• retention in view of a future transfer or exchange in consideration for an acquisition;
• ensuring proper liquidity and regulation of the market for Lagardère SCA's shares, within the framework of a market maker contract signed with an independent investment services firm, whose terms and conditions comply with the Code of Conduct recognised by the French Financial Market Authority (AMF).
• reduction of the share capital by cancelling all or part of the shares purchased;
• completion of any other transactions in accordance with current regulations and in particular with the Market Practices accepted by the AMF.

The corresponding share buyback programme was described in press releases issued on 18 May and 12 July 2006.

This authorisation was granted for an 18-month period starting on 2 May 2006.

In execution of this authorisation, between 2 May 2006 and 28 February 2007, the Company carried out the following transactions:

- purchase from Barclays Bank Plc of 1,659,994 call options enabling Lagardère to acquire 1.17% of the shares making up the share capital as of 2 May 2006, to cover its obligations under the 2005 stock option plan as explained above;

- acquisition, through exercise of 121,330 call options and optional repos with Barclays Bank Plc, of 121,330 shares representing 0.09% of the share capital, for a total price of € 5,960,846.37, for transfer to Group employees;

- acquisition on the market through independent investment services firms of 7,619,365 shares making up 5.34% of the share capital, for a total price of € 439,230,307.49 (€ 57.65 per share), for retention in view of a future transfer or exchange in consideration for an acquisition; in a press release of 17 July 2006, the Company explained that if no suitable merger or acquisition opportunities arise, these shares may be cancelled;

- sale to employees who exercised their stock purchase rights under stock option plans of 235,230 shares representing 0.17% of the share capital;

- exchange with Print Media employees of 256,960 Lagardère SCA shares representing 0.18% of the capital for 233,600 shares in Hachette Filipacchi Médias;

- over-the-counter sale to Barclays Bank Plc of 430,519 shares representing 0.31% of the share capital for a total price of € 24,109,064 to finance the purchase of the 1,659,994 call options.

Consequently, at 28 February 2007, the Company directly and indirectly held 9,457,576 of its own shares representing 6.63% of total share capital at that date; including the 707,627 shares indirectly held via its subsidiary MP 55, the Company directly and indirectly held 10,165,203 of its own shares, representing 7.12% of total share capital.

D – Partial reallocation for other uses

After comparing the allocations existing at 31 December 2006 (see § B above) and the commitments to Group employees outstanding at that date, 66,440 shares reserved for exchange transactions for Hachette Filipacchi Médias shares were reallocated on 15 March 2007 for attribution to stock purchase option beneficiaries.

Of the 6,660,426 shares that can be purchased from Barclays Bank Plc for subsequent transfer to employees benefiting from the 2001-2005 stock option plans, the shares corresponding to expired options will be allocated to other plans upon acquisition.

You are asked to renew this authorisation at the Annual General Meeting of 27 April 2007.

The Managing Partners

3 – REPORT OF THE SUPERVISORY BOARD

REPORT OF THE SUPERVISORY BOARD TO THE SHAREHOLDERS' GENERAL MEETING OF 27 APRIL 2007

Ladies and Gentlemen,

The purpose of this report by the Supervisory Board is to report on the Board's operation during 2006, and to present its opinion on the Group's financial statements and management and on the resolutions submitted to the vote today.

The Supervisory Board held four meetings in 2006. Two of these meetings were devoted to a presentation by the Managing Partners of the Group's annual and half-yearly results and financial statements, and developments in its business. At each of the other two meetings the Board was given a detailed presentation of the strategy and general operations of a major division in the media business: Lagardère Active in June, and Book Publishing at the end of the year.

Through its Audit Committee, the Supervisory Board also carries out more detailed investigations of the internal control and risk monitoring, and major strategic developments in the Group. In 2006, it examined a detailed presentation of the acquisition of Time Warner Book Group, the agreement with the Canal+ Group, the operation for eventual disposal of 7.5% of the holding in EADS, and business developments towards greater Group involvement in the Sports sector.

From the Group's results for 2006, without repeating the full analysis provided by the Managing Partners in their management report, we observe that Lagardère has continued its growth: consolidated sales increased by 7.6%, from € 13 billion to close to € 14 billion: € 8 billion for media activities and close to € 6 million for the consolidated share contributed by EADS.

In the media activities, the Book Publishing division saw significant growth, whereas the Print Media, Distribution Services and Audiovisual divisions saw no change or registered a slight decline. At EADS, sales rose for all divisions due to large-scale deliveries of civil and military aircraft and helicopters, as well as advances in the space programmes.

The current operating income of the media activities rose by 7% in 2006, particularly through the results of the Book Publishing, Distribution Services and Audiovisual divisions. The costs inherent to the technical and logistical difficulties encountered by Airbus, however, seriously affected the consolidated results of EADS, and this was the major factor in the decline in the profit attributable to equity holders of the parent, from € 670 million in 2005 to € 291 million in 2006.

We have reviewed the accounting and financial documents for 2006 and consider that they provide a true and fair view of the Group's assets and financial position.

The principal resolutions to be put to the vote have been submitted to us; as is customary, they include the motions to approve the Parent Company financial statements and consolidated financial statements; decide on the allocation of net profit for the year; approve the regulated agreements governed by article L.226-10 of the Commercial Code; and approve the various financial authorisations granted to the Managing Partners entitling them to deal in Lagardère SCA shares and issue securities with or without preferential subscription rights. These authorisations are simply renewals of those granted to the Managing Partners in 2005. After examining these resolutions, we have no comments or observations to make and recommend that you approve them all.

Regarding the proposed dividend of € 1.20 per share, we consider that this amount provides fair remuneration for shareholders while preserving the financial capacities necessary for the Group's development, and therefore recommend that you approve the relevant resolution.

The 17th resolution amends several points in the by-laws, particularly introducing an option for shareholders to attend meetings via videoconference link and vote at those meetings through electronic means of communication, provided the technologies used can guarantee continuous, simultaneous and secure transmission of the discussions.

While 2006 continued the trends of previous years with steady growth in the media activities, 2007 and future years will register the consequences of two recently announced major strategic changes. The first concerns the partial divestment of the investment in EADS, to be achieved through the issue of Mandatory Exchangeable Bonds redeemable in EADS shares, which in three years will reduce Lagardère's holding in EADS from 15% to 7.5%. The second concerns two new developments in the media activities: specialisation in content production and a firmly digital-oriented strategy: the role attributed to the new entity Lagardère Active; and entry into the world of sport, both through institutional image-building communication and management of sports rights, following acquisition of Sportfive.

Lagardère is changing. In an environment where information and communication in all their forms are omnipresent at all times, Lagardère intends to be a leader, not a follower. The Group aims to reconquer its rightful role, justified by its still-intact proactive ethos and symbolised by its determined entry into the world of sport. It may be too early as yet to register the initial tangible results of this change, but it is not too soon for optimistic contemplation of its effect on the Group's future.

The Supervisory Board

4 – REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD TO THE SHAREHOLDERS' GENERAL MEETING OF 27 APRIL 2007

Ladies and Gentlemen,

In compliance with article L.621-18-3 of the French Monetary and Financial Code introduced by Law n° 2003-706 of 1 August 2003 (known as the Financial Security Law), Lagardère SCA's Reference Document contains all the information concerning the preparation and organisation of the work of the Supervisory Board and the internal control procedures in place at Lagardère SCA.

The information concerning the preparation and organisation of the Supervisory Board's work during 2006 is set out in section 7.4.2.2 of the "Corporate Governance" chapter of the Reference Document and has been duly reviewed and validated by us.

Regarding the internal control system at Lagardère SCA, a working party was set up to establish a methodology for presenting internal control procedures in the Reference Document and monitor their application. This working party involved members of the Finance, Audit and Legal Divisions of Lagardère Group.

Each division head in the Group has been asked to draw up a brief description, following predefined specifications, of their own internal control procedures, with the relevant supporting documents.

Based on the various documents reviewed by this working party, the internal control procedures currently in place within the Group appear consistent with the description provided in section 7.4.3.1 of the Reference Document for 2006. The working party gave regular presentations and reports on its work over the year.

Please note that the internal control procedures used at EADS NV are described in that company's Registration Document due to be filed with the Dutch authorities and published on the company's website, and are not therefore included in Lagardère SCA's Reference Document.

The Chairman of the Supervisory Board

5 – REPORTS OF THE STATUTORY AUDITORS

GENERAL REPORT OF THE STATUTORY AUDITORS ON THE PARENT COMPANY FINANCIAL STATEMENTS

Year ended 31 December 2006

(Translated from the original in French)*

To the Shareholders of Lagardère SCA,

In compliance with the assignment entrusted to us by your annual general partners' meetings, we hereby report to you, for the year ended December 31, 2006, on:

• the audit of the accompanying financial statements of Lagardère SCA,

• the justification of our assessments,

• the specific verifications and information required by law.

These financial statements have been approved by the Managing Partners. Our role is to express an opinion on these financial statements based on our audit.

I – Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2006 and the results of its operations for the year then ended, in accordance with accounting rules and principles applicable in France.

II – Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

Accounting principles and valuation methods

The note "Accounting principles and methods" presented in the Notes to the Parent Company financial statements explains the criteria used for the valuation of long-term investments.

As part of our assessments of the accounting principles and methods used by your Company, we verified the appropriateness of the accounting methods used and the reasonableness of estimates made.

These assessments thus took place in the context of our audit of the financial statements taken as a whole, and therefore contributed to the formation of our unqualified opinion expressed in the first part of this report.

III – Specific verifications and information

We have also performed specific verifications required by law, in accordance with professional standards applicable in France.

We have no observation to report regarding:

- the fair presentation and the coherence with the financial statements of the information given in the management report, and in the documents addressed to the shareholders with respect to the financial position and the financial statements,

- the sincerity of the information disclosed in the management report regarding the salaries and benefits paid to members of the management bodies, or the commitments made in their favour when they take up, leave or change their function or subsequently.

Neuilly-sur-Seine and Courbevoie, 27 March 2007

The Statutory Auditors

ERNST & YOUNG ET AUTRES Jean-François Ginies	MAZARS & GUÉRARD Jacques Kamienny

* This report refers to the official financial statements of Lagardère SCA which are included in the French documents which are submitted to Lagardère's shareholders at the Annual General Meeting. These documents are available from the Company's head office upon request.

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2006

(Translated from the original in French)*

To the Shareholders of Lagardère SCA,

Following our appointment as Statutory Auditors by your annual general partners' meetings, we have audited the accompanying consolidated financial statements of Lagardère SCA for the year ended December 31, 2006.

The consolidated financial statements have been approved by the Managing Partners. Our role is to express an opinion on these financial statements based on our audit.

I – Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities of the Group as at 31 December 2006 and the results of its operations for the year then ended in accordance with IFRSs as adopted by the European Union.

II – Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- As disclosed in note 4.10 to the consolidated financial statements, Lagardère reviews the various intangible assets of the Media branch for impairment at least once a year. We have reviewed the data and assumptions used as a basis for determining the assets' recoverable values, for comparison with their book value. In particular, this recoverable value has been determined based on cash flow projections prepared by the Group. We have assessed the reasonableness of such estimates.

- Note 2.3.4 to the consolidated financial statements presents the accounting treatment used by Lagardère for the Mandatory Exchangeable Bonds and the related embedded derivative. The Group decided to amortise the initial value of the embedded derivative on a straight-line basis, although IFRSs adopted in the European Union require these derivatives to be adjusted to fair value at each year-end through profit and loss. We have assessed the impact of this treatment, chosen as a result of the overall features of the Mandatory Exchangeable Bond issue, and the related information reported in the notes to the consolidated financial statements.

These assessments thus took place in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the formation of our opinion expressed in the first part of this report.

III. Specific verifications

In accordance with professional standards applicable in France, we have also verified the information given in the Group's management report. We have no observation to report as to its fair presentation and its coherence with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, 27 March 2007

The Statutory Auditors

MAZARS & GUÉRARD Jacques Kamienny	ERNST & YOUNG ET AUTRES Jean-François Ginies

* This report refers to the official consolidated financial statements of Lagardère which are included in the French documents which are submitted to Lagardère's shareholders at the Annual General Meeting. These documents are available from the Company's head office upon request.

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

Year ended 31 December 2006

(Translated from the original in French)

To the Shareholders of Lagardère SCA,

In our capacity as Statutory Auditors of your Company, we report below on regulated agreements and commitments.

Our role does not include identifying any undisclosed agreements or commitments. We are required to report to you, based on the information provided, on the main terms and conditions of the agreements and commitments disclosed to us, without commenting on their relevance or substance. Under the provisions of article 92 of the decree of 23 March 1967, it is the responsibility of the shareholders to determine whether such agreements and commitments are appropriate and should be approved.

We carried out our work in accordance with professional standards applicable in France. These standards require that we perform procedures to verify that the information given to us is coherent with the underlying documents.

Agreements and commitments authorised during the year

In accordance with the requirements of articles L.225-40 and L.226-10 of the French Commercial Code, we have not been informed of any agreement or commitment entered into during the year and previously authorised by your Supervisory Board.

Agreements and commitments authorised in previous years and which continued to apply during the year

In application of the decree of 23 March 1967, we have been informed that the following agreements and commitments, approved in previous years, have continued to apply during the year under review.

• Lagardère Capital & Management

Service Agreement

Under an agreement signed in 1988 by Lagardère Capital & Management with Matra and Hachette, Lagardère Capital & Management provides a range of resources and skills specific to general strategy, international development, company operations, and management of financial capacity, human potential and corporate image. All top management working at Lagardère Capital & Management are members of the management bodies of the Group and its principal subsidiaries.

Following the various reorganisations that have taken place since 1988, this agreement is now between Lagardère Capital & Management and Lagardère Ressources.

The remuneration of Lagardère Capital & Management was modified with effect from 1 July 1999 by an amendment approved in principle by the Supervisory Board on 22 September 1999 and in its final version on 22 March 2000. It was again modified with effect from 1 January 2004 by an amendment approved by the Supervisory Board on 12 March 2004.

At its meeting of 12 March 2004, the Supervisory Board approved an amendment modifying the calculation method for the remuneration payable to Lagardère Capital & Management as of 1 January 2004.

Starting from that date, the remuneration payable by Lagardère Ressources to Lagardère Capital & Management for any given year is equal to the total expenses incurred by Lagardère Capital & Management during that year in execution of the services rendered under the Service Agreement, plus a ten per cent margin, with an absolute upper limit of € 1 million for that margin. .

Introduction of an additional pension plan for certain Lagardère Capital & Management employees who are members of Lagardère Group's Executive Committee

At its meeting of 14 September 2005, your Supervisory Board approved the introduction of an additional pension plan by Lagardère Capital & Management to complement the basic pension system for certain employees who are members of the Executive Committee. The maximum benefit entitlement under this plan is an additional pension, upon retirement at the age of 65, equal to 35% of the benchmark remuneration, which cannot exceed 50 times the annual limit defined by the French social security system.

Five employees of Lagardère Capital & Management who are members of the Management Committee are beneficiaries of this plan.

The plan came into effect at 1 July 2005, and benefits vest at the rate of 1.75% of the benchmark remuneration per year of seniority in the Executive Committee, up to a limit of 20 years' seniority. The pension earned under this plan is payable on condition the beneficiary is still with the company at retirement age, or when he takes early retirement. It also remains payable in the event of termination after the age of 55, or invalidity.

* * * *

For the year 2006, the amount billed by Lagardère Capital & Management amounted to € 17,019,078 including an expense of € 3,270,000 for the additional pension plan, compared to € 15,015,301 (including an expense of € 2,451,000 for the additional pension plan) in 2005.

Neuilly-sur-Seine and Courbevoie, 27 March 2007

The Statutory Auditors

ERNST & YOUNG ET AUTRES
Jean-François Ginies

MAZARS & GUÉRARD
Jacques Kamienny

STATUTORY AUDITORS' REPORT ON THE REPORT OF THE CHAIRMAN OF LAGARDÈRE SCA'S SUPERVISORY BOARD CONCERNING INTERNAL CONTROL PROCEDURES USED FOR THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Year ended 31 December 2006

(Translated from the original in French)

To the Shareholders of Lagardère SCA,

As requested, in our capacity as Statutory Auditors of Lagardère SCA, we hereby present our report on the report prepared by the Chairman of the Supervisory Board of your Company concerning internal control procedures for the year ended 31 December 2006.

In his report, the Chairman of the Supervisory Board reports in particular on the preparation and organisation of the work of the Supervisory Board and on the internal control procedures used by the Company, in accordance with article L.621-18-3 of the French Monetary and Financial Code.

We provide you with our comments on the information contained in the report of the Chairman of the Supervisory Board concerning the internal control procedures relating to the preparation and processing of accounting and financial information.

We performed our procedures in accordance with professional guidelines applicable in France. These guidelines require us to perform procedures to assess the fairness of the information contained in the report of the Chairman of the Supervisory Board on the internal control procedures relating to the preparation and processing of accounting and financial information. These procedures notably consisted of:

- obtaining an understanding of the objectives and general organisation of internal control, as well as the internal control procedures relating to the preparation and processing of accounting and financial information, as set out in the report of the Chairman of the Supervisory Board;

- obtaining an understanding of the work performed to support the information given in the report.

On the basis of these procedures, we have no matters to report in connection with the information given on the Company's internal control procedures relating to the preparation and processing of accounting and financial information, contained in the report of the Chairman of the Supervisory Board.

Courbevoie and Neuilly-sur-Seine, 27 March 2007

The Statutory Auditors

MAZARS & GUÉRARD
Jacques Kamienny

ERNST & YOUNG ET AUTRES
Jean-François Ginies

REPORT OF THE STATUTORY AUDITORS ON THE ISSUE OF SECURITIES ENTITLING HOLDERS TO ATTRIBUTION OF DEBT SECURITIES

Combined General Meeting of 27 April 2007

(Translated from the original in French)

To the Shareholders of Lagardère SCA,

In our capacity as Statutory Auditors of your Company and in compliance with the assignment entrusted to us pursuant to article L.228-92 of the French Commercial Code we have prepared this report on the authorisation you are requested to give to your Managing Partners to issue securities entitling their holders to attribution of debt securities, for a maximum amount of € 2,500,000,000.

In their report, the Managing Partners request you to grant them the powers to make such an issue for a period of 26 months. If necessary, the Managing Partners will set the final terms and conditions of the issue.

It is the responsibility of the Managing Partners to prepare a report in application of articles 154 and 155 of the decree of 23 March 1967. We are required to give our opinion on the fairness of the figures derived from the financial statements and other information related to the proposed issue, as included in this report.

We conducted our work in accordance with professional standards applicable in France. These standards require that we plan and perform our work to verify the information contained in the Managing Partners' report on this operation.

Since the final terms and conditions of the issue are not yet determined, we do not express an opinion on the final terms and conditions in which the issue will be carried out.

In application of article 155-2 of the decree of 23 March 1967, we will prepare a supplementary report, if necessary, when this authorisation is used by the Managing Partners.

Courbevoie and Neuilly-sur-Seine, 27 March 2007

The Statutory Auditors

MAZARS & GUÉRARD Jacques Kamienny	ERNST & YOUNG ET AUTRES Jean-François Ginies

REPORT OF THE STATUTORY AUDITORS ON THE ISSUE, WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHT, OF SHARES AND OTHER SECURITIES

Combined General Meeting of 27 April 2007

(Translated from the original in French)

To the Shareholders of Lagardère SCA,

In our capacity as Statutory Auditors of your Company and in compliance with the assignment entrusted to us pursuant to the French Commercial Code, especially articles L.225-135, L.225-136 and L.228-92, we have prepared this report on the authorisation you are requested to give to your Managing Partners to issue shares and other securities.

Based on their report, the Managing Partners propose that you:

• grant the Managing Partners the powers to decide on the issues described below for a period of 26 months, to set the final terms and conditions for these issues, and where necessary to surrender your preferential subscription rights:

- issue of ordinary shares and other securities giving access to the Company's share capital, with preferential subscription rights (7th resolution),

- issue of ordinary shares and other securities giving access to the Company's share capital, with surrender of preferential subscription rights (8th resolution),

• grant the Managing Partners, for a period of 26 months, the powers to set the terms and conditions of an issue of ordinary shares and other securities giving access to ordinary shares of the Company, in payment for a contribution in kind received by the Company in the form of shares or other securities giving access to the capital, within a limit of 10% of the share capital (10th resolution).

Also in the 10th resolution, you are requested to grant the Managing Partners the powers to use these authorisations in response to a public exchange offer for your Company's shares, if the first paragraph of article L.233-33 of the Commercial Code is applicable.

The total nominal amount of the share issues that may be carried out immediately or at a later date, may not exceed € 300,000,000 under the 7th and 10th resolutions and € 200,000,000 under the 8th resolution, within the overall maximum limit of € 300,000,000 set under the 11th resolution. The total nominal amount of debt securities issued may not exceed € 2,500,000,000.

The total number of securities to be issued under the authorisations granted in the 7th and 8th resolutions may be increased under the terms of article L.225-131-1 of the Commercial Code, if you approve the 9th resolution and within the limit defined in the 11th resolution.

Subject to our review of the terms and conditions of the issues that may be carried out at a later date, we have no comments to make on the terms and conditions set for determination of the issue price as described in the Managing Partners' report relative to the 8th resolution.

Since the issue price of the shares and other securities to be issued is not yet determined, we do not express an opinion on the final terms and conditions in which the issues will be carried out, nor as a consequence on the proposal regarding the surrender of shareholders' preferential subscription rights which you are requested to approve in the 8th resolution.

In application of article 155-2 of the decree of 23 March 1967, we will prepare a supplementary report, if necessary, when the Managing Partners make use of these authorisations to carry out an issue with surrender of your preferential subscription rights or to issue securities giving access to the share capital.

Courbevoie and Neuilly-sur-Seine, 27 March 2007

The Statutory Auditors

MAZARS & GUÉRARD	ERNST & YOUNG ET AUTRES
Jacques Kamienny	Jean-François Ginies

REPORT OF THE STATUTORY AUDITORS ON THE SHARE CAPITAL INCREASE WITH SURRENDER OF PREFERENTIAL SUBSCRIPTION RIGHTS, RESERVED FOR EMPLOYEES WHO ARE MEMBERS OF THE GROUP SAVINGS PLAN

Combined General Meeting of 27 April 2007

(Translated from the original in French)

To the Shareholders of Lagardère SCA,

In our capacity as Statutory Auditors of your Company and in compliance with the assignment entrusted to us pursuant to articles L.225-135 and following of the French Commercial Code, we have prepared this report on the authorisation you are requested to give to your Managing Partners to decide on one or more increases in the Company's share capital reserved for employees who are members of the Group's Savings Plan, through the issue of shares with surrender of your preferential subscription rights, up to a limit of 3% of your Company's current share capital; you are requested to approve this operation.

This capital increase will be carried out within the limit set in the 16th resolution, and it is submitted to your approval in application of articles L.225-138 and L.225-138-1 of the Commercial Code and article L.443-5 of the Labour Code.

Based on their report, the Managing Partners propose that you grant the Managing Partners, for a period of 26 months, the powers to decide on one or more such capital increases, and to surrender your preferential subscription rights to the securities to be issued. Where necessary, the Managing Partners will set the final terms and conditions of this operation.

It is the responsibility of the Managing Partners to prepare a report in application of articles 154 and 155 of the decree of 23 March 1967. We are required to give our opinion on the fairness of the figures derived from the financial statements, the proposed surrender of your preferential subscription rights and other information related to the proposed issue, as included in this report.

We conducted our work in accordance with professional standards applicable in France. These standards require that we plan and perform our work to verify the information contained in the relevant managing body's report and the methods for determining the issue price of the equity securities to be issued.

Subject to our review of the terms and conditions of the issues that may be carried out at a later date, we have no comments to make on the terms and conditions for the determination of the issue price of the equity securities to be issued, as described in the Managing Partners' report.

Since the issue price of the equity securities to be issued is not yet determined, we do not express an opinion on the final terms and conditions in which the capital increase will be carried out, nor as a consequence on the proposal regarding the surrender of shareholders' preferential subscription rights which you are requested to approve.

In application of article 155-2 of the decree of 23 March 1967, we will prepare a supplementary report, if necessary, when the Managing Partners make use of this authorisation.

Neuilly-sur-Seine and Courbevoie, 27 March 2007

The Statutory Auditors

ERNST & YOUNG ET AUTRES
Jean-François Ginies

MAZARS & GUÉRARD
Jacques Kamienny

SPECIAL REPORT OF THE STATUTORY AUDITORS ON THE ALLOCATION OF FREE SHARES, EXISTING OR TO BE ISSUED, TO THE BENEFIT OF SALARIED EMPLOYEES

Combined General Meeting of 27 April 2007

(Translated from the original in French)

To the Shareholders of Lagardère SCA,

In our capacity as Statutory Auditors of your Company and in compliance with the assignment entrusted to us pursuant to article L.225-197-1 of the French Commercial Code, we have prepared this report on the proposed allocation of free shares, whether existing or to be issued, to the benefit of salaried employees of Lagardère SCA and of related companies within the meaning of article L.225-197-2 of the Commercial Code, within the limit of 1% of the Company's current share capital.

This capital increase will be carried out within the limit set in the 16th resolution.

Your Managing Partners are asking you to authorise the allocation of free shares, whether existing or to be issued. It is the responsibility of the Managing Partners to prepare a report on the reasons for the proposed operation. We are required to give our opinion, if necessary, on the information given to you on the proposed operation.

Since no professional standard applicable to this operation has yet been issued under the law of 30 December 2004 modified on 30 December 2006, we conducted our work as deemed appropriate to the circumstances. Our work included, in particular, verifying that the terms and conditions described in the Managing Partners' report are in line with the law.

We have no comments to make on the information contained in the report of your Managing Partners regarding the proposed allocation of free shares.

Neuilly-sur-Seine and Courbevoie, 27 March 2007

The Statutory Auditors

ERNST & YOUNG ET AUTRES
Jean-François Ginies

MAZARS & GUÉRARD
Jacques Kamienny

SPECIAL REPORT OF THE STATUTORY AUDITORS ON THE GRANTING OF SHARE SUBSCRIPTION AND/OR PURCHASE OPTIONS TO EMPLOYEES AND SENIOR EXECUTIVES

Combined General Meeting of 27 April 2007

(Translated from the original in French)

To the Shareholders of Lagardère SCA,

In our capacity as Statutory Auditors of your Company and in compliance with the assignment entrusted to us pursuant to article L.225-177 of the French Commercial Code and article 174-19 of the decree of 23 March 1967, we have prepared this report on the share subscription and/or purchase options granted to employees and senior executives of the Company and of companies that are related to it within the meaning of article L.225-180 of the Commercial Code, within a limit of 3% of the number of shares currently making up your Company's share capital.

This capital increase will be carried out within the limit set in the 16th resolution.

It is the responsibility of the Managing Partners to prepare a report on the reasons for granting such share subscription and/or purchase options and on the terms and conditions in which the subscription or purchase price will be determined. We are required to give our opinion on the terms and conditions proposed for determination of the subscription and/or purchase price.

We conducted our work in accordance with professional standards applicable in France. These standards require that we plan and perform our work to ascertain that the terms and conditions in which the subscription or purchase price will be determined are described in the report prepared by the Managing Partners, and that they comply with the provisions of current laws and regulations, are adequate for you to formulate a well-informed opinion and are not manifestly inappropriate.

We have no comments to make on the terms and conditions proposed.

Neuilly-sur-Seine and Courbevoie, 27 March 2007

The Statutory Auditors

ERNST & YOUNG ET AUTRES	MAZARS & GUÉRARD
Jean-François Ginies	Jacques Kamienny

6 – RESOLUTIONS SUBMITTED TO THE MEETING

DRAFT RESOLUTIONS

FIRST RESOLUTION

Approval of the Parent Company financial statements for 2006

The general meeting, under the conditions required for ordinary meetings, after having been informed of the Managing Partners' reports, the reports of the Supervisory Board and the report of the Statutory Auditors on their audit and verifications, approves the said reports in their entirety and the Parent Company financial statements for the year ended 31 December 2006 as drawn up and presented.

Consequently, the general meeting approves all actions undertaken by the Managing Partners as reflected in these financial statements and described in these reports, and gives discharge to the Managing Partners for their management in 2006.

SECOND RESOLUTION

Approval of the consolidated financial statements

The general meeting, under the conditions required for ordinary meetings, having been informed of the Managing Partners' report, the report of the Supervisory Board and the report of the Statutory Auditors on the consolidated financial statements for the year ended 31 December 2006, approves the consolidated financial statements as drawn up and presented.

THIRD RESOLUTION

Allocation of Parent Company net income; payment of a dividend of € 1.20 per share

The general meeting, under the conditions required for ordinary meetings, notes	
that Parent Company net profit for 2006 amounts to	218,565,196.54€
which, together with unappropriated retained profit brought forward of	36,241,857.63€
less allocation to the legal reserve of	18,671.49€
to bring this reserve to 10% of the share capital as required by law	
makes net profit available for distribution of	254,788,382.68€

It decides, in accordance with the by-laws, to pay the general partners an amount of € 2,913,680, representing 1% of consolidated net profit attributable to equity holders of the Parent Company. Under article 158.3.2° of the French General Tax Code, this dividend will be eligible for the 40% reduction available to individual shareholders who are subject to income tax in France.

At the Managing Partners' proposal, it then decides that a net dividend of € 1.20 be paid on each share, it being understood that:

- shares issued upon the exercise of stock subscription options before the payment date will be entitled to this dividend;
- treasury shares held by the Company at the same date are not entitled to this dividend.

Coupons will be detached on 10 May 2007 and the dividend will be paid from this date to holders of registered shares or to their duly appointed representatives, by cheque or by bank transfer.

The dividend will be eligible for the 40% reduction available only to individual shareholders who are subject to income tax in France, in accordance with article 158.3.2° of the French General Tax Code.

The general meeting notes that dividends paid over the past three years were as follows:

(in euros)	**2005**	**2004**	**2003**
Net dividend per share paid to shareholders	1.1	1+2 *	0.90
Tax credit	-	-	0.45
Gross dividend	-	-	1.35
Total dividends	153,613,313.70	410,517,996.00*	122,815,095.30
Dividends paid to general partners	6,697,620.00	3,818,730.00	3,339,000.00
Total	**160,310,933.70**	**414,336,726.00***	**126,154,095.30**

* including the € 2 exceptional dividend.

FOURTH RESOLUTION

Approval of regulated agreements

The general meeting, under the conditions required for ordinary meetings, takes note of the Statutory Auditors' special report on the agreements regulated by article L.226-10 of the French Commercial Code approves the report in its entirety and the agreements as presented therein.

FIFTH RESOLUTION

Authorisation given to the Managing Partners, for a period of eighteen months, to deal in Company shares

Having been informed of the Managing Partners' special report on the Company's programme to buyback its own shares, in conformity with current laws and regulations, the general meeting, under the conditions required for ordinary meetings, authorises the Managing Partners to acquire Lagardère SCA shares representing up to 10% of the current share capital (that is a maximum of 14,269,123 shares based on the share capital at 28 February 2007), for a maximum amount of seven hundred million euros (€ 700,000,000), under the following terms and conditions.

The maximum purchase price per share will be € 80; if necessary, this amount will be adjusted in case of transactions affecting the Company's capital, in particular incorporation of reserves, profits or premiums and issue of bonus shares, or stock splits or reverse stock splits.

The Managing Partners may use this authorisation notably for the following purposes:

- reduction of the share capital by cancelling all or part of the shares purchased, subject to the authorisation of the present meeting;

- allocation or exchange of shares upon exercise of rights attaching to securities granting, in any manner whatsoever, a right to the allocation of shares in the Company;

- allocation of shares to holders of stock purchase options, upon exercise of their options;

- allocation of free shares to employees of the Company and related companies;

- allocation of shares to employees of the Company as part of the profit-sharing scheme;

- any other allocation of shares to employees of the Company and related companies in the conditions set by applicable laws and regulations;

- ensuring proper liquidity and regulation of the market for the Company's shares, within the framework of market maker contracts signed with an independent investment services firm and whose terms and conditions shall comply with a chart of good conduct recognised by the French Financial Markets Authority;

- retention by the Company in view of a future transfer or exchange in consideration for an acquisition;

- and, more generally, the completion of any other transaction in accordance with current regulations and in particular with the market practices accepted by the Financial Markets Authority.

The shares may be purchased, sold or otherwise transferred at any time, in compliance with current laws and regulations, by any means, including in particular dealings in the market or through private agreements, the purchase or sale of blocs of shares or the use of derivative products, including options.

The general meeting grants the Managing Partners all powers to decide, under the terms and conditions set by law, to implement this authorisation, enter into any agreements, carry out all formalities and, generally, do whatever may be useful or necessary for execution of this resolution.

This authorisation is given to the Managing Partners for a period of eighteen months starting with this meeting; it terminates and replaces the authorisation given on 2 May 2006.

SIXTH RESOLUTION

Authorisation to be given to the Managing Partners for a period of twenty-six months, to issue transferable securities which do not give or may not give, immediately or at a later date, access to securities other than debt securities and/or a portion of the share capital of companies other than Lagardère SCA, with a limit of € 2.5 billion for borrowings resulting therefrom

The general meeting, under the conditions required for extraordinary meetings, having been informed of the reports of the Managing Partners and the Supervisory Board, as well as the special report of the Statutory Auditors, in accordance with the provisions of articles L.225-129-2 and L.228-91 and following of the French Commercial Code:

- authorises the Managing Partners to proceed, on one or more occasions, in the amounts and at the times they will determine, in France, abroad or on international markets, with the issue of any securities that do not give and/or may not give right, immediately or at a later date, by way of a conversion, exchange, redemption, presentation of a warrant or in any other manner, to the attribution of securities other than debt securities and/or a portion of the share capital of companies other than Lagardère SCA;

- decides that the nominal amount of debt securities which may be issued under this authorisation may not exceed two billion five hundred million euros (€ 2,500,000,000) or the equivalent of this amount if the said securities are issued in another currency or in units of account established by reference to several currencies;

- decides that the Managing Partners shall have all powers to implement this authorisation, in particular, to:

  . determine the price and set the terms and conditions of these issues, fix the amounts to be issued, the dates of and the methods for the issues, the type and form of the securities to be issued and of the securities to which they will or may give access, and, in particular, their type, the date from which they will carry rights to interest or other income, which may be a date earlier than the date of issue, how rights attached to such securities may be exercised, how they should be paid for, the conditions and methods for their reimbursement or early redemption;

  . where necessary, determine the conditions for their repurchase on the stock exchange and the possibility to suspend the exercise of attribution rights that may be attached to the said securities for periods that may not exceed three months;

. to the extent necessary, take all measures required for the listing of these securities on a stock exchange;

. and, generally, make any agreement, make any commitment and do whatever may be useful or necessary for the successful completion of the issues envisaged;

- decides that, for debt securities issued or to be issued, the Managing Partners shall have all powers to decide, in particular, if they will be subordinated securities or not, fix the interest rate thereon, their term, redemption price, fixed and/or variable, with and/or without premium, how they will be reimbursed, the timetable for their redemption depending on market conditions, and the terms and conditions under which they will or may give right to attribution of debt securities of the Company and/or a portion of the share capital of companies other than the Company.

This authorisation is given to the Managing Partners for a period of twenty-six months starting with this meeting; it terminates and replaces the authorisation given on 10 May 2005.

SEVENTH RESOLUTION

Authorisation to be given to the Managing Partners, for a period of twenty-six months, to issue, with preferential subscription rights, shares and other transferable securities giving access to the share capital of the Company, within a limit of € 300 million for share capital increases and of € 2.5 billion for debt securities

The general meeting, under the conditions required for extraordinary meetings, having been informed of the reports of the Managing Partners and the Supervisory Board as well as the special report of the Statutory Auditors, in accordance with the provisions of articles L.225-129-2 and L.228-92 of the French Commercial Code:

- authorises the Managing Partners to increase the share capital, on one or more occasions, in the amounts and at the times they will determine, through the issue, in France or abroad, of ordinary shares of the Company or of all types of securities that give or may give, by any means and in particular by means of debt securities, immediately or at a later date, access to the share capital of the Company;

- decides that the total nominal amount for share capital increases which may be carried out immediately or at a later date may not exceed three hundred million euros (€ 300,000,000), plus, where applicable, the additional nominal amount of any shares that must be issued to preserve, as required by law, the rights of holders of securities with an equity component;

- decides, in addition, that the nominal amount of debt securities which may be issued under this authorisation may not exceed two billion five hundred million euros (€ 2,500,000,000) or the equivalent of this amount if the said securities are issued in another currency or in units of account established by reference to several currencies;

- decides that existing shareholders shall have, in the conditions established by law, a preferential right to subscribe for the new securities issued under this authorisation;

- decides that, should the securities not all be subscribed by shareholders on a purely irreducible basis and, if applicable, on a reducible basis, the Managing Partners may, in addition to the possibilities available to them by law, offer all or part of the securities not subscribed to the public.

In accordance with the regulations described above, the Managing Partners shall have all powers required to fix the terms of and the methods for the issues, take note of the capital increase resulting therefrom and change the Company's by-laws accordingly.

This authorisation is given for a period of twenty-six months starting with this meeting; it terminates and replaces the authorisation given on 10 May 2005.

EIGHTH RESOLUTION

Authorisation to be given to the Managing Partners, for a period of twenty-six months, to issue, without preferential subscription rights, shares and other transferable securities giving access to the share capital of the Company, within a limit of € 200 million for share capital increases and of € 2.5 billion for debt securities

The general meeting, under the conditions required for extraordinary meetings, having been informed of the reports of the Managing Partners and the Supervisory Board as well as the special report of the Statutory Auditors, in accordance with the provisions of articles L.225-129-2, L.225-135 and L.228-92 of the French Commercial Code:

- authorises the Managing Partners to increase the share capital, on one or more occasions, in the amounts and at the times they will determine, through the issue, in France or abroad, of ordinary shares of the Company or of all types of securities that give or may give, by any means and in particular by means of debt securities, immediately or at a later date, access to the share capital of the Company;

- decides that the total nominal amount for share capital increases which may be carried out immediately or at a later date may not exceed two hundred million euros (€ 200,000,000), plus, where applicable, the additional nominal amount of any shares that must be issued to preserve, as required by law, the rights of holders of securities with an equity component;

- decides, in addition, that the nominal amount of debt securities which may be issued under this authorisation may not exceed two billion five hundred million euros (€ 2,500,000,000) or the equivalent of this amount if the said securities are issued in another currency or in units of account established by reference to several currencies;

- decides to suppress shareholders' preferential subscription rights to the transferable securities which may be issued under this authorisation, it being understood that the Managing Partners may grant the shareholders priority to subscribe to all or part of the issue, for the period and under the terms they will set in accordance with the law;

- decides that the issue price of the shares to be issued shall not be less than the price established by law, that is the weighted average market price of Lagardère SCA's share for the last three trading days preceding the determination of such price, less a possible discount of 5% maximum; in the case of an issue of securities giving, immediately or at a later date, access to the share capital of the Company, the issue price of the said securities shall be calculated in such a way that the amount received by the Company at the time of their issue, plus any amounts to be received in the future by the Company, represents for each share issued as part of the issue in question, an issue price that shall not be less than the minimum issue price established by law as indicated above.

In accordance with the regulations described above, the Managing Partners shall have all powers required to fix the terms of and the methods for the issues, take note of the capital increase resulting therefrom and change the Company's by-laws accordingly.

This authorisation is given for a period of twenty-six months starting with this meeting; it terminates and replaces the authorisation given on 10 May 2005.

NINTH RESOLUTION

Authorisation to be given to the Managing Partners to raise the amount of issues decided in case of oversubscription

The general meeting, under the conditions required for extraordinary meetings, having been informed of the reports of the Managing Partners and the Supervisory Board as well as the special report of the Statutory Auditors, authorises the Managing Partners, in accordance with the provisions of article L.225-135-1 of the French Commercial Code, when they are informed of an oversubscription for an issue of securities decided under the authorisations granted by the preceding resolutions, to raise, within 30 days of the close of the subscription period, the number of the securities to be issued by up to 15% of the amount initially decided, within the maximum overall amount of three hundred million euros (€ 300,000,000) fixed in the said resolutions, the issue price remaining unchanged.

TENTH RESOLUTION

Authorisation to be given to the Managing Partners, for a period of twenty-six months, to issue shares of the Company and transferable securities giving access to the share capital of the Company, in exchange for the securities offered in response to a public exchange offer or in payment of a contribution in kind, within a limit of € 300 million for share capital increases and of € 2.5 billion for debt securities

The general meeting, under the conditions required for extraordinary meetings, having been informed of the reports of the Managing Partners and the Supervisory Board as well as the special report of the Statutory Auditors:

- authorises the Managing Partners, in accordance with the provisions of articles L.225-129-2, L.228-92 and L.225-148 of the French Commercial Code, to increase the Company's share capital, on one or more occasions, by a maximum nominal amount of three hundred million euros (€ 300,000,000), through the issue of shares or transferable securities that give or may give access to the Company's capital to be exchanged for securities that are offered to the Company in response to a public share exchange offer or a combined exchange and cash offer for the securities of another company whose shares are traded on a regulated stock exchange in a country that is a party to the agreement on the European Economic Area or a member State of the Organisation for Economic Cooperation and Development;

- authorises the Managing Partners, in accordance with the provisions of articles L.225-129-2, L.228-92 and L.225-147 of the French Commercial Code, to increase the Company's share capital, on one or more occasions, by a maximum nominal amount of eighty-five million euros (€ 85,000,000), through the issue of shares or transferable securities that give or may give access to the Company's capital in payment of a contribution in kind of equity securities or other securities granting access to the capital of another company, it being understood that the provisions of article L.225-148 are not applicable;

- decides to suppress shareholders' preferential subscription rights to the securities mentioned above;

- decides, in addition, that the nominal amount of debt securities, if any, issued under this authorisation may not exceed two billion five hundred million euros (€ 2,500,000,000) or the equivalent of this amount if the said securities are issued in another currency or in units of account established by reference to several currencies.

In accordance with the regulations described above, the Managing Partners shall have all powers required to fix the terms of and the methods for the issues, take note of the capital increase resulting therefrom and change the Company's by-laws accordingly.

This authorisation is given for a period of twenty-six months starting with this meeting; it terminates and replaces the authorisation given on 10 May 2005.

ELEVENTH RESOLUTION

Maximum overall limit of € 300 million for capital increases (not including additional paid-in capital) and of € 2.5 billion for issues of debt securities under the authorisations granted in the previous resolutions

The general meeting, under the conditions required for extraordinary meetings, having been informed of the reports of the Managing Partners and the Supervisory Board, as a consequence of its approval of the seventh, eighth, ninth and tenth resolutions, decides:

- to fix at three hundred million euros (€ 300,000,000) the maximum nominal amount of capital increases that may be carried out, immediately and/or at a later date, under the authorisations granted by the abovementioned resolutions, it being understood that such nominal amount will be increased, where applicable, by the nominal amount of additional equity securities that must be issued to preserve, as required by law, the rights of holders of securities giving access to equity securities;

and

- to fix at two billion five hundred million euros (€ 2,500,000,000), or the equivalent of this amount for issues in another currency or in units of account established by reference to several currencies, the maximum nominal amount of debt securities that may be issued under the authorisations granted by the abovementioned resolutions.

TWELFTH RESOLUTION

Authorisation to be given to the Managing Partners, for a period of twenty-six months, to increase the share capital by incorporation of reserves or additional paid-in capital and issue of bonus shares or increase in the par value of existing shares, within a limit of € 300 million

The general meeting, under the conditions required for ordinary meetings as to quorum and majority, having reviewed the reports of the Managing Partners and the Supervisory Board, in accordance with the provisions of articles L.225-129-2, L.228-92 and L.225-130 of the French Commercial Code:

- authorises the Managing Partners to increase the share capital, on one or more occasions, within the limit of a maximum nominal amount of three hundred million euros (€ 300,000,000), an amount independent of the maximum overall amount fixed under the eleventh resolution, by incorporation of reserves, retained earnings and/or additional paid-in capital, and by the creation and issue of bonus equity securities or increase in par value of existing equity securities, or using both methods together;

- decides that rights to fractions of shares will be neither negotiable nor transferable, and that the corresponding shares will be sold; amounts received therefrom will be allocated to holders within thirty days after the date on which the number of full shares they received is recorded in their name.

In accordance with the regulations described above, the Managing Partners shall have all powers required to fix the terms of and the methods for these operations, take note of the capital increase resulting therefrom and change the Company's by-laws accordingly.

This authorisation is given for a period of twenty-six months starting with this meeting; it terminates and replaces the authorisation given on 10 May 2005.

THIRTEENTH RESOLUTION

Authorisation to be given to the Managing Partners, for a period of twenty-six months, to issue shares reserved for employees of the Lagardère Group as part of the Group Savings Plan, within a limit of 3% of the current share capital

The general meeting, under the conditions required for extraordinary meetings, having been informed of the reports of the Managing Partners and the Supervisory Board as well as the special report of the Statutory Auditors, in accordance with the provisions of articles L.225-129-2, L.225-138 and L.225-138-1 of the French Commercial Code and articles L.443-1 and following of the French Labour Code:

- authorises the Managing Partners to increase the share capital, on one or more occasions, in the amounts and at the times they will determine, through the issue, in France or abroad, of ordinary shares of the Company;

- decides that the total number of shares that may be issued under this authorisation cannot exceed 3% of the number of shares currently making up the share capital;

- decides to suppress shareholders' preferential subscription rights to the benefit of those employees of the Company and of companies or other entities which are related to the Company within the meaning of article L.225-180 of the French Commercial Code and that are members of an employee savings plan and/or a voluntary employee/employer retirement savings plan;

- decides that the subscription price for the shares to be issued may be neither higher than the average price of the share for the twenty trading days preceding the date of the Managing Partners' decision setting the opening date for the subscription, nor more than 20% lower than such average, or 30% lower than such average if the employee is prohibited from selling his shares during a period of ten years or more as provided by article L.443-6 of the French Labour Code; the Managing Partners may reduce the discount on a case-by-case basis, notably in the case of certain foreign employees so as to comply with tax, accounting or labour laws and regulations in force in the country of operations of the Lagardère Group company or companies participating in the capital increase concerned;

- authorises the Managing Partners to allocate at no cost shares of Lagardère SCA or other securities granting access to shares, whether existing or to be issued, in accordance with the provisions of paragraph 4° of article L.443-5 of the French Labour Code.

The general meeting gives the Managing Partners, within the above limits, all powers to set the terms and conditions to carry out the capital increase or increases and/or allocations which shall be decided under this resolution, and in particular, to:

- fix the criteria to be met by the companies in the Lagardère Group for their employees to be able to benefit from the capital increases authorised above;

- fix the conditions to be met by employees, regarding seniority in particular, in order to be eligible for allocations of shares, existing or to be issued, and decide if the shares may be subscribed individually by employees that are members of an employee savings plan and/or a voluntary employee/employer retirement savings plan, or through a sponsored mutual fund or another structure or entity that is recognised by applicable laws and regulations;

- set the conditions of and the methods for the issues and allocations, and in particular, determine the number of shares to be issued or allocated, fix the issue price within the limits set above, and the subscription opening and closing dates;

- in the case of allocation of free shares or other securities granting access to the share capital, choose to substitute free securities for all or part of the maximum discounts authorised above in connection with the calculation of the issue price, or to apply the value of the free securities in question against the complementary payment made by the employer, or use both methods.

- take note of the capital increase or increases resulting for the amount of the shares effectively subscribed and/or issued, and modify the by-laws accordingly;

- if necessary, charge the costs of carrying out such capital increase(s) to additional paid-in capital arising therefrom, and transfer from such additional paid-in capital any amounts as may be necessary to raise the legal reserve to one tenth of the new capital;

- and, in general, take all measures that may be useful or necessary so as to complete successfully this or these capital increases, issues and allocations of securities.

This authorisation is given to the Managing Partners for a period of twenty-six months starting with this meeting; it terminates and replaces the authorisation given on 10 May 2005.

FOURTEENTH RESOLUTION

Authorisation to be given to the Managing Partners for a period of twenty-six months, to grant to employees of the Company and of related companies free shares of the Company within a limit of 1% of the current share capital

The general meeting, under the conditions required for extraordinary meetings, having been informed of the reports of the Managing Partners and the Supervisory Board as well as the special report of the Statutory Auditors, in accordance with the provisions of articles L.225-129-2 and L.225-197-1 and following of the French Commercial Code:

- authorises the Managing Partners to grant, on one or more occasions, to the benefit of salaried employees, or to certain of them, of the Company and of related companies or entities within the meaning of article L.225-197-2 of the said code, free shares, whether existing or to be issued;

- decides that the total number of shares allocated free of charge by virtue of this authorisation may not exceed 1% of the number of shares currently making up the share capital;

- decides that these share allocations will be definitive only after a vesting period of at least two years;

- decides that the shares thus allocated must be kept by the employee for a period of at least two years starting from the date on which the allocation has become definitive;

- takes note that this authorisation entails as of right shareholders' express surrender of their rights to the reserves, retained earnings and additional paid-in capital which may be incorporated into the share capital at the end of the vesting period, should new shares be issued and allocated free under this authorisation, and consequently surrender of their rights to the allocation of the said shares;

- gives the Managing Partners the widest powers, within the limits set above and within the limits set by law at the time, to:

  . determine the beneficiaries;

  . set the conditions, and where necessary, the criteria for the allocation of shares;

  . make, during the vesting period any necessary adjustments to the number of shares allocated, to take account of financial operations involving the Company’s capital and to protect the rights of beneficiaries;

  . carry out all capital increases required by incorporation of reserves, retained earnings and/or additional paid-in capital;

. change the by-laws accordingly;

. and, in general, take all measures that may be useful or necessary to implement this authorisation, and, in particular, carry out all filings, declarations and other formalities, take note that the corresponding capital increases are complete, and change the by-laws accordingly.

This authorisation is given to the Managing Partners for a period of twenty-six months starting with this meeting; it terminates and replaces the authorisation given on 10 May 2005.

FIFTEENTH RESOLUTION

Authorisation to be given to the Managing Partners to grant, to employees and senior executives of the Company and of related companies within the meaning of article L.225-180 of the French Commercial Code, options to subscribe or purchase shares of the Company, within a limit of 3% of the number of shares making up the share capital

The general meeting, under the conditions required for extraordinary meetings, having been informed of the reports of the Managing Partners, the Supervisory Board and the Statutory Auditors:

- authorises the Managing Partners, in accordance with articles L.225-177 and following of the French Commercial Code, to grant, on one or more occasions, to senior executives and employees, or to certain of them, of the Company and of related companies within the meaning of article L.225-180 of the said code, options giving the right to subscribe to new shares of the Company and/or to purchase existing shares;

- decides that the total number of options granted by virtue of this authorisation will not entitle beneficiaries to subscribe and/or purchase a number of shares higher than 3% of the number of shares currently making up the share capital;

- decides that these options will have to be exercised within not more than ten years from the date of grant by the Managing Partners;

- decides, in accordance with law, that this authorisation will entail as of right shareholders' express surrender, to the benefit of option beneficiaries, of their preferential subscription right to the new shares that will be issued as and when the options are exercised;

- gives to the Managing Partners the widest powers, within the limits set above and within the limits set by law at the time, to:

  . set the subscription and/or purchase price of the shares under option, in the manner described by the Managing Partners in their report and in accordance with applicable legal provisions;

  . decide on the terms and conditions for the operations, set the conditions for granting the options, determine the beneficiaries, fix the period during which options may be exercised, establish the maximum number of options authorised to be offered to each beneficiary, and, if deemed appropriate, set a period during which shares may not be resold;

  . decide on the conditions in which the price and/or number of shares to be subscribed and/or purchased may be adjusted to take account of financial operations carried out by the Company;

  . and, in general, take all measures that may be useful or necessary, and, in particular, carry out all filings, declarations and other formalities, take note that the corresponding capital increases are complete, and change the by-laws accordingly.

This authorisation is given to the Managing Partners for a period of twenty-six months starting with this meeting; it cancels and replaces the authorisation given by the Combined General Meeting of 2 May 2005.

SIXTEENTH RESOLUTION

Maximum overall limit of 5% of the share capital for shares subscribed or purchased by and/or granted to employees and senior executives of the Company and its related companies under the 13th, 14th and 15th resolutions.

The general meeting, under the conditions required for extraordinary meetings, having been informed of the reports of the Managing Partners and the Supervisory Board, and as a consequence of the adoption of the 13th, 14th and 15th resolutions, decides to limit to a maximum of 5% of the number of shares making up the share capital at the present date the number of shares which may be subscribed, acquired and/or transferred to employees and senior executives of the Company and its related companies under these resolutions.

SEVENTEENTH RESOLUTION

Changes in the by-laws to conform to legal requirements.

The general meeting, under the conditions required for extraordinary meetings, having been informed of the reports of the Managing Partners, decides to change the by-laws to conform to legal requirements, and to modify articles 9 A, 13, 19 (sections 3° and 4°), 20 and 21 of the by-laws as follows:

- the last paragraph of Article 9 A which relates to the disclosure of holdings exceeding specific thresholds is now as follows:

  “In accordance with legal regulations, and in particular with Article L.228-2 of the Commercial code, the Company has the right to obtain at any time from the central depository which is responsible for maintaining its shareholders’ register the name or denomination, the nationality, the year of birth or of constitution and the address of holders of securities carrying immediate or future voting rights at its own general meetings of shareholders, together with the number of securities held by each of them and the restrictions, if any, that may apply to the securities.”

- the penultimate paragraph of section 3° of Article 13 of the by-laws relating to meetings of the Supervisory board is now as follows:

  "In calculating the quorum and majority, Board members attending the meeting via video conferencing or other telecommunications technology are considered to be present.”

- the first paragraph of section 3° of Article 19 relating to General meetings is now as follows:

  "Each shareholder has the right to attend general meetings and to take part in the deliberations, either personally or through a proxy, subject to proof of his identity and providing his name was recorded in the nominative shareholders’ accounts kept by the Company at 00.00 hours, Paris time, on the third working day preceding the meeting”.

- the second paragraph of section 3° of Article 19 relating to General meetings is now as follows:

  “Subject to inclusion of the relevant decision by the managing partners in the public notice of a meeting and the notice of call of meeting sent to shareholders, shareholders may participate in general meetings by means of video conferencing technology, and vote in these meetings by electronic means of communication. The managing partners shall fix the practicalities of this method of attendance and voting after consulting the Supervisory Board. The technologies used must guarantee, as the case may be, a continuous and simultaneous transmission of the deliberations of the meeting, the security of the means used, verification of the identity of those participating and voting and the integrity of the votes cast.”

- at the end of section 3° of Article 19 relating to General Meetings is inserted the following new paragraph:

  " If a shareholder decides, after a decision of the managing partners taken in accordance with the terms of the second paragraph of this section 3°, either to vote by mail, or to give a proxy to another shareholder, or to send a proxy to the Company without indicating the name of a proxy-holder, by sending the corresponding form by an electronic means of communication, his electronic signature must :

  . either take the form of a secure electronic signature as defined by law at that time;

  . or result from the use of a reliable identification procedure guaranteeing the connection between the shareholder and the document to which his identity is attached, or from any other procedure for identification and/or verification admitted by law at that time."

- in the second paragraph of section 3° of Article 20 relating to the quorum for ordinary general meetings, the phrase *"at least one-fourth of the shares carrying the right to vote"* is replaced by *"at least one fifth of the shares carrying the right to vote"*

- in the second paragraph of section 2° of Article 21 relating to the quorum for extraordinary general meetings, the phrases *"one-third"* and *"one-fourth"* are replaced by *"one fourth"* and *"one fifth",* respectively.

EIGHTEENTH RESOLUTION

Authorisation to carry out formalities

The general meeting, under the conditions required for ordinary meetings, grants all powers to the bearer of an original, a certified copy or a certified extract of the minutes of this meeting to carry out all formalities that may be required by the relevant law or regulations.