Lagardère

# Documents for the Combined Ordinary and Extraordinary Annual General Meeting

*28 april 2009*

LAGARDÈRE SCA
A French limited partnership with shares with share capital of €799,913,044.60
divided into 131,133,286 shares of 6,10 € par value each
Head office: 4 rue de Presbourg - Paris $16^{th}$ (75)
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website: www.lagardere.com

# General Meeting Document

April 2008

This English version has been prepared for the convenience of English language readers.
It is a translation of the original French Document d'Assemblée Générale prepared for the Annual General Meeting.
It is intended for general information only and in case of double the French original shall prevail.

# Annual General Meeting

2008

# Summary

# CHAPTER 1

## Agenda

## AGENDA

- Report of the Managing Partners (report on the operations of the Company and the Group, and on the Parent Company's financial statements for the year ended 31 December 2008).
- Special report of the Managing Partners on share subscription and purchase options.
- Special report of the Managing Partners on the allocation of free shares.
- Report of the Supervisory Board.
- Report of the President of the Supervisory Board on the membership, the preparation and organization of the Board's work as well as its internal control and risk management procedures.
- Reports of the Statutory Auditors on the annual financial statements, on the consolidated financial statements, on agreements covered by article L.226-10 of the French Commercial Code and on internal control procedures.
- Special reports of the Statutory Auditors on authorizations to engage in financial operations requested at the meeting.
- Approval of the Parent Company's financial statements for the year ended 31 December 2008.
- Approval of the consolidated financial statements for the year ended 31 December 2008.
- Allocation of the Parent Company's net profit; dividend distribution.
- Approval of agreements covered by article L.226-10 of the French Commercial Code.
- Voting of powers to the Managing Partners to handle shares in the Company.
- Voting of powers to the Managing Partners to issue complex securities which do not give access to the Company's capital stock.
- Voting of powers to the Managing Partners to issue common stock and securities with pre-emptive subscription rights giving immediate or future access to the Company's capital stock.
- Voting of powers to the Managing Partners to issue common stock and securities without pre-emptive subscription rights giving immediate or future access to the Company's capital stock.
- Voting of powers to the Managing Partners to increase the amount of issues decided upon in case of surplus demand.
- Voting of powers to the Managing Partners to issue common stock and securities of any kind in consideration of shares tendered within the scope of a public exchange offer or a contribution in kind.
- Overall limit of increases in capital stock and debt securities issued under the four prior authorizations.
- Voting of powers to the Managing Partners to increase share capital through capitalization of reserves or premiums and allocation of free shares to shareholders or an increase in par value of existing shares.
- Voting of powers to the Managing Partners to issue stock reserved for Lagardère Group shareholders within the scope of the Group Savings Plan.
- Voting of powers to the Managing Partners to allocate free shares of the Company to employees and senior managers of the Company and its related companies.
- Voting of powers to the Managing Partners to allocate share subscription and/or purchase options to employees and senior managers of the Company and its related companies.
- Overall limit of the amount of shares that can be subscribed for, acquired and/or allocated to the employees and senior managers of the Company and its related companies under the three prior authorizations.
- Voting of powers to the Managing Partners to reduce share capital through cancellation of shares.
- Authorization to carry out formalities.

# CHAPTER 2

## Message from the Managing Partners

# MESSAGE FROM THE MANAGING PARTNERS

I am convinced that we must continually cultivate and strengthen our Company fundamentals, which are both straightforward and sound.

By giving concrete expression to our strategic perspective as a pure-play media company focusing on content creation, we have achieved unquestioned legitimacy and are now striving for leadership at global level.

With the diversification of our activities, both geographically and by business line, we have assembled a well-balanced portfolio of complementary assets.

In addition, by putting the emphasis on financial discipline – through rigorous cost control and a well thought-out choice of acquisitions – our company enjoyed a solid, healthy balance sheet at year-end 2008.

These fundamental touchstones are always in mind when we innovate and develop our business lines. This attitude permeates each business segment: Lagardère Publishing (book publishing), Lagardère Active (press, audiovisual and digital activities, plus advertising sales), Lagardère Services (travel retail and press distribution) and Lagardère Sports (the sports economy).

With the benefit of our sound constitution, identity as a family company and continued EBIT growth in 2008, we face the future with confidence.

**Arnaud Lagardère**

Managing and General Partner of Lagardère SCA

# CHAPTER 3

## Reports of the Managing Partners

## 3 - 1 MANAGEMENT REPORT

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, position and outlook of the Company and of the Lagardère Group as a whole;
- present to you for approval the Parent Company's Financial Statements and the Consolidated Financial statements for the financial year ended 31 December 2008, allocate the Parent Company's net profit for the year and propose the distribution of a dividend of €1.30 per share;
- renew all of the authorizations to engage in financial operations that you granted to the Managing Partners in 2007 and authorize the Managing Partners to reduce the share capital by cancelling shares acquired as part of the share buyback plan.

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Pursuant to Commercial Code and stock market regulations, we hereby present to you two documents containing all the documents and information that must be submitted to you for your General Meeting. These are:

- *the General Meeting Document*, sent with the invitation to this meeting and placed online on the Company's website at the end of March 2009;
- the *Reference Document*, also placed online on the Company's website at the end of March and made available to you at the same time.

In addition to the Message from the Managing Partners, the **General Meeting Document** includes:

- the agenda;
- this report of the Managing Partners which contains:
  - a brief summary of the position, business activity and results of the Lagardère Group for the financial year 2008;
  - a presentation of the resolutions submitted to you for approval;
- the two special reports of your Managing Partners;
- the report of the Supervisory Board and its Chairman;
- the reports of the Statutory Auditors;
- the resolutions themselves.

The **Reference Document**, which contains the Annual Financial Report within the meaning of stock market regulations and which now includes all elements contained in the management report required under the French Commercial Code and all the other reports and information required by stock market regulations.

The Reference Document is structured as required by European regulations for prospectuses. It is a document which, aside from providing information to the markets, forms part of the management report of the Managing Partners, to the extent that it includes the following items:

| | |
|---|---|
| • The activities of the Company and the Group: | Chapter 5 |
| | Chapter 8.3 |
| | Chapter 9 |
| • the financial statements, results and financial position: | Chapter 6.1 |
| | Chapter 6.2 |
| | Chapter 6.4 |
| • the main risks: | Chapter 3 |
| • the organization of the Company and the Group as well as Corporate governance: | Chapter 7 |
| • information on capital stock, shareholding and on the main statutory provisions: | Chapter 8 |

We shall therefore confine ourselves below to a brief summary of the results and business activities of Lagardère Group during the financial year 2008 and to a presentation of the resolutions submitted to you for approval.

## 3-1-1 RESULTS AND ACTIVITIES ACCOUNT FOR YEAR 2008

**MEDIA RECURRING EBIT BEFORE ASSOCIATES IN LINE WITH OUR MARCH 2008 GUIDANCE DESPITE THE WORSENING ECONOMIC CLIMATE**

- Consolidated net sales: up 3.1% on a like-for-like basis but down 4.3% on a reported basis, at €8,214 million
- Media recurring EBIT before associates: up 3.3% at €657 million, or up 3.1% based on our 2008 guidance criteria
- Net income: up 11.1% at €593 million
- Adjusted earnings per share excluding EADS: up 2.2% at €2.78

Proposal to maintain dividend at €1.30 per share

### 3-1-1-1 ANNUAL RESULTS PRESENTATION

#### *KEY FIGURES FOR THE YEAR ENDED DECEMBER 31, 2008*

- Consolidated net sales up 3.1% on a like-for-like basis at €8,214 million, but down 4.3% on a reported basis due to the negative effects of changes in the scope of consolidation (€467 million) and exchange rates (€143 million).
- Growth of 1.9% in consolidated recurring EBIT before associates to €647 million. Media recurring EBIT before associates rose by 3.3% to €657 million, or by 3.1% based on a euro/dollar exchange rate of 1.50 (the rate used to set our full-year guidance for 2008).
- Negative contribution of €68 million from non-recurring/non-operating items (compared with a positive contribution of €211 million in 2007). The main items in 2008 were the €466 million gain arising on the sale of a 2.5% stake in EADS, and impairment losses (€339 million on the assets of fully-consolidated entities, and €90 million on investments in associates).
- Net interest expense fell to €176 million (versus €204 million in 2007), despite a slight increase in net debt, thanks to a reduction in expenses relating to the EADS Mandatory Exchangeable Bond (ORAPA).
- Net income was up 11.1% at €593 million. Excluding the contribution from EADS, and after stripping out non-recurring and non-operating items and the effect on net interest expense of the EADS Mandatory Exchangeable Bond, adjusted net income was €358 million (versus €361 million in 2007).
- Net debt at year-end was €2,619 million, compared with €2,570 million a year earlier. This slight increase in net debt occurred despite the generation of €198 million of net cash from operating activities, and reflects the €304 million cash outflow on share buybacks and the dividend payout. Gearing was virtually unchanged year on year at 58.9%.
- It is proposed to maintain the dividend paid out of 2008 profits at the same level as the previous year's dividend, i.e. €1.30 per share.

#### *CONSOLIDATED NET SALES*

Consolidated net sales for the year ended December 31, 2008 totaled €8,214 million (versus €8,582 million in 2007), down 4.3% on a reported basis but up 3.1% on a like-for-like basis.

- **Lagardère Publishing** – Very good full-year performance, with sales up 4.7% on a like-for-like basis or 1.4% on a reported basis at €2,159 million, driven largely by the success of the Stephenie Meyer saga in the United States and by strong sales for Education in Spain and for Illustrated Books in France and Australia.
- **Lagardère Active** – Contraction in sales during the second half. Over the full year, sales were up 0.4% on a like-for-like basis at €2,111 million, but down 7.9% on a reported basis (divestment of the Regional Daily Press business). However, net sales contracted by 1.6% in the second half, with a more marked drop of 2.3% in the fourth quarter.
  - In the Press business, Magazines sales fell by 0.3% on a like-for-like basis in 2008, to €1,593 million. A relatively good performance in magazines in France was offset by International sales, which reported a contraction that accelerated at the end of the year (especially in Spain, Italy and the United States).
  - In Radio and Television, net sales were up 2.4% on a like-for-like basis at €518 million. In France, the recovery in Radio that began in the third quarter accelerated in the fourth, while International radio activities experienced the opposite trend. TV channels reported significant growth thanks to a sharp rise in advertising revenues for digital terrestrial television (DTT).

– Digital activities accounted for 6.2% of Lagardère Active sales in 2008, versus 3.1% in 2007.

- **Lagardère Services** – Good full-year performance with sales up 4.8% on a like-for-like basis, but down 5.9% on a reported basis at €3,500 million (divestment of Virgin Stores). Retail (66.3% of 2008 net sales) advanced 6.9% on a like-for-like basis, propelled by the performances of Aélia, Eastern Europe (other than Hungary) and Asia-Pacific. Distribution reported full-year growth of just 0.9% despite fine performances in Switzerland and from Curtis in the United States.
- **Lagardère Sports** – Modest growth in 2008, with sales up 1.0% on a reported basis at €444 million. Despite a good year overall, net sales were down 5.2% on a like-for-like basis, mainly due to less favorable timing of qualifying matches for international football tournaments (World Cup in 2008, versus the Euro tournament in late 2007). WSG is accounted for as an associate (by the equity method) given the participating rights conferred on minority investors under the shareholder agreement effective during 2008.

## RECURRING EBIT BEFORE ASSOCIATES

The Lagardère Group generated recurring EBIT before associates of €647 million in 2008, compared with €636 million in 2007, an increase of 1.9%.

Recurring EBIT before associates for Media activities reached €657 million in 2008, up 3.3%. Based on the euro/dollar exchange rate of 1.50 used in our 2008 full-year guidance, growth would have been 3.1%. Exchange rate fluctuations had a negative effect of nearly € 16.0 million on 2008 Media recurring EBIT before associates, which would have achieved growth of 5.8% at constant exchange rates.

- **Lagardère Publishing** – performed very well: recurring EBIT before associates was up nearly 7.0% on a like-for-like basis at €246 million. Reported-basis growth was a more modest 2.9% due to exchange rates: unfavorable trends in the euro/dollar rate and especially the euro/sterling rate had a negative effect of € 11.3 million year on year. Operating margin improved again, to 11.4%. This performance was driven by very strong profit growth for Hachette Book Group in the United States plus better results in Spain and at Larousse. These factors more than offset a decline in Literature in France and in Partworks.
- **Lagardère Active** – posted a 2.1% drop in recurring EBIT before associates to €209 million, following a tough second half which saw a double-digit decline. Nonetheless, operating margin improved from 9.3% in 2007 to 9.9% in 2008.
  – The Press business reported a 16.3% drop in recurring EBIT before associates to € 114 million in 2008, driving operating margin down from 7.7% to 7.2%. This was largely due to a deterioration in our performances in the United States and Spain, despite some resilience in France and above all, strong growth in emerging markets (China and Russia).
  – Recurring EBIT before associates for the Broadcast business was up 23.0% at €95 million, driven by strong growth in TV and the reversal of a provision for litigation involving one of our production companies. The contribution from International radio activities rose sharply. Conversely, radio activities in France were hit by launch costs for the new Virgin Radio brand and by a makeover for programming schedules at Europe 1, the benefits of which began to feed through in audience figures at the end of 2008.
- **Lagardère Services** – reported recurring EBIT before associates of € 127 million, 9.0% higher than in 2007. Operating margin rose from 3.1% to 3.6% year on year, representing an improvement of more than 10 basis points on a constant structure basis (excluding Virgin Stores). The main growth driver was a marked increase in the contribution from distribution activities, primarily in Belgium, Spain and the United States. In retail, the slowdown in air passenger traffic and the development of new sales outlets hampered growth in recurring EBIT before associates during 2008.
- **Lagardère Sports** – posted recurring EBIT before associates of €75 million in 2008, 12.4% up on the 2007 figure and in line with our targets. Growth was boosted by the large number of major sports events in 2008 (final phases of the Euro 2008 and African Cup of Nations football tournaments, and qualifiers for the 2010 Football World Cup).

**Non-media activities** reported negative recurring EBIT of €10 million (versus breakeven in 2007), reflecting the non-recurrence of a gain on the settlement of a dispute relating to the former Matra transport business and a decline in Media and EADS royalties.

### NON-RECURRING/NON-OPERATING ITEMS

Non-recurring/non-operating items represented a net loss of €68 million in 2008, versus a net gain of €211 million in 2007. The 2008 figure comprised the following items:

- €339 million of impairment losses on goodwill and intangible assets of consolidated entities, including €248 million on Magazine Publishing in the United States, reflecting a downward revision to growth forecasts for this business in light of the current recession.
- €90 million of impairment losses on the equity-accounted investment in *Marie-Claire*.
- €40 million of restructuring costs, including €31 million at Lagardère Active.
- €70 million of amortization of acquisition-related intangible assets (primarily Sportfive and Canal+ France).
- €471 million of gains on disposals, including €466 million from the sale of a 2.5% stake in EADS.

### CONTRIBUTION FROM ASSOCIATES

The contribution from associates amounted to €246 million[1], compared with €20 million for the previous year. This big increase was mainly due to an improved contribution from EADS, which went from a loss of €44 million in 2007 to a profit of €171 million in 2008.

Excluding EADS, the contribution from associates was €75 million, compared with €64 million in 2007, mainly due to an improved contribution from Canal+ France.

**Earnings before interest and taxes (EBIT) fell by 4.8% to €825 million.**

### NET INTEREST EXPENSE

Net interest expense was €176 million in 2008, versus €204 million in 2007, reflecting:

- a reduction of €76 million in the interest expense incurred on the EADS Mandatory Exchangeable Bond;
- an increase of €48 million in interest expense on debt, reflecting a rise in the average level of net debt due to the acquisitions made in 2008 (€484 million, including Doctissimo, minority investors in Lagardère Active TV and WSG), share buybacks (€102 million), and the dividend payout (€202 million).

**Net income before tax was down 2.1% at €649 million.**

*(1) Excluding amortization of acquisition-related intangible assets and impairment losses.*

## INCOME TAX EXPENSE

Income tax expense for the year was €22 million, versus €99 million in 2007. With net income before tax having fallen by just 2.1% to €649 million, the reduction in income tax expense was mainly due to the reversal of deferred tax liabilities following the recognition of impairment losses against certain assets in the United States.

Minority interests in net income totaled €34 million, versus €30 million in 2007.

As a result of the factors described above, **net income** for the year ended 31 December 2008 came to **€593 million, compared with €534 million for the year ended 31 December 2007, an increase of 11.1%**. Earnings per share rose by 14.6%, reflecting a slight fall in the number of shares outstanding.

| | Year ended 31 December 2007 | | | Year ended 31 December 2008 | | |
|---|---|---|---|---|---|---|
| *(€ million)* | Media | Non-Media & EADS | Total Lagardère Group | Media | Non-Media & EADS | Total Lagardère Group |
| **Net sales** | **8,582** | | **8,582** | **8,214** | | **8,214** |
| **Recurring EBIT before associates** | **636** | | **636** | **657** | **(10)** | **647** |
| Non-recurring/non-operating items | (260) | 471 | 211 | (536) | 468 | (68) |
| Contribution from associates | 64 | (44) | 20 | 75 | 171 | 246 |
| **EBIT** | **440** | **427** | **867** | **196** | **629** | **825** |
| Net interest expense | (145) | (59) | (204) | (189) | 13 | (176) |
| Income tax expense | (114) | 15 | (99) | (37) | 15 | (22) |
| **Net income (before minority interests)** | **181** | **383** | **564** | **(30)** | **657** | **627** |
| Minority interests | 30 | | 30 | 34 | | 34 |
| **Net income** | **151** | **383** | **534** | **(64)** | **657** | **593** |

### ADJUSTED NET INCOME (EXCLUDING EQUITY-ACCOUNTED CONTRIBUTION FROM EADS)

Adjusted net income, calculated as shown below, amounted to €358 million in 2008, very slightly down on the 2007 figure (€361 million). Adjusted earnings per share, which takes full account of the effect of share buybacks, was up 2.2% at €2.78 (versus €2.72 in 2007).

| *(€ million)* | Year ended December 31, 2007 | Year ended December 31, 2008 |
|---|---|---|
| **Net income** | **534** | **593** |
| Equity-accounted contribution from EADS | 44 | (171) |
| Amortization of acquisition-related intangible assets, net of taxes | 45 | 53 |
| **Net income excluding EADS, before amortization of acquisition-related intangible assets** | **623** | **475** |
| Restructuring costs, net of taxes | 80 | 29 |
| Net gains on disposals, net of taxes | (564) | (460) |
| Impairment losses on goodwill and intangible assets, net of taxes | | |
| *– Consolidated entities* | *175* | *225* |
| *– Associates* | *–* | *90* |
| Impact of Mandatory Exchangeable Bond on interest expense, net of interest income calculated at market rates | 47 | (1) |
| **Adjusted net income excluding EADS** | **361** | **358** |

### NET CASH GENERATED BY/USED IN OPERATING AND INVESTING ACTIVITIES

Cash flows from operating and investing activities improved from a net outflow of €56 million in 2007 to a net inflow of €275 million in 2008.

Operating activities generated net cash of €198 million in 2008, despite several negative factors:

- The deterioration in the operating performance of Lagardère Active, coupled with restructuring costs associated with the Active 2009 Plan;
- An increase of €141 million in working capital needs, as worsening economic conditions towards the end of the year increased the period of credit taken by some customers and, more marginally, pushed up inventory levels;
- An increase in tax payments, reflecting a rise in profits recorded outside the French group tax election. On the other hand, net interest payments were virtually unchanged year on year.

Investing activities generated a net cash inflow of €77 million in 2008:

- Acquisitions of property, plant and equipment and intangible assets net of disposals were €191 million, close to the 2007 figure;
- Acquisitions of investments represented a cash outflow of €484 million in 2008, including the acquisitions of Doctissimo (€140 million), minority shareholders in Lagardère Active TV (€61 million) and WSG (€79 million);
- These investments were more than offset by proceeds from disposals, mainly the €664 million derived from the sale of the stake in EADS.

### DEBT

As of 31 December 2008, net debt stood at €2,619 million, compared with €2,570 million at end 2007 (despite the net cash inflow of €275 million from operating and investing activities), reflecting the impact of:

- share buybacks during the period (cash outflow of €102 million);
- the dividend payout (cash outflow of €202 million);
- non-cash adjustments to the fair value of hedging instruments, which increased the carrying amount of debt by €101 million.

Gearing increased from 55.2% to 58.9%, demonstrating the health of our balance sheet.

## 3-1-1-2 PARENT COMPANY EARNINGS

### *INCOME STATEMENT*

The simplified income statement is as follows:

| *(€ million)* | 2008 | 2007 |
|---|---|---|
| Operating revenues | 2 | 13 |
| Operating profit/loss | (39) | (33) |
| Financial income | 432 | 684 |
| Operating income after interest | 393 | 651 |
| Non-operating income | 22 | 93 |
| Tax profit | 76 | 89 |
| Net accounting income | 491 | 833 |

At 31 December 2008, operating loss was € 39 million. This figure includes operating expenses of the holding company as well as various professional fees billed in connection with services provided for this company. Operating revenues for financial years 2008 and 2007 consist primarily of professional fees recorded as operating expenses and reinvoiced to other Group entities, with no impact on operating profit/loss.

At 31 December 2008, financial income was €432 million compared with €684 million at 31 December 2007.

The main reasons for this variation are as follows:

- the receipt of €575 million in dividends, including €567 million from Désirade (holding company which holds the equity interest in EADS) and €7 million from Matra Manufacturing & Services. In 2007, dividends paid totaled €711 million, including €691 million from Désirade and €15 million from Matra Manufacturing & Services.
- provisions, which totaled €138 million in 2008, mainly include:
  - Depreciation in the amount of €111 million on the treasury stock options purchased from Barclays Bank PLC from 2005 to 2007 to ensure coverage of the share option plans created for the Group's employees. The purpose of this depreciation was to adjust the value of these options to their market value as of 31 December 2008, i.e. €13 million.
  - A €35 million provision on treasury stock in order to adjust these shares to their year-end market price.

Non-operating income, which was €22 million in 2008, consists primarily of write-backs of provisions for risks. In 2007, this figure was €93 million, €88 million of which was profit related to cancellation of the 1992 perpetual floating-rate note and the related premiums.

As in previous years, tax profit, which in 2008 was €76 million, represents the tax consolidation gain related to taxes paid by the subsidiaries consolidated for tax purposes, and at 31 December 2008 the Lagardère tax group still had a tax loss carry-over.

Net profit is therefore €491 million compared with €833 million in financial year 2007.

### BALANCE SHEET

The simplified balance sheet is as follows:

| *(million €)* | 2008 | 2007 |
|---|---|---|
| **Assets** | | |
| Long-term assets | 7,099 | 6,802 |
| *incl. equity interests* | *3,254* | *3,164* |
| Current assets | 226 | 266 |
| *inc. short-term investment securities and cash assets* | *134* | *37* |
| **Total Assets** | **7,325** | **7,068** |
| **Liabilities** | | |
| Stockholders'equity | 3,222 | 3,059 |
| *incl. capital* | *800* | *818* |
| *additional paid-in capital and reserves* | *1,181* | *1,317* |
| *retained earnings* | *750* | *91* |
| *financial year profit* | *491* | *833* |
| Provisions for risks and charges | 103 | 134 |
| Debt | 4,000 | 3,875 |
| *incl. financial debt* | *3,919* | *3,802* |
| **Total Liabilities** | **7,325** | **7,068** |

Lagardère SCA's stockholders'equity, including:

- distribution of dividends in May 2008 (€174 million)
- reduction of capital stock in July 2008 (€18 million) and share premiums (€136 million)
- financial year 2008 profit (€491 million)

increased from €3.059 billion to €3.222 billion.

## 3-1-1-3 DIVIDEND

It is proposed that the same dividend of €1.30 per share, i.e. a maximum total amount of €170.5 million representing 28.7% of the Group net consolidated profit, be paid and that the balance of allocable profit be allocated to retained earnings.

## 3-1-1-4 PRESENTATION OF ACTIVITIES

### • LAGARDÈRE PUBLISHING

Lagardère Publishing is a federation of publishing houses that enjoy a large measure of editorial independence. The world's second-largest trade-book publisher for the general public and educational markets, it ranks No. 1 in French-language markets and the United Kingdom, second in Spanish-language markets and fifth in the United States. Its publishing houses are united by common management policies, concerted expansion efforts in digital activities, a coordinated strategy in relation to global distribution giants, and high standards in selecting the women and men to be given positions of responsibility within each company.

#### 2008 ACTIVITIES

*Lagardère Publishing, whose book-publishing brand is Hachette Livre, confronted the contraction in its markets with some significant competitive advantages.*

In 2008 (particularly the second half), despite very difficult market conditions for the book-publishing industry worldwide, Lagardère Publishing proved that its economic model provided better protection against the effects of the economic crisis than that of many competitors. With a solid presence in three core language markets (English, French and Spanish) and in almost all market segments, Lagardère Publishing suffered less than its peers from the uncertain economic climate and market downturns in various regions, making it possible for Lagardère to successfully pursue growth in both sales and operating profit.

Above and beyond these structural advantages, the Group benefited from a rare bonus in the form of a sharp upward sales spiral for phenomenally successful American author Stephenie Meyer's books. Her *Twilight* tetralogy sold nearly 30 million copies under various Lagardère Publishing brands across the entire spectrum of English- and French-language markets.

Lagardère Publishing's book-distribution business in all countries where the Group operates also cushioned market fluctuations by controlling flows and profiting from the business volume of third-party publishers without assuming their risks.

In the digital realm, Lagardère Publishing acquired the French company Numilog, which manages e-book stocking and distribution platforms for the Group as well as providing the same service for third-party publishers and serving client platforms under "white-label" partnership arrangements.

In Education, the Group continued to boost continuity between textbooks and their digital versions, and in the trade-book segment its efforts focused on enhancing the value of its existing brands on the Internet, a strategy that proved successful.

In the United States, the downloading of e-books – an insignificant market in 2007 – increased at a spectacular rate in 2008.

### *Key events in 2008*

#### *France*

2008 was a year of mixed results for Hachette Livre in France: disappointing in **general Literature**, healthy at Larousse and in the **Education** segment despite glum markets, and excellent in the **Illustrated-book** segment.

Literature experienced significant setbacks compared with 2007, which saw the release of bestselling works by Dan Brown and Simone Veil plus various bestsellers dealing with the political scene. Most publishers had a difficult time in 2008, penalized as they were by late releases (Dan Brown at Lattès), low restocking levels and high return rates. The Stock publishing house was the only one to have a very good year, bolstered by new orders for Simone Veil's best-seller and by Jean-Louis Fournier's Femina Prize win.

In the Education segment, Hachette Education and the Hatier Group recorded very positive results despite declining textbook markets in the secondary-school segment, due to a lack of reform, and in the primary-school segment, which was disrupted by the late announcement of reforms.

In the Illustrated-book segment mass market, Hachette Illustré had an excellent year again, driven by Stephenie Meyer's phenomenal performance in the youth segment and by the ongoing superb showing of Hachette Pratique and Marabout, which released a profusion of "object" books. The Chêne and Hazan publishing houses also had numerous successful releases in the coffee-table book segment.

Turnaround efforts at Larousse continued apace despite erosion in the dictionary market, with notable success in the guide and practical-book markets, particularly in the cookbook and youth segments. Larousse's cost structure is reaping the benefits of organizational changes introduced two years ago.

In distribution, activity levels are now in line with those of 2007, despite the departure of First Editions on 1 January 2008 and the serious impact of processing problems caused by increased numbers of returned books. In terms of organization, the industrial and commercial branch was strengthened in order to boost responsiveness to client needs and in reaction to market developments.

The Group has also set up a completely restructured Internet site (hachette.com) that meets Internet 2.0 standards, complete with interactive features, online video and user-friendly reader communities.

Also in 2008, Lagardère Publishing evaluated the carbon balance of its French activities and is set to report the results in early 2009. This evaluation will serve as a benchmark for future improvements.

In addition, Hachette Livre unveiled a new worldwide logo – a more contemporary, elegant design, with broader international appeal – at the Frankfurt Book Fair.

#### *The United States*

2008 was an exceptional year in the US, thanks primarily to the release of a veritable publishing phenomenon in the form of four young-adult novels by Stephenie Meyer. Published by Little, Brown and Company, the series racked up total sales of over 25 million copies during the year on the American market alone. With this achievement, Stephenie Meyer joins a very select club – alongside such legendary writers as J.K. Rowling and Dan Brown – whose members have created unique imaginary worlds with global appeal. Two of Meyer's books, *Twilight* and *Breaking Dawn*, appeared at the top of the year's best-seller lists, all categories combined. A number of other highly popular works helped to briefly boost the Hachette Book Group from fifth to second place among American publishers in December of 2008, including *Cross Country* by James Patterson (1.2 million copies sold), *The Lucky One* by Nicholas Sparks (a print run of 1.2 million copies), *Outliers* by essayist Malcolm Gladwell (820,000 copies) and *The Shack* by William P. Young (4 million copies sold).

The Hachette Book Group had no fewer than 107 titles on the *New York Times* best-seller list in 2008, with 35 of them reaching the No. 1 spot – an achievement unparalleled in the history of American publishing. In addition, *Book Business Magazine* declared Hachette Book Group "the best book-publishing company to work for" in 2008.

### *The United Kingdom and Commonwealth*

Hachette UK retained the No. 1 position among British publishers in 2008 with 15.9% market share in the general publishing market. Its share of the youth segment grew from 10.2% to 12.3%, putting the Group in second place in that market.

In fiction, Hachette UK saw 26 of its titles reach No. 1 on the Sunday Times best-seller list and maintained an average of 25% of all listed titles, a figure that rose to 35% during the holiday season. Linwood Barclay's *No Time for Goodbye*, published by Orion, was named Best-seller of the Year with 650,000 copies sold, while more than 3.7 million copies of Stephenie Meyer's four *Twilight* books were sold in the UK and Commonwealth countries.

Hachette UK also had two books shortlisted for the Man Booker Prize for Fiction, the UK's most prestigious literary award: The Clothes on their Backs by Linda Grant (Virago) and The Sea of Poppies by Amitav Ghosh (John Murray).

In Australia, sales were exceptional for the year, exceeding AUS $100 million for the first time.

A new subsidiary, Hachette India, was rolled out In May. A wholly-owned subsidiary of Hachette UK, Hachette India's mission is to publish those works deemed suitable for the Indian market in English and to create a catalogue of original works by Indian authors writing in English.

In the Education segment, Hachette UK posted mixed results in the school market in a reform year, which was offset, however, by growth in the trade-book segments covering higher education and foreign-language manuals.

In the Illustrated-book market, Octopus continues to experience difficulties, particularly in the UK trade-book segment, while exports are improving thanks to US co-editions and foreign-language editions.

### *Spain and Latin America*

In 2008, Anaya and Bruno had a good year in general publishing, the Literature segment held up well at Algaida, and Alianza Editorial reaped a bumper crop of literary prizes. At Anaya, Catedra and Alianza Editorial, backlisted titles like *Lazarillo de Tomes* and *1,080 Recetas de Cocina* saw renewed success (sales of one and a half million copies), while great literary classics by J.D. Salinger, William Golding and Federico Garcia Lorca continued to sell at a sustained pace with cumulative sales of several hundred thousand copies.

A new brand, Boveda, was created for historical novels.

In the Education segment, 2008 provided a favourable environment for two series: an elementary-level Spanish-language line and a mathematics series for lower and upper secondary level. Moreover, education-related legislation called for an overhaul of texts in the following segments: *Educación Infantil, 3°* and *4°; Educación Primaria, 2°* and *4°; Educación Secundaria Obligatoria*; and *1° Bachillerato*. In this context, the textbooks segment experienced outstanding growth of nearly 9%.

The Anaya Group's Internet portal benefited from a complete makeover in 2008.

In Mexico, business was on the upswing at Larousse thanks to sales to the government and healthy results in the French-as-a-foreign-language segment.

### *The serial-book market*

The serial-book segment was down against 2007, particularly in mature markets in France, Italy and Spain. This decline was partially offset by solid performance in the UK thanks to the adaptation of the highly successful Tricot and Bismarck collections for this market.

## KEY FIGURES AND LEADING POSITIONS FOR 2008

- **Total sales**: €2,159 billion
- **Recurring EBIT**: €249 million
- **Employees**: 7,683

- Number of titles published: 17,748
- Global position (works for the general public): No. 2
- Number of brands: 150

## • LAGARDÈRE ACTIVE

Lagardère Active is a global leader in the production and aggregation of multimedia content. Its world-class brands are structured around six business segments: magazine publishing (including flagship magazines *Elle* and *Paris Match*), radio broadcasting (with such leading stations as Europe 1 and Virgin Radio), television broadcasting (with special-interest channels such as Gulli and Virgin 17), audiovisual production (Lagardère Entertainment), digital activities (Lagardère Digital France, etc.) and advertising sales (Lagardère Publicité).

### 2008 ACTIVITIES

Despite 2008's difficult economic and advertising climate, Lagardère Active successfully maintained control of costs and continued turning around its traditional media, while deploying a coherent Internet strategy in all countries where it does business.

While the focus over the last two years was on migrating its activities to digital formats, Lagardère Active has now embarked on a brand expansion strategy, along with efforts to renew and monetize its audiences.

Today, the digital business segment brings together, in a single entity, all Lagardère Active brand Internet sites (elle.fr, premiere.fr and so on), as well as its special-interest websites (doctissimo.fr, newsweb.fr etc.), a powerful new source of audience traffic.

In 2008, two new complementary portals were added to its existing base of websites: one dealing with interior design (dekio.fr), and the other with music (musiline.fr).

Also engaged in this monetization strategy, Lagardère Publicité, France's second largest advertising brokerage, is reinforcing this plan of action thanks to its diversified portfolio of more than 130 brands present on four media.

The Group's television channels, for their part, are striving to build the loyalty of new audiences.

This objective is being simultaneously pursued by channels broadcasting on France's free digital terrestrial television network (Virgin 17 and Gulli) and by cable channels focused on music (Virgin 17, MCM, Mezzo) and on programming targeted at children and youth (Canal J, TiJi, Filles TV).

The Group's generation-specific music radio stations (Virgin Radio, RFM) and the 24 international music stations of Lagardère Active Radio International (LARI), which has 33 million daily listeners, are also pursuing this same audience expansion strategy. The strategy also includes a brand expansion component, which is being pursued in the Group's radio business segment in particular, with the spin-off of Europe 1 Sport from "premium" general-interest radio station Europe 1.

The magazine publishing business, whose leading segments (the women's, lifestyle and celebrity segments) have been strengthened even further, benefited the solid performance of such powerful brands as *Elle magazine's* expanded network of 42 international editions plus *Elle Deco*, *Paris Match*, *Télé 7 Jours*, *Car & Driver*, *Public, Art & Décoration, Red and Psychologies* magazine, among others.

With the launch of its Active Growth Plan aimed at revitalizing all business segments, Lagardère Active is striving to accelerate the organic growth of its brands by applying leveraging strategies that involve pricing, synergy exploitation, content development and editorial positioning.

Lagardère Active is diversifying its high value-added offers and continuing to develop its brand universes with a new urgency.

It intends to diversify its revenue sources in such high-potential areas as derivative products, mobile products, e-commerce, events and so on, as demonstrated by a recently concluded agreement pertaining to e-commerce operations with the Japanese company Sumitomo Corp.

In addition, the grouping together of the Group's audiovisual and production companies under the Lagardère Entertainment banner has strengthened creative synergies and facilitated the development of new areas of expertise in such segments as live entertainment and audiovisual-rights management.

#### *Key events in 2008*

The year 2008 saw the first tangible results of Lagardère Active's digital migration strategy with a general improvement in the economic performance of its digital activities including increasing revenues, which amounted to more than 6.2% of total sales in 2008.

2008 was also marked by the restructuring and editorial renewal of the Group's main media.

#### *Radio*

In an effort to claim new audience share, the brand-change strategy implemented at Virgin Radio and the Virgin 17 DTT channel was a bold move designed to capitalize on a powerful, world-renowned name. Europe 1, for its part, surpassed the 5-million-listeners-per-day mark and grew its cumulative audience by more than 10%, achieving renewed success through a profound restructuring of its editorial model.

### *Print media*

A new tagline and updated layouts for *Paris Match* and Journal du Dimanche resulted in significant circulation hikes for these two periodicals. Substantial rises in circulation also gave a boost to the magazines *Elle* (up 3.4%), *Elle à Table* (up 3.8%) and *Public* (up 1.4%). In a highly competitive sector, *Elle* – the transgenerational magazine *par excellence* – remains the uncontested leader in the women's magazine segment. Moreover, with the acquisition of the Massin Group, the leading French publisher of interior decoration magazines, and the Psychologies Magazine Group, Lagardère Active significantly strengthened its leading segments.

### *Television*

Lagardère Active maintained its leadership position with the Gulli channel, a huge success on the DTT network.

In more general terms, it reaffirmed its strong, high-quality editorial presence on the entire children's and youth segment with Canal J, TiJi, and Filles TV.

Virgin 17, essentially a music channel, decided to offer bolder, expanded general-interest programming in an effort to draw the widest possible audience.

In audiovisual production, Lagardère Entertainment companies captured significant audience share, particularly for their French drama and comedy productions.

In this niche, Lagardère Entertainment productions have drawn 150 million viewers since September 2008.

### *Advertising*

Lagardère Publicité also saw healthy commercial performance: after successfully integrating all its business segments, it outperformed the market in the three main advertising media (press, radio and TV). Moreover, Lagardère Active's advertising brokerage resolutely negotiated several bends in the digital road by developing a cross-media strategy.

### *Digital*

After a certain number of decisive acquisitions and the launch of several new websites, Lagardère Active is positioned as one of foremost French media groups in digital audience with 15 million unique visitors in France and over 50 million worldwide at year-end 2008.

### *International*

Expansion abroad also remained a favoured development route with the launch of international editions of *Elle* in Indonesia, Finland and Denmark, plus a Chinese edition of Version Femina. Thanks to solid increases in 2008, emerging markets Russia and China offered anticipated growth opportunities and saw magazine launches in the upscale-women's and home-decorating segments.

In radio, Lagardère Active Radio International (LARI) continued to extend its networks in Poland with Planeta FM and Chillizet. In Romania, LARI launched Vibe FM, a new dance-music format. These developments echoed the excellent audience results achieved in Russia, Romania, Poland and the Czech Republic, all of which helped LARI bolster its positions in all seven countries where it operates.

### KEY FIGURES AND LEADING POSITIONS FOR 2008

- **Total sales**: €2,111 billion
- **Recurring EBIT**: €275 million
- **Employees**: 11,194

- No. 1 publisher of leisure and entertainment magazines worldwide;
- No. 1 publisher of general-audience magazines in terms of 2008 paid circulation in France;
- Leading foreign publisher of magazines in Italy and Japan (and in China via by copyright licensing agreements);
- No. 1 group of private music radio stations in Russia, Poland, Romania and the Czech Republic;
- No. 3 magazine publishing group in Spain and Russia;
- No. 2 media-buying agency in France, with 130 media brands (including Lagardère's own brands and those of outside publishers);
- No. 2 audiovisual production group in France (drama and comedy, studio-based shows and animation) and No. 1 in drama and comedy;
- One of foremost French media groups in digital audience with 15 million unique visitors in France and over 50 million worldwide;
- 51% of sales generated internationally in 2008 (excluding regional daily press).

## • LAGARDÈRE SERVICES

Lagardère Services'mission is to promote access to a diverse range of ideas and services for everyone. With a solid presence in 21 countries in Europe, North America, Asia and the Pacific region, Lagardère Services is a global leader in press distribution and operates the world's foremost network of stores selling cultural and entertainment products. Its world-class companies in each segment are solidly supported by such reliable brands as Relay and Virgin, which can be found in transportation hubs throughout the world.

### 2008 ACTIVITIES

Lagardère Services has long been recognized for leading positions in all its business segments, rigorous operating standards, tradition of excellence and international brands. Over the past year, the Group sought development in two main areas: retail outlets for travellers and neighbourhood convenience stores offering various products and services, plus press distribution to retail outlets.

#### *Retail sales*

In 2008, Lagardère Services built on its retail presence in train stations and airports in 20 countries worldwide by opening a string of new retail outlets in Germany, Poland, the Czech Republic, Romania, the United States, Australia, China and elsewhere. It also took advantage of these store openings to test new marketing concepts and renew various concession contracts in transportation hubs.

Thanks to its Relay chain, Lagardère Services now operates the top international network of press outlets, which offer a growing number of travellers an extensive range of products – including newspapers, magazines, books, candy, souvenirs and food products – selected to make their travel experience more enjoyable. With a presence in over 100 international airports, Lagardère Services also sells such duty-free goods as wines and spirits, tobacco products, perfumes, gourmet foods and fashion items in France, Great Britain and Poland through Aelia, the leading French airport retailer. Over and above such franchise outlets as Virgin and Hermès, Aelia has a portfolio of its own retail trade names, including Pure & Rare, Beauty Unlimited, French Days, The Gourmet Shop and Cosmopole. Aelia also operates an in-flight sales service for airlines (Air France in particular).

In keeping with its strategy of transportation-hub development, Lagardère Services has kept a 19.8% stake in the Virgin group, with the balance sold at year-end 2007, and has retained its worldwide brand-licensing rights for transportation hubs as well. As a result, Lagardère Services also operates various Virgin-branded stores specializing in music, books, magazines and small electronics in train stations and airports in France, Australia, China, Germany and the United States.

In addition, the Découvrir chain in France and the Discover chain in America and Australia offer tourists products that focus on regional attractions and locales.

In many Western and Central European countries, Lagardère Services is developing the convenience-store concept under several trade names and aims to give consumers the widest possible range of products and services to choose from. The Inmedio chain, for example, which now operates in Hungary, Poland, the Czech Republic and Romania, offers a generous selection of magazines, books and 'impulse-buy'products. This is also the case with Belgium's Press Shop, as well as Switzerland's Naville and well-known Payot Libraire bookshop chain.

In 2008, Lagardère Services launched a plan to diversity its retail sales activities by expanding into such segments as fast food, coffee shops and specialized concepts. Thanks to broad expertise acquired in many different markets, Lagardère Services has established partnerships with such major retailers as Paul, Moa, Costa, Bijoux Terner and L'Occitane.

With more than two-thirds of its total sales devoted to retailing, Lagardère Services is a major player in this business sector.

In 2008, Lagardère Services also continued developing the magazine-download platform operated by HDS Digital, which racked up 1.8 million downloads during the financial year.

#### *Press distribution, wholesaling and import-export activities*

Supplying retail outlets with newspapers and magazines is an indispensable function of the retail press business.

In a market that varies widely from country to country, Lagardère Services'subsidiaries concluded new press-distribution contracts in Europe and North America, thus reinforcing their unique expertise as specialized distributors of communication products.

Lagardère Services performs this function in 12 countries, where it operates at two levels:

- As a world leader in the distribution of national periodicals, Lagardère Services is the No. 1 distributor in the United States, Belgium, French-speaking Switzerland, Spain and Hungary, with operations in Poland as well. In many countries, Lagardère Services supplies convenience-store chains: Hungary's Lapker has 12,200 retail outlets (including 743 wholly-owned stores) while Spain's SGEL has 16,000. The leading national magazine distributor in

North America with 32% market share, Curtis Circulation Company operates a network of independent wholesalers and manages sales of the magazines it represents to North America's largest retail chains. In Spain, SGEL is the top national distributor of periodicals with 20% market share, and Lagardère Services has no significant competition in Hungary, Belgium or Switzerland.

- Lagardère Services is also a leading distributor of imported international publications in 10 countries (Belgium, Bulgaria, Canada, Spain, the United States, Hungary, the Czech Republic, Romania, Serbia-Montenegro and Switzerland).

#### KEY FIGURES AND LEADING POSITIONS

- **Total sales**: €3.501 million
- **Recurring EBIT**: €135 million
- **Employees**: 9,871

- A unique network of 3,900 stores in 21 countries worldwide.
- No. 1 national press distributor in the United States (Curtis Circulation Company), Belgium (AMP), French-speaking Switzerland (Naville), Spain (SGEL) and Hungary (Lapker).
- No. 1 international press distributor in Belgium, Canada, Spain, Hungary, the Czech Republic and French-speaking Switzerland.
- Over 50,000 press outlets in Europe and 180,000 in North America are supplied by Lagardère Services daily.
- 1,300 stores under the Relay banner in 15 countries serve a million customers daily.

### LAGARDÈRE SPORTS

A specialist in the sports economy, Lagardère Sports has become a major player in its market through the integration of a portfolio of world-class companies: Sportfive, IEC in Sports, Upsolut, PrEvent and World Sport Group. Lagardère Sports also launches its own major sporting events. Its principal business segments include the management of media and marketing rights for rights-holders and the organization of events.

#### 2008 ACTIVITIES

Today, Lagardère Sports prides itself on its very firm position in the sporting-rights market, especially with regard to its flagship product, football (soccer). Moreover, Lagardère Sports'geographic footprint expanded considerably in 2008 with the acquisition of World Sport Group, which has a solid presence in Asia.

Lagardère Sports broadened its scope considerably in 2008. The division now comprises five entities:

- Sportfive, a company with a firm foothold in the European media and marketing-rights market, particularly involving football (soccer) rights;
- IEC in Sports, a company specializing in sporting-rights management, mainly active in such Olympic disciplines as tennis, athletics, volleyball and gymnastics;
- Upsolut, a German sports-marketing agency that organizes mass sporting events, particularly in such disciplines as triathlon and cycling;
- PrEvent, which organizes the ATP Swedish Open and will soon launch the Swedish Open Women's WTA tour event;
- World Sport Group, a sports-marketing agency for such major Asian events as the Asian Football Cup, the Indian Premier League Cricket competition and the Asian Golf Tour.

***Lagardère Sports is active in three main business segments:***

- Television production and media rights, including sports broadcasting and production rights for television and new media;
- Marketing rights, including sponsorship, hospitality and stadium consulting;
- Events, including ownership and management of sporting activities.

In 2008, Lagardère Sports continued with the development strategy that commenced in preceding fiscal years with the acquisition of Upsolut, PrEvent and World Sport Group and the launch of the Transorientale rally raid. Its policy of organic growth and acquisitions has enabled Lagardère Sports to strategically position itself at the core of the sports economy and strengthen its foothold in the sporting-rights market.

After building a firm foundation in Europe and Africa with Sportfive and IEC in Sports, Lagardère Sports is now solidly established in Asia via World Sport Group, which made a significant contribution to the consolidation of its international position.

Furthermore, 2008 offered Lagardère Sports opportunities to boost its positioning across the value chain. Through the acquisition of Upsolut and PrEvent, it was able to expand its activities to encompass further athletic disciplines like tennis, triathlon and cycling.

In addition, Lagardère Sports affirmed its identity as a leading organizer of sporting events with the first Transorientale rally-raid marathon for bikes, cars and trucks.

### *World Sport Group*

The year 2008 was marked by Lagardère Sports'expansion into the Asian market. World Sport Group holds a portfolio of premium football, cricket and golf assets in the Asia-Pacific region. Its principal activity involves managing media and marketing rights for such rights-holders as the Asian Football Confederation (AFC), cricket's Indian Premier League (IPL) and various golf tournaments. World Sport Group also produces several events.

World Sport Group won the tender to manage hospitality services for Singapore's upcoming sports complex, Premier Park, via its participation in the consortium that submitted the successful bid for the facility's construction and commercial management.

### *The Transorientale*

With a course stretching from St. Petersburg to Beijing, the Transorientale rally raid (a Lagardère Sports property) was an ambitious undertaking and a resounding success. More than 150 vehicles and 400 competitors participated in the 10,000-km marathon, organized by a team of 300 people.

The Transorientale received wide international coverage with a total of more than 180 broadcasting hours in 150 countries, including the United States (CNN) and various countries in Asia (ESPN Star Sports) and Europe (France Televisions, RTL).

### *Upsolut*

Upsolut, which concentrates primarily on cycling and triathlon, now organizes world championship competitions for the International Triathlon Union. Upsolut is in fact participating in the creation of a new series of triathlon world championship events and has signed a marketing agreement with Sportfive pertaining to the sale of media rights for these activities.

### *Sportfive*

One of Sportfive's major marketing achievements in 2008 was an agreement signed with Match Hospitality, which appointed Sportfive as its exclusive sales agent in Continental Europe for the 2010 FIFA World Cup's official hospitality programme.

It further consolidated its football-rights portfolio in Italy by signing a 15-year agreement with Turin's Juventus football club.

Sportfive also continues to boost its presence in other sports. The Triathlon World Championships, organized by Upsolut, now have a title sponsorship (signed in 2008) thanks to the Sportfive teams'marketing expertise.

In addition, Sportfive became a marketing partner with the Bundesliga (German Football League) for the sale of media rights in selected Asian and European countries. In early 2009, Sportfive also produced streamed videos of the World Handball Championships in Zagreb, Croatia.

### *IEC in Sports*

In 2008, IEC in Sports expanded its network of audiovisual distributors throughout the world. The Company also renewed its contract with the Portuguese Football League until May 2011.

### *PrEvent*

PrEvent is organizing the Swedish Tennis Open. In conjunction with its development of this tournament, PrEvent acquired a WTA license in 2008, giving it the right to organize a Swedish Open Women's tournament. In 2009, the first women's competition will be held in the week preceding the men's tournament, thus broadening the scope of this event.

**KEY FIGURES AND LEADING POSITIONS FOR 2008**

- **Consolidated sales** of €444 million:
  - 79% of sales are generated in Europe;
  - 86% of sales are football-related;
  - 63% of sales come from television production and media rights.
- **Recurring EBIT**: €73 million
- **Employees**: Lagardère Sports has 645 employees (excluding *World Sport Group*): 55% of them in Germany, 22% in France and 23% elsewhere in the world.

- Lagardère Sports is active in over 15 different sports, including football (soccer), rugby, handball, basketball, cycling, volleyball, hockey, boxing, wrestling, gymnastics, biathlon, horseracing, ski-jumping and motor sports.
- Sportfive's rights portfolio represents more than 30 international federations. It has contracts with some 250 football clubs, and markets media rights for the principal European football leagues, with distributors in over 180 countries, and broadcast rights for such prestigious international events as the Euro 2008.
- IEC in Sports markets more than 250 European, American and Asian sporting events.
- Lagardère Sports has contractual agreements with four football federations: the **Union of European Football Associations** (UEFA), **International Federation of Football Associations** (FIFA), **African Football Confederation** (CAF) **and Asian Football Confederation** (AFC).

## 3-1-2 PRESENTATION OF THE RESOLUTIONS

### RESOLUTION 1: APPROVAL OF THE PARENT COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Resolution 1 concerns the approval of the Parent Company's financial statements for the financial year 2008, which closed with a 491.3 million euros profit.

### RESOLUTION 2: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

Resolution 2 concerns the approval of the consolidated financial statements for the financial year 2008 which closed with net allocable profits of 593 million euros, up 11.1% on 2007.

### RESOLUTION 3: ALLOCATION OF PROFIT: DISTRIBUTION OF DIVIDENDS

| | |
|---|---|
| The Parent Company's financial statements for the financial year 2008 closed with a profit of | €491,335,219.23 |
| plus retained earnings of | €749,598,810.17 |
| with net profit available for distribution of | €1,240,934,029.40 |

From this amount, pursuant to the provisions of the Articles of Association, €5,933,060 (1% of allocable income) is payable to the general partners by preferential right, such dividend being eligible for the 40% reduction under article 158.3.2 of the General Tax Code available to individual shareholders who are subject to income tax in France.

In agreement with the Supervisory Board, we propose an annual dividend of €1.30 per share as compared with €1.30 per share in 2008 and to allocate the balance as retained earnings.

Coupons will be detached on 4 May and the dividend will be paid from 7 May 2009 to holders of registered shares or to their duly appointed representatives, by check or by bank transfer.

It shall be eligible for the 40% tax reduction available to individual shareholders who are subject to income tax in France pursuant to the provisions of article 158.3.2 of the General Tax Code.

Treasury shares at the coupon detachment date shall not have the right to such dividends.

Dividends were distributed over the past three financial years as follows:

| *(in euros)* | 2005 | 2006 | 2007 |
|---|---|---|---|
| Dividends paid to shareholders | | | |
| *Per-share dividend* | *1.10* | *1.20* | *1.30* |
| *Total dividend* | *153,613,313.70* | *160,422,984.00* | *169,167,116.30* |
| Dividend paid to general partners | 6,697,620.00 | 2,913,680.00 | 5,341,290.00 |
| **Total** | **160,310,933.70** | **163,336,664.00** | **174,508,406.30** |

### RESOLUTION 4: APPROVAL OF REGULATED AGREEMENTS

There were no such new agreements in the financial year 2008.

### RESOLUTION 5: VOTING OF POWERS TO THE MANAGING PARTNERS FOR A PERIOD OF 18 MONTHS TO HANDLE SHARES IN THE COMPANY

During the financial year 2008, the Company took the following actions within the scope of the authorizations granted by the general meeting:

- purchased 3,537,793 shares on the market representing 2.70% of the capital stock of which 464,557 shares were purchased under a market maker contract intended to ensure proper market liquidity;
- disposed of 360,557 of the shares purchased on the market under this market maker contract;
- assigned 8,081 shares to Group employees who are beneficiaries of stock option plans;
- reduced share capital by 2.23% in July 2008 by cancelling 3,000,000 shares.

Accordingly, as of 31 December 2008 the Company held 4,179,948 treasury shares, representing 3.19% of the share capital, of which 1,599,250 were allocated for future award to employees, 2,476,698 were allocated for retention in view of future transfers or exchanges in consideration for acquisitions, and 104,000 were allocated for market making activities.

A breakdown of all transactions carried out during the financial year 2008, under the current authorization granted by the general meeting of 29 April 2008, appears in the Reference Document appended hereto at paragraph 8.1.2.2, to which we request you refer.

Under Resolution 5 submitted for your approval, you are asked to renew the powers for the management company to engage in purchases of Company shares in accordance with law.

The terms and conditions to implement this authorization are set forth under EU regulations reflected by the Autorité des Marchés Financiers in its general regulations. Thus:

- the number of shares purchased shall not exceed 10% of the current share capital which, for information, based on capital stock as of 28 February 2009 and taking into consideration shares directly held on that date, would authorize the purchase of 8,933,380 shares, equalling approximately 6.81% of the current share capital in the event that the Company does not cancel, transfer or sell a portion of shares currently held;
- the total purchase price shall not exceed € 500 million, it being specified under this new programme that the maximum purchase price shall not exceed €60 per share;
- the purchase, sale or transfer of shares shall comply with objectives set forth in EU regulations and under market practices accepted by the Autorité des Marchés Financiers, namely: reduction in share capital based on the powers being requested, allocation of shares to employees, use in exchanges or as payment in future expansion through acquisition, promotion of market liquidity through market making contracts;
- purchase of these shares may take place at any time in compliance with legal and regulatory provisions; thus the purchase of shares on the market, which is assigned to independent service providers acting within the scope of authority enabling them to purchase a certain number of shares independently over a certain period, could continue to occur through their intermediary, including in the event of a public offering, which is unlikely given the Company's partnership status.

### RESOLUTIONS 6 TO 17: RENEWAL OF AUTHORIZATIONS TO ENGAGE IN FINANCIAL OPERATIONS

**Pursuant to article L.225-100 of the Commercial Code, in the appendix to this report is a table which summarizes the delegations of authority granted to the Managing Partners which are currently in force, it being specified that they have not been used during the financial year just ended.**

**This year we propose that they be renewed in their entirety.**

**The Managing Partners shall have full powers to implement them, to set terms and conditions pursuant to legal provisions and those set by the general meeting, to record the resulting increases in capital stock and amend the by-laws accordingly.**

**They shall, along with the Statutory Auditors and in all cases provided for by law, prepare a supplemental report at the time they use any of these authorizations, such reports to be made pursuant to legal provisions.**

**The issue of securities giving access to capital stock shall require that shareholders waive their pre-emptive subscription rights to the shares of capital stock to which the issued securities give right.**

#### ISSUE OF SECURITIES WHICH DO NOT GIVE ACCESS TO THE COMPANY'S SHARE CAPITAL

Under Resolution 6 adopted by the combined general meeting on 27 April 2007, you renewed the powers of the Managing Partners to issue composite securities which do not give access to Lagardère SCA capital stock but which give or may give access, immediately or in the future, to debt instruments held with regard to the company, but also to securities representing a fraction of the capital stock to be issued in companies other than the issuing company, up to a limit of €2.5 billion for the resulting borrowings.

We propose that this authorization be renewed.

This is the purpose of Resolution 6 submitted for your approval.

#### ISSUE OF COMMON STOCK AND ALL SECURITIES WITH PRE-EMPTIVE SUBSCRIPTION RIGHTS GIVING ACCESS TO THE COMPANY'S CAPITAL STOCK

Resolution 7 submitted for your approval is similar to Resolution 7 approved by the general meeting of 27 April 2007. It involves authorizing the issue of common stock and any securities giving immediate or future access to the Company's capital stock, especially through debt securities (convertible bonds, exchangeable bonds, etc.) within the limit of 37.5% of current capital stock (€799,913,044.60), i.e. almost €300 million for increases in capital stock and €2,5 billion for the resulting borrowings.

Issues corresponding to this delegation shall be made with pre-emptive subscription rights.

### ISSUE OF COMMON STOCK AND ALL SECURITIES WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS GIVING ACCESS TO THE COMPANY'S CAPITAL STOCK

Resolution 8 is intended to issue the same securities as the prior resolution, limited however to 25% of current capital stock, i.e., almost 200 million euros nominal value for the resulting increases in capital stock but without pre-emptive subscription rights for shareholders.

The issue price for the shares shall not be less than the weighted average of the listed prices during the three trading sessions prior to setting the price, possibly reduced by a maximum 5% discount; since 2005 this new rule has replaced using the average of 10 listed prices from among the twenty prior sessions and proves to be better adapted to current financial market conditions.

The shareholders will not have pre-emptive subscription rights but may, by decision of the Managing Partners, have a priority right. The issues that would be made without priority rights, in the event of strong market volatility, would then be limited to 18.75% of the current capital, that is a nominal value of close to 150 million euros. These issues could be made via a private offering to qualified investors.

### ABILITY TO INCREASE THE AMOUNT OF ISSUES DECIDED UPON IN CASE OF SURPLUS DEMAND

Resolution 9, proposed pursuant to current regulations which recognize the over-allocation mechanism used for many years, provides that if, once an issue is decided upon, the subscribers'requests exceed the number of offered shares, within 30 days of the close of the subscription period and in order to meet these requests, the Managing Partners will be able to issue additional shares of up to 15% of the initial issue at the same price as the original issue. It is specified that in any case the overall amount of the issue shall not exceed the overall limits set in Resolution 11 below.

### ISSUE OF NEW SHARES OR SECURITIES OF ANY KIND IN CONSIDERATION OF SHARES TENDERED WITHIN THE SCOPE OF A PUBLIC EXCHANGE OFFER OR A CONTRIBUTION IN KIND

Resolution 10 is similar to the Resolution 10 adopted by the general meeting on 27 April 2007. It incorporates the right, set forth in article L.225-147 of the Commercial Code, to grant the Managing Partners the powers required to increase the capital stock in consideration of contributions in kind granted to the Company and composed of capital stock or securities giving access to the capital stock of another company when the provisions of article L.225-148 on public exchange offers do not apply, up to a limit of 10% of its current capital stock.

In the scope of a public exchange offer, the maximum nominal amount of the resulting increase in capital stock is 37.5% of current capital stock, i.e. almost €300 million.

### OVERALL LIMITS ON INCREASES IN CAPITAL STOCK AND THE ISSUE OF DEBT SECURITIES

As previously approved at the general meeting of 27 April 2007 and in accordance with article L.225-129-2 of the Commercial Code, in Resolution 11 we propose:

- to set at 37.5% of current capital stock, i.e. almost €300 million, the maximum nominal amount of increases in capital stock which can arise under the authorizations described above, it being specified that those which may arise under capitalization of reserves, profits or premiums in the capital stock and allocations of free shares to shareholders, as well as those made for the benefit of employees, are subject to specific caps;
- to set at 2,500 million euros (or the equivalent in the case of issuance in foreign currency) , the maximum nominal amount of debt securities likely to be used under the authorizations requested in Resolutions 7, 8, 9 and 10.

### INCREASE OF SHARE CAPITAL THROUGH CAPITALIZATION OF RESERVES, PROFITS OR PREMIUMS AND ALLOCATION OF FREE SHARES TO SHAREHOLDERS

Resolution 12 concerns the capitalization of reserves, profits and premiums into the capital stock in view of the free allocation of Company shares to the shareholders (or the increase of the nominal amount of existing shares), specifically limited to 37.5% of current capital stock, i.e. almost €300 million.

### INCREASE IN CAPITAL STOCK RESERVED FOR LAGARDÈRE GROUP EMPLOYEES WITHIN THE SCOPE OF THE GROUP SAVINGS PLAN

Resolution 13 aims to reserve stock issues for Lagardère Group employees within the scope of the Group Savings Plan.

As indicated above, Group employees today hold approximately 0.72% of the Company's capital stock, primarily through investment funds. Taking into consideration shares that are individually held and which are freely negotiable, this percentage reaches 1.75%.

The purpose of this resolution is to promote the growth of employee savings in accordance with legislative intent which has strengthened the measures applicable to this purpose.

Any resulting increase in capital stock shall be limited to 3% of the nominal value of current capital stock.

The corresponding delegation of authority shall be limited to a period of 26 months from the date of this general meeting.

### ALLOCATION OF FREE SHARES TO EMPLOYEES AND SENIOR MANAGERS

Resolution 14 concerns the authority granted to the Managing Partners to allocate free shares in the Company for the benefit of LAGARDÈRE Group employees and senior managers up to a limit of 0.5% of the current share capital per year.

The corresponding system, also intended to strengthen existing employee savings plans, was in large part copied from share subscription and purchase options.

Allocated shares come from either existing shares, particularly those purchased within share buyback plans authorized by the general meeting, or from shares to be issued within the scope of an increase in capital stock carried out through capitalization of reserves, profits or premiums.

Shares allocated to employees shall only vest at the end of a period not less than two years and must then be held for a period of not less than two years, except for beneficiaries who are foreign tax residents, for whom the vesting period may extend to four years and the holding period is accordingly reduced.

The Managing Partners shall have all powers necessary to set the terms and, if applicable, the criteria for allocation to shareholders, the required vesting period of the shares and the applicable holding period.

For executive officers of your company, allocation of performance-based shares shall take place pursuant to AFEP/MEDEF recommendations, in particular after the Supervisory Board has considered it in accordance with these recommendations. The overall number of shares which can be allocated each year to each of the senior managers shall in no case exceed 0.025% of the current number of shares making up the current capital stock.

This authorization is given for a period of 38 months.

### ALLOCATION OF LAGARDÈRE SCA SHARE PURCHASE AND/OR SUBSCRIPTION OPTIONS TO GROUP EMPLOYEES AND SENIOR MANAGERS

At the 2007 general meeting the Managing Partners of the Company were authorized to grant Company share subscription and/or purchase options to employees and senior managers of the Company and its related companies within the meaning of law in order to increase loyalty of Group executives worldwide and to include them in the Group's growth. This authorization was not used. We propose to renew the authority given to the Managing Partners to grant such share subscription and/or purchase options on the following bases:

- the share subscription and/or purchase price under the option shall be equal to the average of the first prices quoted in the last twenty stock exchange sessions prior to the date the corresponding options were allocated, without discount and, for stock purchase options, shall not be less than the cost of the treasury shares;
- the total number of options granted each year under this authorization shall not give the right to purchase and/or subscribe for a number of shares greater than 1.5% of the number of shares making up the current share capital;
- the expiry dates for the options shall not exceed 10 years from the date the options are allocated by the Managing Partners.

In accordance with law, for the benefit of the holders of subscription options this authorization implicitly requires the waiver by shareholders of their pre-emptive subscription rights to the shares issued on exercise of the options.

As with the allocation of free shares, the allocation of options to LAGARDÈRE SCA executive officers can only take place pursuant to AFEP/MEDEF recommendations; the number of options that can be allocated each year to each of these senior managers can not give them the right to purchase and/or subscribe for more than 0.075% of the number of shares making up the current share capital.

This is the purpose of Resolution 15.

The special report of the Managing Partners on share subscription and purchase options in the appendix provides all necessary information on the various plans implemented since 2000.

This authorization is given for a period of 38 months.

### OVERALL LIMIT ON ISSUES AND ALLOCATIONS RESERVED FOR GROUP EMPLOYEES

We propose to set an overall maximum 3% limit on the number of shares making up the current share capital which can, during the next two years, be purchased by, subscribed for or allocated each year to Group employees and senior managers within the scope of powers given in Resolutions 13, 14 and 15.

### REDUCTION OF SHARE CAPITAL THROUGH CANCELLATION OF SHARES PURCHASED THROUGH SHARE BUYBACK PLANS

Finally, we propose to renew the authorization to reduce capital stock through cancellation of shares purchased through share buyback plans, which was given by the general meeting on 10 May 2005 for a four-year term, which was used twice:

• in April 2007, cancellation of 8,561,474 shares,

• in July 2008, cancellation of 3,000,000 shares,

representing 8.10% of the share capital at the date authorization was given.

In accordance with law, the company can not cancel more than 10% of the capital stock per 24-month period.

This authorization is given for a period of four years and replaces that given in May 2005.

This is the purpose of Resolution 17.

### RESOLUTION 18: AUTHORIZATION TO CARRY OUT FORMALITIES

o o o

The Managing Partners'special reports will now be presented to you, followed by the reports of the Supervisory Board and of its Chairman and 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 activity 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 would like to 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***

## ANNEX 1

### /// Results of the Last Five Financial Years

| Type of information | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| **I - Capital at year end** *(in euros)* | | | | | |
| a) Capital stock | 858,993,979 | 866,456,932 | 870,416,509 | 818,213,044 | 799,913,044 |
| b) Number of existing common shares | 140,818,685 | 142,042,120 | 142,691,231 | 134,133,286 | 131,133,286 |
| c) Maximum number of future shares to be created by exercising share options | 1,944,724 (1) | 1,706,788 (1) | 4,452 (1) | – | – |
| d) Maximum number of future shares to be created by bond conversion | – | – | – | – | – |
| e) Number of future shares to be created by exercising stock warrants | – | – | – | – | – |
| **II - Operations and financial year profit** *(in thousands of euros)* | | | | | |
| a) Sales excluding tax | 1,072 | 258 | 13,245 | 12,711 | 1,551 |
| b) Earnings before taxes and assessed costs (depreciation and provisions) | (9,021) | 76,291 | 91,035 | 767,000 | 449,149 |
| c) Income tax | 65,396 (2) | 87,008 (2) | 79,708 (2) | 89,271 (2) | 76,004 (2) |
| d) Earnings after taxes and assessed costs (depreciation and provisions) | 131,631 | 196,553 | 218,565 | 832,655 | 491,335 |
| e) Profit distributed to stockholders | 410,518 | 153,613 | 160,423 | 169,167 | – (3) |
| **III - Earnings per share** *(in euros)* | | | | | |
| a) Earnings after taxes but before assessed costs (depreciation and provisions) | 0.47 | 1.15 | 1.20 | 6.38 | 4.00 |
| b) Earnings after taxes and assessed costs | 0.93 | 1.38 | 1.53 | 6.21 | 3.75 |
| c) Dividend per share | 1.00 + 2.00 (4) | 1.10 | 1.20 | 1.30 | – (3) |
| **IV - Staff** | | | | | |
| a) Average number of employees | – | – | – | – | – |
| b) Total payroll for the financial year | – | – | – | – | – |
| c) Total employee benefits paid for the financial year | – | – | – | – | – |

*(1) The number of shares indicated relates to stock option plans for which the strike price is lower than the share price as of 31.12.2008*

*(2) Mainly the tax consolidation gain.*

*(3) The Shareholders'Meeting will be asked to distribute a dividend of €1.30 per share.*

*(4) Extraordinary dividend of €2 per share.*

## ANNEX 2 (TO THE MANAGEMENT REPORT OF THE MANAGING PARTNERS)

### /// Summary of the authorizations and powers granted by the Shareholders'Meeting to the Managing Partners for Capital Increases

| Type of authorization | Authorizations | | | | | |
|---|---|---|---|---|---|---|
| Date of meeting | Combined Shareholders'Meeting of 27 April 2007 | | | | | |
| Purpose of the authorization | Issue of all securities granting entitlement to capital (shares, convertible bonds, bonds with stock warrants, equity notes, etc.) with or without pre-emptive rights | Issue of securities in payment of a contribution in kind or a securities exchange takeover bid | Allotment of bonus shares to stockholders by capitalization of reserves, profits or issue premiums | Issue of shares to Group employees under the Group Savings Plan | Allotment of bonus shares to Group employees and senior managers | Allocation of stock options to Group employees and senior managers |
| Total maximum nominal amount authorized | €300 million (36.67% of capital) | | | €40.9 million (5% of capital) | | |
| Individual nominal amount authorized | €300 million* | €300 million** | €300 million | €24.5 million (3% of capital) | €8.18 million (1% of capital) *** | €24,5 million (3% of capital) |
| Use in 2008 | None | | None | None | None | None |
| Term of the authorizations | 26 months | | | | | |

* €200 million in case of issue without pre-emptive rights.

** €85 million in case of a contribution in kind.

*** 594,350 bonus shares representing 0.45% of capital were allotted by the Managing Partners on 28 December 2007.

# 3 - 2 SPECIAL REPORT OF THE MANAGING PARTNERS ON SHARE SUBSCRIPTION AND PURCHASE OPTIONS

Dear Shareholders,

Pursuant to the provisions of article L.225-184 of the Commercial Code, you will find below the required information related to transactions carried out in the financial year 2008 which concerned share subscription and purchase options.

## 3-2-1 GENERAL INFORMATION

1) In the course of 2008, no new options to subscribe for or purchase Lagardère SCA shares were granted.

The main characteristics of the share subscription and purchase plans in force as of the end of the financial year 2008 or which expired in 2008 are summarized in the table below.

| Plan | Date of AGM | Original issuance quantity | Exercise Price | Number of beneficiaries | Quantity exercised in 2008 | Number of options canceled at end-2008 | Quantity not yet exercised at end-2008 | Exercice dates |
|---|---|---|---|---|---|---|---|---|
| **Subscription options** | | | | | | | | |
| n/a | | | | | | | | |
| **Purchase options** | | | | | | | | |
| Expired plan | | | | | | | | |
| 19.12.2001 | 23.05.2000 | 1,258,000 | €46.48 | 421 | 2,558 | 105,902 | – | 19.12.2003 to 19.12.2008 |
| Ongoing plans | | | | | | | | |
| 19.12.2002 | 23.05.2000 | 1,299,000 | €51.45 | 416 | 1,500 | 94,973 | 1,031,087 | 19.12.2004 to 19.12.2009 |
| 18.12.2003 | 23.05.2000 | 1,437,250 | €51.45 | 445 | 2,000 | 69,976 | 1,340,953 | 18.12.2005 to 18.12.2013 |
| 20.11.2004 | 11.05.2004 | 1,568,750 | €51.92 | 481 | 2,023 | 81,674 | 1,494,185 | 20.11.2006 to 20.11.2014 |
| 21.11.2005 | 11.05.2004 | 1,683,844 | €56.97 | 495 | – | 48,250 | 1,635,594 | 21.11.2007 to 21.11.2015 |
| 14.12.2006 | 11.05.2004 | 1,844,700 | €55.84 | 451 | – | 27,300 | 1,817,400 | 14.12.2008 to 14.12.2016 |

The first share purchase option plan expired on 18 December 2008. Of the 1,258,000 options initially granted in December 2001, only 2,558 options were exercised during 2008, and 674,671 options representing nearly 54% of the options granted were not exercised because of market price levels.

2) In the course of 2008, no new options to subscribe or purchase shares were granted by companies under the majority control of Lagardère SCA[1].

The main characteristics of the plans in force today or which expired in the financial year 2008 are summarized in the table below.

*(1) For details of options granted by EADS, see EADS' Registration Document.*

| Date of AGM Grant date | Exercise price | Exercise period | Number of options granted | Number of beneficiaries | Number of options remaining to be exercised | Nombre d'options restant à lever à fin 2008 | Repurchase period [2] |
|---|---|---|---|---|---|---|---|
| **Hachette Holding [1]** | | | | | | | |
| AG of 18.06.1997 22.07.1999 | €253.85 | from 22.07.1999 to 21.07.2009 | 1,525 [3] | 63 | 75 | 732 [3] | from 23.07.2004 to 23.07.2009 |
| **Virgin Stores** | | | | | | | |
| AG of 25.09.2002 205.07.2004 | €99.40 | from 05.07.2008 to 05.07.2014 | 10,000 | 6 | 10,000 | 0 [4] | from 05.07.2008 to 05.07.2014 |

*(1) Following the merger on 31 December 2007 of Hachette Holding (formerly Hachette Filipacchi Médias) into Hachette SA, Hachette SA assumed all rights and obligations related to the subscription options outstanding. The exercise prices and the number of shares under option were adjusted on the basis of the exchange ratio used for the merger. Consequently, 27 beneficiaries currently remain who together hold 732 options. Each option now enables its holder to subscribe for 91 Hachette SA shares at a per-share price of €253.85. The 91 Hachette SA shares subscribed for will be exchanged for 550 Lagardère SCA shares in accordance with commitments undertaken in 2000 during the public offerings.*

*(2) Beneficiaries have the right to redeem their shares or exchange them for Lagardère shares. In the case of Hachette Holding, this is the period allowed for exchange of Lagardère shares.*

*(3) Each option entitled to holder to subscribe for 91 Hachette SA shares.*

*(4) Within the scope of the sale of Virgin Stores, in February 2008 the beneficiaries abandoned their rights to exercise their options.*

## 3-2-2 SPECIAL INFORMATION ON LAGARDÈRE GROUP OFFICERS AND EMPLOYEES

In the financial year 2008, Lagardère SCA's officers and their legal representatives did not subscribe for or purchase any Lagardère SCA shares under the share purchase options granted to them in the financial years 2001 to 2006.

Also in 2008, the total number and price of shares subscribed for or purchased through the exercise of one or more options on the shares of Lagardère SCA or one of its subsidiaries as stated above, by each of the ten Group employees (three in reality) who are not Lagardère SCA officers who hold the highest number of shares purchased or subscribed for are as follows:

| Total number of shares subscribed for or purchased | Subscription or purchase price (in €) | Grantor companies | Grant date |
|---|---|---|---|
| 2,558 | €46.48 | Lagardère SCA | 19.12.2001 |
| 1,500 | €51.45 | Lagardère SCA | 19.12.2002 |
| 2,000 | €51.45 | Lagardère SCA | 18.12.2003 |
| 2,023 | €51.92 | Lagardère SCA | 20.11.2004 |

***The Managing Partners***

## 3 - 3 SPECIAL REPORT OF THE MANAGING PARTNERS ON THE ALLOCATION OF FREE SHARES

Dear Shareholders,

Pursuant to article L.225-197-4 of the Commercial Code, you will find below the required information on transactions carried out during the financial year 2008 which concern allocations of free shares.

During the financial year 2008, there were no allocations of free shares made by Lagardère SCA or by its related companies under the terms of article L.225-197-2 or by companies it controls within the meaning of article L.233-16 of the Commercial Code.

***The Managing Partners***

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# CHAPTER 4

## Reports of the Supervisory Board and its Chairman

# 4 - 1 REPORT OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

The aim of this report is to inform you of the ongoing audit of your company's management which we have been authorized to conduct in accordance with your Articles of Incorporation. It contains our opinion on the activities carried out in financial year 2008 and on the Group's strategic direction. It also aims to inform you of any observations we may have regarding the resolutions on which you are asked to vote.

***

During the previous financial year, the Supervisory Board was regularly informed by the Managing Partners of all activities of the Lagardère Group. In this respect, we confirm that all documents and all additional information which we deemed appropriate regarding the work of both the Board and the Audit Committee were provided to us, along with explanations by the Managing Partners and the respective operational managers.

Therefore, all the research and analysis that we have conducted lead us to believe that all the documents presented to you fairly reflect your company's financial and accounting position.

***

With regard to change in business activity and earnings in financial year 2008, we do not find it necessary to review in detail the very thorough comments already made by the Managing Partners in their management report. It is obvious that the extremely severe global crisis that has prevailed since the second half of 2008 has triggered a widespread economic slowdown on every continent. Without being completely spared by the recession, Lagardère has held its ground fairly well up to now with:

- 2008 consolidated sales of 8.214 billion euros, which of course is slightly less than in 2007 but up by 3.1% on a comparable basis thanks in particular to the extraordinary performance of Lagardère Publishing in the United States;
- a continued increase in recurring EBIT of consolidated companies, which was 647 million euros;
- consolidated net income of 627 million euros, which also rose by 11.2%.

***

Regarding the organization and operation of your Supervisory Board, in financial year 2008 the Board met on four occasions. In addition to the normal review of current operations and the half-year and annual financial statements, the Board's members, at two special meetings, attended the detailed presentation of the new "Entertainment" activity and were informed of specific aspects of digital development, distribution and the international dimension of the Lagardère Publishing business.

The Audit Committee also met four times in financial year 2008 to ensure the quality and completeness of the financial statements as well as the proper application of the internal control procedures. During its meetings, this Committee reviewed the activities of the Group's Internal Audit Department, management of legal risk and the Group's exposure to risk related to off-balance sheet commitments. It was also present at a current and forward-looking analysis of the "Sports" division and attended the presentation of the financial statements of Lagardère Capital & Management (LCM).

Moreover, pursuant to the new statutory provisions, your Board approved the Chairman's report on the content and the conditions for preparing and organizing the work of the Board and on the internal control and risk management procedures, which is presented to you and was reviewed in depth by the Audit Committee.

***

The principal resolutions on which you are asked to vote and which we have examined pertain to approval of the individual and consolidated financial statements and allocation of profit, and to renewal of the financial authorizations previously granted to the Managing Partners. These resolutions therefore do not elicit any specific comments or reservations on our part and we ask you to approve them.

The dividend which your Managing Partners propose be paid for financial year 2008 is €1.30 per share, which is the same as the 2007 dividend. Keeping the dividend unchanged in this period of crisis is, in our opinion, a tangible sign of your Group's confidence in its growth prospects. In financial terms, and given the sharp decline in stock prices which has affected Lagardère with the same intensity as all CAC 40 companies, keeping the dividend at €1.30 per share significantly improves the return on Lagardère's share. In this way, the Group is rewarding stockholders for their support. Therefore, we can only ask you to approve the proposal presented to you.

***

As we have just seen, in terms of earnings your Group has withstood the economic turbulence of the previous year reasonably well. However, this turbulence is far from over and will probably last throughout 2009 and perhaps even longer. To cope with it, Lagardère can count on the leading global positions it has acquired thanks to its past accomplishments, particularly in the area of publishing and services, and on the advantages of its geographic and sector diversification, such as in the area of sports.

Your Supervisory Board believes that these strengths, which are developed and managed with a constant focus on the company's financial soundness, enable Lagardère's stockholders to look to the future with the same confidence as they have in the past.

***The Supervisory Board***

## 4 - 2 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

The purpose of this report is to provide you with information required under article L.226-10-1 of the Commercial Code related primarily to the membership and operation of your Supervisory Board and the internal control and risk management procedures implemented by the Company.

All procedures which enabled this report to be prepared (including various interviews with members of the Board) were presented and discussed during an Audit Committee meeting devoted to this issue, and the Supervisory Board approved the terms at its 11 March 2009 meeting.

## MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board is made up of no more than 15 members, appointed for a maximum term of six years, with one third of the board renewed every two years. Since the 29 April 2008 meeting, the Board has had 14 members.

| | | Date of appointmen or of reappointment | Date of expiry the mandate |
|---|---|---|---|
| Chairman of the Board<br>Chairman of the Audit Committee | **Raymond H. Lévy**<br>Honorary Chairman of Renault SA | 11.05.04 | AGM 2010 |
| Member of the Board | **Bernard Arnault**<br>Chairman and Chief Executive Officer of LVMH | 11.05.04 | AGM 2010 |
| Member of the Board | **René Carron**<br>Chairman of the Board of Directors of Crédit Agricole SA | 11.05.04 | AGM 2010 |
| Member of the Board | **Martine Chêne**<br>Research assistant at Hachette Filipacchi Associés<br>CFDT Union Representative within the Group Committee. | 29.04.08 | AGM 2014 |
| Member of the Board | **Georges Chodron de Courcel**<br>Chief Operating Officer of BNP Paribas | 02.05.06 | AGM 2012 |
| Member of the Board<br>Member of the Audit Committee | **François David**<br>Chairman of the Board of Directors of Coface SA | 29.04.08 | AGM 2014 |
| Member of the Board<br>Member of the Audit Committee | **Groupama S.A.**<br>Represented by<br>Helman le Pas de Sécheval<br>(Chief Financial Officer, Groupama) | 29.04.08 | AGM 2014 |
| Member of the Board | **Pierre Lescure**<br>Former Chairman and Chief Executive Officer of Canal+ SA | 29.04.08 | AGM 2014 |
| Member of the Board<br>Member of the Audit Committee | **Christian Marbach**<br>Former Chairman of ANVAR | 02.05.06 | AGM 2012 |
| Membre du Conseil<br>Member of the Audit Committee | **Bernard Mirat**<br>Former Deputy Chairman and Chief Executive Officer of the Société des Bourses Françaises | 02.05.06 | AGM 2012 |
| Membre du Conseil | **Javier Monzón**<br>Chairman of the Spanish company Indra Sistemas | 29.04.08 | AGM 2014 |
| Member of the Board<br>Member of the Audit Committee | **Didier Pineau-Valencienne**<br>Former Chairman and Chief Executive Officer of Schneider SA | 29.04.08 | AGM 2014 |
| Member of the Board | **Henri Proglio**<br>Chairman and Chief Executive Officer of Veolia Environnement | 11.05.04 | AGM 2010 |
| Member of the Board | **François Roussely**<br>Chairman of Crédit Suisse-France | 11.05.04 | AGM 2010 |

The membership of the Board as described above gives it full capacity to represent shareholder interests with competence, availability and independence.

With respect to the latter, a review of each of the member's positions leads to the conclusion that as of today, 10 of them, making up more than two-thirds of the board, are "independent" within the meaning of the AFEP-MEDEF consolidated report on the Corporate governance of listed companies as applied by the company (see III below). They are:

- Ms. Martine Chêne,
- Mr. François David,
- Mr. Helman le Pas de Sécheval, representing Groupama,
- Mr. Pierre Lescure,
- Mr. Christian Marbach,
- Mr. Bernard Mirat,
- Mr. Javier Monzón,
- Mr. Didier Pineau-Valencienne,
- Mr. Henri Proglio,
- Mr. François Roussely.

## OPERATION (PREPARATION AND ORGANIZATION OF THE BOARD'S WORK)

The terms and conditions of the Board's organization and operations are set forth in a set of internal rules which were updated on 11 March 2009 which also define the duties incumbent on each member and the code of professional ethics each individual member agrees to respect.

These rules concern the following:

1) **Independence of Board members**: the quota for independent members is set at a minimum of half of the total serving members. Independent members must have no direct or indirect relations of any kind with the Company, the Group or its management that could compromise their freedom of judgement or participation in the work of the Board.

2) **The annual number of meetings**: a schedule for the coming year is set annually, based on a proposal by the Chairman.

3) **The duties of each member**: apart from the fundamental duties of loyalty, confidentiality and diligence, members'obligations also concern knowledge of the law, regulations and statutes, ownership of a significant number of shares, declaration to the Board of any conflict of interest, and regular attendance at meetings.

4) **Trading in shares of the Company and subsidiaries**: as Board members have access to non-public information and in-depth knowledge on certain aspects of the life of the Company and Group, they are expected to refrain from trading in Company shares, except within the following constraints contained in the Board's internal rules:

- no trading in shares may take place during certain defined periods;
- it is recommended that acquisitions should take place once a year, at the end of the shareholders'meeting, in the form of a block purchase for all Board members carried out through the Company;
- shares must be retained for at least six months after the end of a Board member's term of office;
- the Chairman, Managing Partners and the Autorité des Marchés Financiers must be informed of any transactions in shares within five days of their completion.

5) **Existence of an Audit Committee**: its task is to prepare the Board meetings for areas within its expertise.

***

The Supervisory Board meets regularly to review the financial position and operations of the Company and its subsidiaries, the annual and interim financial statements, the outlook for each of the business activities and the Group's strategy. It also defines an annual schedule for the coming year's meetings: at least four are planned for 2009. During 2008, the Supervisory Board met four times, in March, June, September and December, with an attendance rate of 67% at the March meeting, 71% at the June meeting, 71% for the September meeting and 64% for the December meeting.

The meetings of March and September were held primarily to examine the Parent Company and consolidated financial statements and to examine the general position and strategic outlook for the business; like other meetings, they were preceded by an Audit Committee meeting. The March meeting also involved preparatory work for the annual general meeting, finalized its report to shareholders and proposed to the shareholders that they renew the terms of three members of the Supervisory Board and nominate three new members. The June and December meetings were respectively held to hear a presentation on the “entertainment” business, part of the Lagardère Active division, and on the book publishing division specifically concerning digital development, distribution and international operations (presentations led by teams from these companies).

*Audit Committee*

The Audit Committee is chaired by Mr. Raymond H. Lévy and includes Mr. François David, Mr. Helman Le Pas de Sécheval, Mr. Christian Marbach, Mr. Bernard Mirat and Mr. Didier Pineau-Valencienne. More than two-thirds of the members are independent. The meetings are open to the Statutory Auditors.

In application of its internal rules, it meets at least four times a year and its tasks include the review of:

- the accounts, to ensure the continuity of the methods, quality, exhaustiveness and fairness of the financial statements;
- the existence and proper operation of the internal control procedures, especially in terms of risk exposure;
- more specifically, as regards the internal audit of the Company, its business activities, audit plan, organization, operation and its outcomes;
- the agreements between the Group and the senior managers of Lagardère SCA.

The members of the Audit Committee hear the Group’s principal senior managers, and the Statutory Auditors present a summary of their work to the Committee.

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

The Audit Committee met four times during the financial year, in March, June, July and November 2008.

These four half-day meetings were attended by all Committee members (with the exception of one who was excused from the March 2008 meeting, and one who was excused from the November 2008 meeting). In addition to the annual and half-yearly financial statements, the Committee reviewed the activities of the Internal Audit Division and the internal control system, and heard a presentation by one of the Managing Partners which included current and future analysis of Lagardère Sports and the accounts of Lagardère Capital & Management (LCM). At this time, among other issues the Committee reviewed changes in compensation for the Managing Partners and the Management Committee, their membership and its variability criteria which were not the subject of particular comment on its part.

These meetings took place in the presence of the Chief Financial Officer, the Central Accountancy Director (at the meetings reviewing the annual and half-yearly financial statements), the Group’s Legal Director (at the meeting reviewing legal risk management), the Director of Management Controls, the Director of Internal Audit, and the Statutory Auditors.

When the Audit Committee reviews the financial statements, the Chief Financial Officer gives a presentation of risk exposure and significant off balance sheet commitments.

The members of the Audit Committee reserve the right to hear the Statutory Auditors outside the presence of the members of the Board.

## COMPLIANCE WITH FRENCH CORPORATE GOVERNANCE REGULATIONS AFEP - MEDEF

The Company has applied Corporate governance principles such as those currently consolidated in the AFEP-MEDEF Corporate Governance Code for Listed Companies as amended in December 2008. This appears on the company’s website under the Corporate Governance heading.

As stated in the code’s preamble, because most of its recommendations were established with reference to public limited companies with boards of directors, it is appropriate that public limited companies with a management board and a supervisory board as well as limited partnerships with shares make necessary adaptations. Note that partnership principles anticipate a clear separation of powers between the Managing Partners, who manage the company (and through it the general partners, who are indefinitely liable for the company’s debts), and the Supervisory Board which only conducts a retroactive management review, in which it is not involved.

Thus, given Lagardère’s specificities in terms of French law and its own by-laws as a limited partnership with shares, the Board adopted an organization which seemed appropriate to the nature of the duties assigned to it under law and the work recommended under the AFEP-MEDEF code out of its concern for good governance.

Below are comments on several recommendations which are not applicable in this regard and those which where not applied until recently, but which the Board decided to adopt.

## A INDEPENDENCE OF BOARD MEMBERS

Given its oversight mission, the Board considered it necessary to be composed of a majority of independent members (see II.1 above) although for "controlled" companies the Code recommends that one-third of the members be independent.

Accordingly, the position of each member was reviewed with regard to the various "criteria" set forth in the AFEP-MEDEF Code, criteria viewed as the baseline analysis grid.

It also considered:

- that the criterion for employment situations does not hinder Ms. Chêne's independence, given that her duties as union representative to the Group Committee enjoy a protected legal status. On the other hand, this criterion was normally applied to Mr. R.H. Lévy;
- that the criterion for seniority in office if greater than twelve years, directed at Mr. Mirat, does not hinder his independence and on the contrary is an asset in an oversight role;
- that being or having been a member of the Board of Directors or the Supervisory Board of a company consolidated by Lagardère SCA or a company in which a Lagardère SCA company manager holds a non-executive office does not taint the independence of Mr. François David, director of EADS from 2004 to 2007 nor of Mr. Pierre Lescure, member of the Supervisory Board of Le Monde SA, where Mr. Pierre Leroy, co-managing partner of Lagardère SCA is also seated.

## B TERMS OF OFFICE

For a Supervisory Board whose members should have significant experience in the company's business, a six-year term seems entirely appropriate whereas the Code recommends a four-year term. Given the number of members, this six-year term further permits the renewal of one-third of the Board members every two years.

## C ORGANIZATION OF THE BOARD

Because the Supervisory Board's essential task is to control the management and accounts of the Company, it established an Audit Committee composed of six people (of whom five were deemed independent under the rules set forth above) which is responsible for preparing the Board's meetings within the principal areas of accounting, finance and audits.

Given the implementation of a system which results in the renewal of one-third of its members every two years, it was determined that a Nominations Committee was not required, as the Board itself could perform the corresponding work.

Lastly, given its specificities in terms of French law and its own by-laws as a limited partnership, and given that the senior managers are compensated by LCM, a third-party company under a management agreement entered into with the Group, the Board determined that the establishment of a Compensation Committee is not currently applicable. However, applicability of the regulated agreement regime to the management agreement and the Board's detailed monitoring led it to ask the Audit Committee to present an annual breakdown of LCM's financial statements pertaining to this activity. This monitoring consequently led the Committee to review in detail the development and composition of applicable compensation, composed mainly of LCM expenses, and to report this action to the Board along with any opinions it may decide to give.

## D OPERATION OF THE BOARD

To date the Board has not found it desirable to implement an evaluation process for its operation. However, given the growing importance of the work for which it and the Audit Committee are responsible under current regulations, reflected in the growing number of meetings, the Supervisory Board decided to implement a formal self-evaluation method starting in 2009, in particular to assess the preparation and quality of its work and that of its Committee.

## E COMPENSATION OF THE SUPERVISORY BOARD

A proposal will be made at a future Board meeting to change the way in which attendance fees are distributed in order to take into account the actual participation of Board members in its meetings and in meetings of its Audit Committee.

## SPECIFIC CONDITIONS CONCERNING SHAREHOLDER PARTICIPATION IN THE GENERAL MEETING

These appear in the by-laws (articles 19 to 22), the basics of which are covered in Chapter 8.2.6 of the reference document under General Meetings. The company's by-laws appear on its website under the Investor Relations/ Regulated Information/11 - Lagardère SCA by-laws.

## INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY THE COMPANY

The Lagardère SCA Reference Document presents all information concerning internal control and risk management procedures in force within Lagardère SCA.

A working group formed with the Lagardère Group Finance Division, the Audit Division and the Legal Division was set up to establish a methodology for presenting internal control and risk management procedures in the Reference Document and to monitor their application.

In this context, each division head in the Group has been asked to draw up a brief description of their own internal control and risk management procedures, following predefined specifications and with the relevant supporting documents. I have been able to examine the corresponding reports.

Based on the various documents reviewed by this working group, the internal control and risk management procedures currently in place within the Group appear consistent with the description provided in section 7.4.3 of the Reference Document for 2008.

The working group gave regular presentations and reports on its work to the Audit Committee.

Please note that the internal control and risk management procedures used at EADS N.V. are described in the Registration Document of EADS N.V. and that Canal+ France is subject to the internal control procedures of Vivendi, which are described in the latter's Reference Document. Therefore they are not included in Lagardère SCA's Reference Document.

***The Chairman of the Supervisory Board***

# CHAPTER 5

## Reports of the Statutory Auditors

## 5 Reports of the Statutory Auditors

## 5 - 1 STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the year ended December 31st 2008, 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 the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position and assets and liabilities of Lagardère SCA, as of December, 31st 2008, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

### II JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the 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 were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

### III SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed the specific verifications required by law.

We have no matters to report regarding:

- the fair presentation and the conformity with the financial statements of the information given in the Management's report, and in the documents addressed to the shareholders with respect to the financial position and the financial statements;
- the fair presentation of the information provided in the Management's report in respect of remuneration granted to certain members of the management bodies and any other commitments made in their favor in connection with, or subsequent to, their appointment, termination or change in function.

In accordance with the law, we have verified that the management report contains the appropriate disclosures regarding acquisitions of investments and controlling interests and the identity of shareholders.

Courbevoie and Neuilly-sur-Seine, on 23 March 2009

***The Statutory Auditors***

| Ernst & Young et Autres | Mazars |
|---|---|
| Jean-François Ginies | Bruno Balaire |

## 5 - 2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders:

In compliance with the assignment entrusted to us by your Shareholders' meeting, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying consolidated financial statements of Lagardère SCA, as attached to this report;
- the justification of our assessments;
- the specific verification required by French law.

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

### I OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, by audit sampling and other selective testing methods, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management, and the overall financial statements presentation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and, liabilities and of the financial position of the persons and entities that constitute the consolidated Group and of the results of its operations in accordance with International Financial Reporting Standards as adopted by the European Union.

### II JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- As specified in Note 3.10 to the consolidated financial statements, at least once per year the Lagardère group performs a test on the depreciation of the intangible fixed assets and on acquisition goodwill for the Media section. We have assessed the assumptions used within the scope of the determination of the recoverable value of these assets for the purpose of comparison with their book value. This recoverable value is assessed notably on the basis of the cash flow forecasts that were drawn up by each branch of the Group at the end of 2008. We assessed the reasonable nature of the information included in the notes to the consolidated financial statements with respect to the cash flow forecasts used.
- Note 27.3 to the consolidated financial statements sets out the treatment used by the Lagardère group for the booking of the Mandatory Exchangeable Bonds (ORAPA) and its embedded derivative, although the IFRS standard as adopted by the European Union requires, at each closure, acknowledgment on the income statement of the correct valuation of this particular instrument. We have assessed the impact of this treatment, which is based on the overall characteristics of the ORAPA issue, as well as the related information provided in the notes to the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and, therefore, contributed to our audit opinion expressed in the first part of this report.

### III SPECIFIC VERIFICATION

We have also verified the information given in the group management report as required by French law.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, 23 March 2009

***The Statutory Auditors***

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|---|---|
| Ernst & Young et Autres | Mazars |
| Jean-François Ginies | Bruno Balaire |

## 5 - 3 STATUTORY AUDITORS'REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Dear Partners,

In our capacity as Statutory Auditors of your company, we hereby present our report on related-party agreements and commitments.

We are not required to ascertain whether any other agreements or commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were informed. It is not our role to determine whether they are beneficial or appropriate. It is your responsibility, pursuant to Article R.226-2 of the French Commercial Code, to assess the merit of these agreements and commitments with a view to approving them.

*No notification received of any agreement or commitment*

We have not been informed of any agreement or commitment authorized during the year that is subject to the provisions of article L.226-10 of the French Commercial Code.

*Agreements and commitments approved in previous years which were applicable during the period*

In addition, in accordance with the French Commercial Code, we have been informed of the following agreements and commitments, which were approved during previous years and were applicable during the period:

### LAGARDÈRE CAPITAL & MANAGEMENT

*Service agreements*

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 reorganizations 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.

*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.

The 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 2008, the amount billed by Lagardère Capital & Management amounted to €18,899 thousand euros including an expense of €3,441 thousand euros for the additional pension plan, compared to €19,343 thousand euros (including an expense of €3,591 thousand euros for the additional pension plan) in 2007.

We carried out the procedures that we considered necessary in accordance with the auditing standards issued by the French national institute of Statutory Auditors in relation to this type of engagement. These procedures involved verifying that the information provided to us is consistent with the documents from which it is derived.

Neuilly-sur-Seine and Courbevoie, March 23, 2009

***The Statutory Auditors***

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| Ernst & Young et Autres | Mazars |
| Jean-François Ginies | Bruno Balaire |

## 5 - 4 STATUTORY AUDITORS'REPORT ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF LAGARDÈRE S.C.A. IN ACCORDANCE WITH ARTICLE L.226-10-1 OF THE FRENCH COMMERCIAL CODE (CODE DE COMMERCE)

To the Shareholders,

In our capacity as Statutory Auditors of Lagardère S.C.A., and following the request made to us, we hereby report on the report prepared by the chairman of your company's supervisory board on internal control procedures for the year ended 31 December 2008.

It is the responsibility of the chairman to prepare and submit for the supervisory board's approval a report on internal control and risk management procedures implemented by the company in accordance with Article L. 225-68 of the French Commercial Code.

***Our role is to report on the information contained in the chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information.***

We conducted our work in accordance with professional standards applicable in France.

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the chairman of the supervisory board.

Courbevoie and Neuilly-sur-Seine, 23 March 2009

***The Statutory Auditors***

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| Ernst & Young et Autres | Mazars |
| Jean-François Ginies | Bruno Balaire |

## 5 - 5 REPORT OF THE STATUTORY AUDITORS ON THE ISSUE OF SHARES OR OTHER EQUITY SECURITIES WITH OR WITHOUT MAINTENANCE OF PREFERENTIAL SUBSCRIPTION RIGHTS

Dear Partners,

As Statutory Auditors to your company and in accordance with the engagement provided for in the French Commercial Code, particularly by articles L. 225-135, L.225-136 and L.228-92, we have prepared this report on the proposal to make delegations to the Managing Partners regarding different issues of ordinary shares and equity securities, operations which you are called on to approve.

Your Managing Partners propose, on the basis of their report:

- that you delegate to them, for a period of 26 months, the authority to decide to carry out the following operations and to set the definitive conditions of these issues and propose, if applicable, to waive your preferential subscription rights:
  - issue of ordinary shares or other securities giving or which could give access to the share capital of the company by any manner including entitlement to the allocation of debt securities, with maintenance of preferential subscription rights, up to a maximum of 37.5% of the share capital (7th resolution),
  - issue of ordinary shares or other securities giving or which could give access to the share capital of the company by any manner including entitlement to the allocation of debt securities, without maintenance of preferential subscription rights, up to a maximum of 25% of the share capital and, in case of issue without pre-emption rights, up to a maximum of 18.75% of the share capital (8th resolution),
  - issue of ordinary shares and securities giving access to the share capital of the company, the event of a public exchange offer launched by your company (10th resolution), up to a maximum of 37.5% of the share capital.
  - issue of ordinary shares and securities giving access to the share capital of the company with a view to remunerating non-cash contributions made to the company, such contributions being comprised of equity securities or securities giving access to share capital (10th resolution), up to a maximum of 10% of the share capital.

The total nominal amount of capital increases that could be carried out, immediately or at a future date, under these resolutions, cannot exceed a ceiling of 37.5% of the current share capital for the 7th and 10th resolutions and 25% of the current share capital for the 8th resolution, within the ceiling of 37.5% of the current share capital provided for in the 11th resolution. The nominal amount of the debt securities that could be issued cannot exceed 2,500,000,000 euros for the 7th, 8th, 10th and 11th resolutions.

The number of securities to be created in the context of implementing the delegations referred to in the 7th and 8th resolutions can be increased in accordance with the conditions provided for by article L. 225-135-1 of the French commercial code if you adopt the 9th resolution, within the limit of the ceiling set by the 11th resolution.

It is the Managing Partners'role to prepare a report in accordance with the provisions of articles R. 225-113, R.225-114 and R. 225-117 of the French commercial code. Our role is to report to you on the fairness of the financial information extracted from the financial statements, on the proposal to waive your preferential subscription rights and on certain other information concerning these operations provided in this report.

We carried out the procedures that we considered necessary in accordance with the auditing standards issued by the French national institute of Statutory Auditors in relation to this type of engagement. These procedures involved verifying the content of the report prepared by the Managing Partners in respect of these transactions and the manner of determination of the issue prices of the equity securities to be issued.

Subject to reviewing at a future date the conditions of any issues as may be decided upon, we have no matters to report regarding the manner of determination of the issue prices of the equity securities to be issued set out in the Managing Partners'report in respect of the 8th resolution.

In addition, as this report does not specify the manner of determination of the issue prices of the equity securities to be issued in the context of implementing the 7th and 10th resolutions, we cannot give our opinion on the choice of the components for the calculation of the issue price.

As the issue price for these equity instruments has not been set, we do not express an opinion on the final conditions under which the issues will be carried out and, as a result, on the proposal made to you in the 8th resolution to waive your preferential subscription rights.

Pursuant to Article 225-116 of the French commercial code, we will prepare an additional report, if required, at such time as your Managing Partners makes use of these authorisations in the case of issues with cancellation of preferential subscription rights and issues of instruments giving access to the share capital.

Neuilly-sur-Seine and Courbevoie, 23 March 2009

***The Statutory Auditors***

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|---|---|
| Ernst & Young et Autres | Mazars |
| Jean-François Ginies | Bruno Balaire |

## 5 - 6 STATUTORY AUDITORS'REPORT ON THE INCREASE IN CAPITAL WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS RESERVED FOR COMPANY EMPLOYEES WHO ARE MEMBERS OF A COMPANY SAVINGS SCHEME

To the Shareholders,

In our capacity as Statutory Auditors of your company and in compliance with Articles L. 225-135 et sqq. of French company law (Code de commerce), we hereby report on the proposed delegation of authority to the Management to decide on an increase in capital through the issue of shares with cancellation of preferential subscription rights, on which you are called to vote. This increase in capital is limited to 3% of the current share capital of your Company and is reserved for the employees who are members of the group savings scheme.

This increase in capital is submitted for your approval in accordance with Articles L. 225-129-6 of French Commercial Code and L. 3332-18 et sqq. of French labour law.

Your Management proposes that, on the basis of its report, it be empowered for a period of 26 months to decide on one or more increases in capital, and proposes to cancel your preferential subscription rights. If need be, it will be its responsibility to determine the final conditions of issue for this operation.

In accordance with Articles R. 225-113 and R. 225-114 of French Commercial Code, it is the responsibility of your Management to prepare a report. It is our responsibility to report on the fairness of the financial information taken from the accounts on the proposed cancellation of the preferential subscription rights, and on other specific information relating to the issue contained in this report.

We performed those procedures we considered necessary to comply with the professional guidance of the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this engagement. These procedures consisted in verifying the information contained in the Management's Report relating to this operation and the methods used for determining the issue price.

Subject to a subsequent examination of the conditions for the proposed increase or increases in capital, we have nothing to report on the methods used for determining the issue price provided in the Management's Report.

As the issue price has not yet been determined, we cannot report on the final conditions for the increase or increases in capital and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of French Commercial Code, we shall issue a supplementary report when the increase in capital has been performed by your Management.

Courbevoie and Neuilly-sur-Seine, 23 March 2009

***The Statutory Auditors***

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|---|---|
| Ernst & Young et Autres | Mazars |
| Jean-François Ginies | Bruno Balaire |

## 5 - 7 STATUTORY AUDITORS'REPORT ON FREE GRANTS OF NEW OR EXISTING SHARES TO THE COMPANY'S EMPLOYEES AND SENIOR MANAGERS

Dear Partners,

As Statutory Auditors to your company and in accordance with the engagement provided for by Article L. 225-197-1 of the French commercial code, we hereby present our report on the proposal to make free grants of new or existing shares to employees and senior managers – or to certain such individuals - of Lagardère SCA or of companies or groupings that are related to it under the conditions provided for in Article L. 225-197-2 of the French commercial code, up to a maximum limit of 0,5% per year of your company's current share capital.

This grant will be made within the limit of the ceiling referred to in the 16th resolution.

Your Managing Partners propose that you delegate to them the authority to make free grants of new or existing shares. It is the Managing Partners'role to prepare a report on the operation with which it wishes to proceed. Our role is to inform you on any matters we may have to report on the information thus provided to you in respect of the envisaged operation.

We carried out the procedures that we considered necessary in accordance with the auditing standards issued by the French national institute of Statutory Auditors in relation to this type of engagement. These procedures involved verifying in particular that the conditions envisaged and set out in the Managing Partners'report are in line with the provisions of applicable legislation.

We do not have any matters to report concerning the information provided in the Managing Partners'report concerning the envisaged free share grant operation.

Neuilly-sur-Seine and Courbevoie, 23 March 2009

***The Statutory Auditors***

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|---|---|
| Ernst & Young et Autres | Mazars |
| Jean-François Ginies | Bruno Balaire |

## 5 - 8 STATUTORY AUDITORS' REPORT ON THE PROVISION OF STOCK SUBSCRIPTION OPTIONS AND/OR STOCK PURCHASE OPTIONS TO ITS EMPLOYEES AND SENIOR MANAGERS AND TO EMPLOYEES OF RELATED COMPANIES WITHIN THE MEANING OF ARTICLE L.225-180 OF THE FRENCH COMMERCIAL CODE

Dear Partners,

As Statutory Auditors to your company and in accordance with the engagement provided for by Article L. 225-177 of the French commercial code and by article R.225-144 of the French commercial code, we hereby present our report on the provision of stock subscription options and/or stock purchase options to employees and senior managers – or to certain such individuals – of the company and to employees of companies which are directly or indirectly related to it within the meaning of article L.225-180 of the French Commercial Code, up to a maximum limit of 1,5% per year of the number of shares composing your company's current share capital.

It is the Managing Partners'role to prepare a report setting out the reasons for the provision of the stock subscription options and/or stock purchase options and the proposed conditions for setting the subscription or purchase price. Our role is to report to you on our opinion on the conditions proposed for setting the subscription or purchase price.

We carried out the procedures that we considered necessary in accordance with the auditing standards issued by the French national institute of Statutory Auditors in relation to this type of engagement. These procedures involved verifying that the proposed conditions for setting the subscription or purchase price are included in the report of the Managing Partners, that they comply with the provisions of applicable legislation and regulations, are of a nature to enlighten the partners and do not appear to be manifestly inappropriate.

We do not have any matters to report concerning the proposed conditions.

Neuilly-sur-Seine and Courbevoie, 23 March 2009

***The Statutory Auditors***

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|---|---|
| Ernst & Young et Autres | Mazars |
| Jean-François Ginies | Bruno Balaire |

## 5 - 9 REPORT OF THE STATUTORY AUDITORS ON THE PROPOSED REDUCTION IN CAPITAL BY MEANS OF THE CANCELLATION OF SHARES PURCHASED

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Article L.225-209, paragraph 7 of French Commercial Code in respect of a reduction in capital by the cancellation of shares purchased, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

We performed those procedures we considered necessary to comply with the professional guidance of the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this engagement. These procedures consisted in verifying whether the causes and conditions of the proposed reduction in capital are fair.

This operation involves the purchase by your Company of its own shares, representing an amount not in excess of 10% of its total capital, in accordance with Article L. 225-209 of French Commercial Code. Moreover, this purchase authorization is proposed to your shareholders' meeting for approval and would be given for a period of 18 months.

Your Management requests that it be empowered for a period of four years to proceed with the cancellation of own shares that the Company was authorized to purchase, representing an amount not exceeding 10% of its total capital for a period of 24 months.

We have nothing to report on the causes and conditions of the proposed reduction in capital, which can be performed only after your shareholders' meeting has already approved the purchase by your Company of its own shares.

Courbevoie and Neuilly-sur-Seine, 23 March 2009

***The Statutory Auditors***

| Ernst & Young et Autres | Mazars |
|---|---|
| Jean-François Ginies | Bruno Balaire |

## 5 - 10 REPORT OF THE STATUTORY AUDITORS ON THE ISSUE OF SECURITIES GIVING RIGHT TO THE ALLOTMENT OF DEBT SECURITIES

To the Shareholders,

In our capacity as Statutory Auditors of your Company, and in compliance with Article L. 228-92 of French company law (Code de commerce), we hereby report on the proposed delegation of authority to the Management to decide on an issue of securities giving right to the allotment of debt securities, for a maximum amount of €2,500,000,000, upon which you are called to vote.

Your Management proposes that, on the basis of its report, it be empowered for a period of 26 months, to decide on this operation. Should the case arise, it will be its responsibility to determine the final conditions for the issue.

Your Management is responsible for preparing a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of French Commercial Code. It is our responsibility to report on the fairness of the financial information taken from the accounts and on other specific information provided in this report relating to the issue.

We performed those procedures we considered necessary to comply with the professional guidance of the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this engagement. These procedures consisted in verifying the content of the Management's Report relating to this operation.

As the final conditions of this issue have not yet been determined, we do not express an opinion on the final conditions under which the issue is to be carried out.

In accordance with Article R. 225-116 of French Commercial Code, we shall draw up an additional report, if need be, when your Management has exercised this authority.

Courbevoie and Neuilly-sur-Seine, 23 March 2009

***The Statutory Auditors***

| | |
|---|---|
| Ernst & Young et Autres | Mazars |
| Jean-François Ginies | Bruno Balaire |

# CHAPTER 6

## Draft resolutions

## FIRST RESOLUTION

***Approval of the Parent Company's financial statements for the year ended 31 December 2008***

The Ordinary General Meeting, being informed of reports of the Managing Partners, the Supervisory Board and the Statutory Auditors on their control and verification role, hereby approves such reports in their entirety and the Parent Company's financial statements for the financial year ended 31 December 2008 as prepared and presented, which show corporate earnings of €491,335,219.23.

Consequently, it 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 the financial year.

## SECOND RESOLUTION

***Approval of the consolidated financial statements***

The Ordinary General Meeting, being informed of the reports of the Managing Partners, Supervisory Board and the Statutory Auditors on the consolidated financial statements for the financial year ended 31 December 2008, hereby approves the consolidated financial statements as prepared and presented, which show net profit attributable to equity holders of the parent of €593 million.

## THIRD RESOLUTION

***Allocation of profit, setting of the ordinary dividend at €1.30 per share***

| | *(in euros)* |
|---|---:|
| The Ordinary General Meeting hereby notes that the company earnings for the financial year are equal to | €491,335,219.23 |
| taking into account retained earnings carried forward from prior years of | €749,598,810.17 |
| resulting in distributable profit equal to | €1,240,934,029.40 |

From this amount, pursuant to the provisions of the Articles of Association, it resolves to pay €5,933,060 (equal to 1% of allocable income) to the general partners by preferential right, such dividend being eligible for the 40% reduction under article 158.3.2 of the General Tax Code available to individual shareholders who are subject to income tax in France.

On the recommendation of the Managing Partners, it resolves to:

- pay an annual dividend of €1.30 per share, it being specified that treasury shares on the coupon detachment date shall not have the right to such dividends;
- carry the balance forward to retained earnings once it is established by the Managing Partners.

The dividend shall be payable by check or bank transfer as of 7 May 2009 to holders of registered shares or their authorized representatives.

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

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

| *(in euros)* | **2005** | **2006** | **2007** |
|---|---:|---:|---:|
| Dividends paid to shareholders | | | |
| *Per-share dividend* | *1.10* | *1.20* | *1.30* |
| *Total dividend* | *153,613,313.70* | *160,422,984.00* | *169,167,116.30* |
| Dividend paid to general partners | 6,697,620.00 | 2,913,680.00 | 5,341,290.00 |
| **Total** | **160,310,933.70** | **163,336,664.00** | **174,508,406.30** |

### FOURTH RESOLUTION

*Approval of regulated agreements*

The Ordinary General Meeting, having heard the special report of the Statutory Auditors on agreements covered by article L.226-10 of the Commercial Code, approves this report in its entirety and notes that no such agreements were entered into in the financial year just ended.

### FIFTH RESOLUTION

*Voting of powers to the Managing Partners for a period of 18 months to handle shares in the company*

The Ordinary General Meeting, having knowledge of the Managing Partners report and pursuant to legal provisions, authorizes the Managing Partners to purchase a number of Lagardère SCA shares representing up to 10% of the current share capital for a maximum amount of five hundred million (500,000,000) euros under the terms and conditions set forth below.

The maximum purchase price shall not exceed 60 euros per share. If applicable, this amount will be adjusted to take account of equity transactions, in particular capitalization of reserves, profits or premiums and allocations of free shares or stock or reverse stock splits.

The Managing Partners may use this authorization for the following purposes in particular:

- to reduce capital stock by cancelling all or part of the shares purchased, as authorized by this general meeting;
- to allocate shares to holders of options exercising their right to purchase shares;
- to allocate free shares to employees of the Company and its related companies;
- to allocate shares to employees of the Company as part of the profit-sharing scheme;
- any other allocation of shares to employees of the Company and its related companies in compliance with applicable laws and regulations.
- to ensure liquidity and regulation of the market in Company shares through market maker agreements with an independent investment services provider, whereby the terms and conditions of such agreements comply with a code of professional conduct recognized by the Autorité des Marchés Financiers;
- to retain treasury shares for subsequent exchange or use as payment in future expansion through acquisition (up to a limit of 5% of the capital stock for exchanges conducted in the scope of a merger, spin-off or contribution of assets);
- to transfer or exchange shares in response to the exercise of the rights attached to securities which grant, in any manner whatsoever, a right to the allocation of shares in the Company;
- and, more generally, to effect transactions in accordance with current regulations and in particular with the market practices accepted by the Autorité des Marchés Financiers.

The above shares may be purchased, sold or otherwise transferred at any time, in compliance with current laws and regulations, by any means, including private transactions, the purchase or sale of blocs of shares or the use of derivative products or option strategies.

The General Meeting grants the Managing Partners all powers to decide, under the terms and conditions set by law, to implement this authorization, enter into any agreements, carry out all formalities and, generally, do whatever may be appropriate or necessary to execute this resolution.

This authorization is given to the Managing Partners for a period of 18 months as of this Meeting. It terminates and replaces the authorization given on 27 April 2007.

### SIXTH RESOLUTION

*Voting of powers for a period of twenty-six months to issue securities which only give or will only give access, immediately or in the future, to debt instruments and/or to a fraction of the capital stock to be issued of companies other than lagardère, up to a limit of 2.5 Billion euros for the resulting borrowings.*

The Extraordinary General Meeting, having knowledge of the reports of the Managing Partners and the special report of the Statutory Auditors and pursuant to the provisions of articles L.225-129-2 and L.228-91 et seq. of the Commercial Code:

- authorizes the Managing Partners to carry out, on one or more occasions, in the proportions and at the times it considers appropriate, whether in France or abroad, the issue of any securities which only give and/or shall only give the right to the allocation of debt securities and/or shares to be issued of companies other than Lagardère SCA, whether immediately or in the future, through conversion, exchange, redemption, presentation of a warrant or by any other means;

- resolves that the nominal amount of debt securities likely to be issued under this authorization shall not exceed [two billion five hundred million (2,500,000,000) euros or the equivalent amount in the case of issue in foreign currency or units of account established in reference to several currencies;
- resolves that the Managing Partners shall have full powers to implement this delegation of authority, in particular:
  – to determine the price and terms of issues, set the amounts to be issued, set the dates and procedures for issue, the form and features of the securities to be issued and the shares to which they shall or may give right and, in particular, their category, their date of entitlement to dividend rights even if retroactive, the terms of their exercise, the method of paying up, the terms and conditions of their repayment or their expected redemption;
  – when necessary, to anticipate the conditions for buying back shares on the stock exchange, with the possibility of suspending exercise of the allocation rights which may be attached to them for a period not to exceed three months;
  – to perform all required formalities necessary for the shares to be listed on the stock market;
  – and generally speaking, to enter into any agreements, make all commitments and do everything appropriate or necessary to ensure the success of the planned issues.
- resolves, for the debt securities issued or to be issued, that the Managing Partners shall have full authority to determine, in particular, whether they will be subordinated or non-subordinated, to set their interest rates, their term, their repayment price, whether fixed and/or variable, with or without premium, their redemption methods based on market conditions, and the terms by which will give or may give the right to allocation of debt securities held with regard to the issuing company and/or shares of companies other than the issuing company.

This authorization is given to the Managing Partners for a period of 26 months as of this Meeting. It terminates and replaces the authorization given on 27 April 2007.

## SEVENTH RESOLUTION

***Voting of powers to the Managing Partners for a period of twenty-six months to issue securities with pre-emptive subscription rights giving access to the company's capital stock up to the limit of 37.5% Of current stock capital (around 300 million euros) for increases in capital stock and 2.5 Billion euros for debt securities.***

The Extraordinary General Meeting, having knowledge of the reports of the Managing Partners and the Supervisory Board and the special report of the Statutory Auditors and pursuant to the provisions of articles L.225-129-2 and L.228-92 of the Commercial Code:

- authorizes the Managing Partners to increase the capital stock, on one or more occasions, in the proportions and at the times it considers appropriate, whether in France or abroad, of the Company's common stock or any other securities which give or may give access to the Company's capital stock by any means, particularly through debt securities, immediately or in the future.
- resolves that the total amount of increases in capital stock likely to be made immediately or in the future shall not exceed a nominal value of 37.5% of current capital stock (around 300,000,000 euros);
- further resolves that the nominal amount of debt securities likely to be issued under this delegation of authority shall not exceed two billion five hundred million - 2,500,000,000 - euros or the equivalent amount in the case of issue in foreign currency or units of account established in reference to several currencies;
- resolves that, in accordance with law, the shareholders shall have pre-emptive subscription rights to the securities issued under this delegation of authority.
- resolves that, if subscriptions as of right and, if applicable, subscriptions on a contingent basis do not cover all of the shares to be issued, the Managing Partners may, in addition to the possibilities provided for by law, offer the public all or part of the securities not subscribed for.

Pursuant to the aforementioned legal provisions, the Managing Partners shall have full authority to set the terms and conditions for the issues, to record the resulting increases in capital stock and amend the by-laws accordingly.

This authorization is given to the Managing Partners for a period of twenty-six months as of this Meeting. It terminates and replaces the authorization given on 27 April 2007.

### EIGHTH RESOLUTION

***Voting of powers to the Managing Partners for a period of twenty-six months to issue securities without pre-emptive subscription rights giving access to the company's capital stock up to the limit of 25% of current capital stock (around 200 million euros) for increases in capital stock and 2.5 Billion euros for debt securities.***

The Extraordinary General Meeting, having knowledge of the reports of the Managing Partners and the Supervisory Board and the special report of the Statutory Auditors and pursuant to the provisions of articles L.225-129-2, L.225-135, L.225-136 and L.228-92 of the Commercial Code:

- authorizes the Managing Partners to increase the capital stock, on one or more occasions, in the proportions and at the times it considers appropriate, whether in France or abroad, of the Company's common stock or any other securities which give or may give access to the Company's share capital by any means, particularly through debt securities, immediately or in the future;
- resolves that the total amount of increases in capital stock likely to be made immediately or in the future shall not exceed a nominal value of 25% of current capital stock (around two hundred million -200,000,000 – euros), or 18.75% (around one hundred and fifty million – 150,000,000 – euros) in issues made without priority rights;
- further resolves that the nominal amount of debt securities likely to be issued under this delegation of authority shall not exceed two billion five hundred million - 2,500,000,000 - euros or the equivalent amount in the case of issue in foreign currency or units of account established in reference to several currencies;
- resolves to abolish the shareholders'pre-emptive subscription rights to the securities issued under this delegation of authority, it being understood that the Managing Partners may set a subscription priority period in favor of the shareholders for all or part of the issue to be set in accordance with the legal provisions;
- resolves that the issue price of shares to be issued shall not be less than the price provided for by regulatory provisions, i.e. the weighted average of the listed prices for Lagardère SCA shares during the three trading sessions prior to setting the price, possibly reduced by a maximum 5% discount; in the case of issues of securities giving immediate or future access to Company shares, their issue price shall be calculated so that the amount immediately received by the Company, increased if applicable by amounts it receives subsequently is, for each share issued in the scope of the applicable issue, at least equal to the minimum price provided for under legal provisions and as set forth above.

Pursuant to the aforementioned legal provisions, the Managing Partners shall have full authority to set the terms and conditions for the issues, to record the increases in capital stock which result and to amend the by-laws accordingly.

This authorization is given to the Managing Partners for a period of twenty-six months from this Meeting. It terminates and replaces the authorization given on 27 April 2007.

### NINTH RESOLUTION

***Voting of powers to the Managing Partners to increase the amount of issues decided upon in case of surplus demand***

The Extraordinary General Meeting, having knowledge of the reports of the Managing Partners and the Supervisory Board and the special report of the Statutory Auditors and pursuant to the provisions of article L.225-135-1 of the Commercial Code, authorizes the Managing Partners, upon noting surplus demand for an issue decided upon under the preceding resolution, to increase within 30 days of the close of the subscription period the number of shares by up to 15% of the initial issue and within the limit of the maximum amounts provided under such resolutions, with the issue price of the securities in question remaining unchanged.

### TENTH RESOLUTION

***Voting of powers to the Managing Partners for a period of twenty-six months to issue shares and securities giving access to the company's capital stock in consideration of shares tendered within the scope of a public exchange offer or a contribution in kind up to the limit of 37.5% Of current capital stock (around 300 million euros) for increases in capital stock and 2.5 Billion euros for debt securities.***

- The Extraordinary General Meeting, having knowledge of the reports of the Managing Partners and the Supervisory Board and the special report of the Statutory Auditors:
- authorizes the Managing Partners, pursuant to the provisions of articles L.225-129-2, L.228-92 and L.225-148 of the Commercial Code, to increase the share capital on one or more occasions, in a maximum nominal amount of 37.5% of current capital stock (three hundred million - 300,000,000 - euros), through the issue of shares or securities which give or may give access to the Company's share capital in consideration for shares tendered in a public exchange offer or a mixed offer of stock in another company whose shares are admitted for trading on a regulated market of a

State which is either party to the European Economic Area agreement or a member of the Organization for Economic Co-operation and Development;

- authorizes the Managing Partners, pursuant to the provisions of articles L.225-129-2, L.228-92 and L.225-147 of the Commercial Code, to increase the share capital on one or more occasions, in a maximum nominal amount of 10% of current capital stock (eighty million - 80,000,000 - euros), through the issue of shares or securities which give or may give access to the Company's share capital in consideration for shares tendered in a contribution in kind of capital stock or securities giving access to the capital stock of another company, the aforementioned provisions of article L.225-148 not being applicable;
- resolves to abolish the shareholders'pre-emptive subscription rights to the aforementioned securities;
- further resolves that the nominal amount of debt securities issued, if applicable, under this authorization shall not exceed two billion five hundred million - 2,500,000,000 - euros or the equivalent amount in the case of issue in foreign currency or units of account established in reference to several currencies.

Pursuant to the aforementioned legal provisions, the Managing Partners shall have full authority to set the terms and conditions for the issues, to record the resulting increases in capital stock and to amend the by-laws accordingly.

This authorization is given to the Managing Partners for a period of twenty-six months as of this Meeting. It terminates and replaces the authorization given on 27 April 2007.

### ELEVENTH RESOLUTION

***Overall limit of 37.5% Of current capital stock (around 300 million euros - premiums not included) for increases in capital stock and 2.5 Billion euros for debt securities of issues authorized under the preceding resolutions.***

The Extraordinary General Meeting, having knowledge of the reports of the Managing Partners and the Supervisory Board, and as a consequence the adoption of Resolutions 7, 8, 9 and 10, resolves:

- to set at 37.5% of current capital stock (around three hundred million - 300,000,000 – euros) the maximum nominal amount of increases in share capital, immediate and/or in the future, likely to arise under the authority granted by the above resolutions, it being specified that this nominal amount may be increased by the nominal amount of additional shares to be issued to preserve the rights of existing holders of securities which give the right to Company shares in accordance with law;

and

- resolves that the maximum nominal amount of debt securities likely to be issued under the authorization granted by the above resolutions shall be capped at two billion five hundred million - 2,500,000,000 - euros or the equivalent amount in the case of issue in foreign currency or units of account established in reference to several currencies.

### TWELFTH RESOLUTION

***Voting of powers to the Managing Partners for a period of twenty-six months to increase share capital through capitalization of reserves or premiums and allocation of free shares to shareholders or through an increase in nominal value of existing shares, such amount not to exceed 300 million euros.***

The General Meeting, deliberating in accordance with the quorum and majority requirements for ordinary general meetings, having knowledge of the reports of the Managing Partners and the Supervisory Board and pursuant to the provisions of articles L.225-129-2, L.225-98 and L.225-130 of the Commercial Code:

- authorizes the Managing Partners to increase the share capital, on one or more occasions, up to a maximum nominal amount of 37.5% of current capital stock (around three hundred million - 300,000,000 – euros), such amount to be independent of the cap set in Resolution 11, through capitalization of reserves, profits and/or premiums, and through the creation and allocation of free capital stock to the shareholders or an increase in the par value of existing capital stock or by using a combination of these two methods;
- resolves that the rights to fractional shares shall be neither negotiable nor transferable and that corresponding shares of capital stock shall be sold; the amounts from the sale shall be allocated to the rights holder no later than 30 days after the date the whole number of allocated shares is entered into the rights holder's account.

Pursuant to the aforementioned legal provisions, the Managing Partners shall have full authority to set the terms and conditions for the transactions, to record the resulting increases in capital stock which result and to amend the by-laws accordingly.

This authorization is given to the Managing Partners for a period of twenty-six months as of this Meeting. It terminates and replaces the authorization given on 27 April 2007.

**THIRTEENTH RESOLUTION**

***Voting of powers to the Managing Partners for a period of thirty-eight months to issue stock reserved for lagardère group shareholders within the scope of the group savings plan, up to a limit of 3% of current capital stock.***

The Extraordinary General Meeting, having knowledge of the reports of the Managing Partners and the Supervisory Board and the special report of the Statutory Auditors and pursuant to the provisions of articles L.225-129-2, L.225-138 and L.225-138-1 of the Commercial Code and article L.3332-1 et seq. of the Labour Code:

- authorizes the Managing Partners to increase the capital stock, on one or more occasions, in the proportions and at the times it considers appropriate, whether in France or abroad, of the Company's common stock;
- resolves that the total number of shares which may be issued hereunder shall not be greater than 3% of the number of shares making up the current share capital;
- resolves to abolish the shareholders'pre-emptive subscription rights to shares to be issued for the benefit of employees of the Company and its related companies or partnerships within the meaning of article L.225-180 of the Commercial Code who subscribe for a company savings plan and/or a voluntary contributory employee savings plan for retirement;
- resolves that the subscription price of the shares to be issued shall not exceed the average of the prices quoted in the last twenty stock exchange sessions prior to the date the Managing Partners set to open the subscription period, and shall not be over 20% lower than this average or 30% lower in the event the holding period set forth in the plan pursuant to articles L.3332-25 and 26 of the Labour Code is greater than or equal to ten years; the Managing Partners may reduce the amount of the discount on a case-by-case basis, particularly for certain foreign employees in order to comply with legal and regulatory constraints, especially tax, accounting or social constraints applicable in any country where Lagardère Group companies are located which participate in the applicable capital stock increase;
- authorizes the Managing Partners to make free allocations to employees of Lagardère SCA shares or other securities giving access to shares, issued or to be issued, pursuant to paragraph 2 of article L.3332-22 of the Labour Code;

The General Meeting gives full authority to the Managing Partners, within the limits set forth above, to set the terms and conditions for implementing the increase (s) in share capital and/or allocations which will be decided upon under this delegation of authority, especially to:

- establish criteria which must be met by companies within Lagardère Group's scope of consolidation so that their employees can benefit from the increases in capital stock authorized above;
- set the terms, particularly concerning seniority, which the holders of shares issued or to be issued must fulfill, especially to decide if the shares shall be individually subscribed for by employees who are members of a company savings plan or a voluntary contributory employee savings plan, or through a company investment fund or other structure or entity recognized by applicable legal or regulatory provisions;
- set the terms and conditions of issues and allocations and, in particular, set the number of shares to be issued or allocated, the issue price within the limits established above and the beginning and ending dates of the subscription periods;
- in the case of allocation of free shares or securities giving access to capital, elect to either substitute, in whole or in part, the allocation of these shares to the maximum discounts provided for above for determining the issue price, or to either write off the equivalent value of these securities against the employer's contribution, or to combine the two possibilities;
- record the completion of the increases in the share capital for the amount of the shares actually subscribed for and/or issued, and amend the by-laws accordingly;
- where applicable, write off the corresponding costs of such increase (s) in capital stock against the related premiums and deduct from this amount the sums required to raise the legal reserve to one-tenth of the new capital resulting from such increase in capital stock;
- and in general, do whatever may be appropriate or necessary for the successful execution of the capital increase (s), issues and allocations of securities.

This delegation of authority is given to the Managing Partners for a period of 26 months as of this Meeting. It terminates and replaces the authorization given on 27 April 2007.

### FOURTEENTH RESOLUTION

***Voting of powers to the Managing Partners for a period of thirty-eight months to allocate free shares of the company to employees and senior managers of the company and its related companies.***

The Extraordinary General Meeting, having knowledge of the reports of the Managing Partners and the Supervisory Board and the special report of the Statutory Auditors and pursuant to the provisions of articles L.225-129-2 and L.225-197-1 et seq. of the Commercial Code:

- authorizes the Managing Partners to carry out allocations of free existing or new shares, on one or more occasions, for the benefit of some or all senior managers and employees of the Company and its related companies or partnerships within the meaning of article L.225-197-2 of such code;
- resolves that the total number of shares which may be freely allocated shall not be greater than 0.5% per year of the number of shares making up the current share capital;
- resolves that the total number of shares which may allocated each year to each of Lagardère SCA's executive officers [pursuant to the AFEP-MEDEF recommendations] shall not exceed 0.025% of the number of shares making up the current share capital;
- resolves that the allocation of shares to their beneficiaries shall only vest at the end of a vesting period which shall not be less than two years, except in the event of the beneficiary's death or disability which meets the legal requirements, in which case the shares will be fully vested and freely transferable pursuant to applicable legal provisions;
- resolves that the shares thus allocated shall be held for a period not less than two years from their vesting date, except for beneficiaries who are not French tax residents for whom the vesting period will be set at a minimum four-year period and for which the holding period will be reduced or abolished;
- notes that this authorization automatically entails a waiver by the shareholders of their right to the reserves, profits and premiums that would be incorporated into the capital stock at the end of the vesting period in the case of issues of newly allocated free shares under this resolution;
- gives the Managing Partners the broadest possible authority within the limits set forth above and within the legal limits in force to:
  - determine the beneficiaries;
  - set the terms and, if applicable, the criteria for allocating the shares;
  - if applicable, during the vesting period, make adjustments to the number of shares allocated in the event of equity transactions to preserve the rights of beneficiaries;
  - carry out necessary increases of capital stock through capitalization of reserves, profits and/or premiums;
  - amend the Company's by-laws accordingly;
  - and in general, do whatever may be appropriate or necessary for the implementation of this authorization and, in particular, carry out all filing and registration formalities, to record the resulting increases in capital stock and to update the by-laws accordingly.

This delegation of authority is given to the Managing Partners for a period of thirty-eight months from this Meeting. It terminates and replaces the authorization given on 27 April 2007.

### FIFTEENTH RESOLUTION

***Voting of powers to the Managing Partners for a period of thirty-eight months to allocate share subscription or purchase options of the company to employees and senior managers of the company and its related companies within the meaning of article l.225-180 Of the commercial code.***

The Extraordinary General Meeting, having knowledge of the reports of the Managing Partners, the Supervisory Board and the Statutory Auditors:

- authorizes the Managing Partners, pursuant to the provisions of articles L.225-177 et seq. of the Commercial Code, to grant, on one or more occasions, for the benefit of some or all senior managers and employees of the Company and its related companies within the meaning of article L.225-180 of such code, options giving the right to purchase existing shares and/or subscribe for new Company shares;
- resolves that the total number of options granted each year under this authorization shall not give the right to purchase and/or subscribe for a number of shares greater than 1.5% of the number of shares making up the current share capital;
- resolves that the total number of options which may be granted each year to each of Lagardère SCA's executive officers pursuant to AFEP-MEDEF recommendations shall not give the right to purchase and/or subscribe for a number of shares greater than 0.075% of the number of shares making up the current share capital;

- resolves that the expiry dates for the options shall not exceed 10 years from the date the options are allocated by the Managing Partners;
- resolves, in accordance with law, that for the benefit of the holders of subscription options this authorization entails an express waiver by the shareholders, in favor of the option holders of their preferential right to subscribe the shares that are issued as and when the options are exercised.;
- gives the Managing Partners the broadest possible authority within the limits set forth above and within the legal limits in force to:
  - set the subscription and/or purchase price of shares under option in accordance with the terms and conditions set forth by the Managing Partners in its report and pursuant to legal provision in force, it being specified that this price shall not include any discount;
  - determine the terms and conditions of transactions, set the terms in which options will be granted, designate the beneficiaries, set the period in which they can be exercised, the maximum number of options offered to each of them, and establish any prohibition on immediate disposal;
  - establish the terms in which the price and/or number of shares to be subscribed for and/or purchased shall be adjusted to take into account financing activities carried out by the Company;
  - and in general, do whatever may be appropriate or necessary and, in particular, carry out all filing and registration formalities, to record the resulting definitive increases in capital stock and to update the by-laws accordingly.

This authorization is given to the Managing Partners for a period of thirty-eight months as of this meeting. It terminates and replaces the authorization given on 27 April 2007.

### SIXTEENTH RESOLUTION

***Overall limit of 3% per year of the number of shares making up the current share capital that can be allocated to, subscribed for, and/or acquired by employees and senior managers of the company and its related companies under resolutions 13, 14 and 15.***

The Extraordinary General Meeting, having knowledge of the reports of the Managing Partners and the Supervisory Board, and as a consequence of the adoption of Resolutions 13, 14 and 15, resolves to limit, to a maximum 3% of the number of shares making up the current share capital, the number of shares that can be allocated to, subscribed for, and/or acquired per year by employees and senior managers of the Company and its related companies under the above resolutions.

### SEVENTEENTH RESOLUTION

***Voting of powers to the Managing Partners for a period of four years to reduce share capital by cancelling all or part of the company shares purchased by the company within the scope of share buyback plans.***

The Extraordinary General Meeting, having knowledge of the reports of the Managing Partners and the special report of the Statutory Auditors, authorizes it to reduce share capital by cancelling all or part of the Company shares, on one or more occasions, which were purchased pursuant to the provisions of article L.225-209 of the Commercial Code and the authorizations given by the Company's annual general meetings.

The General Meeting resolves that in accordance with law, such reduction can not involve more than 10% of the current share capital per 24-month period.

The Managing Partners shall write off the difference between the book value of the cancelled shares and the nominal value of the capital reduction thus effected against premiums, reserves or available profit as they see fit.

The General Meeting therefore gives full powers to the Managing Partners to proceed with the capital reduction and, as necessary, to settle all objections, make appropriate amendments to the Company's Articles of Association and generally to do everything appropriate or necessary to ensure the success of the capital reduction.

This authorization is given to the Managing Partners for a period of four years from this Meeting. It terminates and replaces the authorization given on 10 May 2005.

### EIGHTEENTH RESOLUTION

***Authorization 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 legal or regulatory formalities that may be required.

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**Document prepared by the Corporate Communications Department**

Design: Sugar, Pepper & Salt

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Concept and production: BRIEF

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