Lagardère

General Meeting Document

General Meeting, 10 May 2011

Lagardère SCA

A French limited partnership with shares with capital of €799,913,044.60

divided into 131,133,286 shares of €6.10 par value each

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Combined Ordinary and Extraordinary Annual General Meeting Document

of 10 May 2011

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 doubt the French original shall prevail.

GENERAL MEETING DOCUMENT

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 financial statements for the year ended 31 December 2010).
- Special report of the Managing Partners on shares subscription and purchase options.
- Special report by the Managing Partners on the allocation of free shares.
- Report of the Supervisory Board.
- Report of the Chairman of the Supervisory Board on the membership, on the preparation and organisation of the Board's work and on 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 Commercial Code and on internal control and risk management procedures.
- Special report of the Statutory Auditors on authorisations to engage in financial operations requested at the meeting.
- Approval of the Parent Company financial statements for the year ended 31 December 2010.
- Approval of the consolidated financial statements for the year ended 31 December 2010.
- Allocation of the Parent Company's net profit; dividend distribution.
- Setting the amount of the attendance fees of the Supervisory Board.
- Renewal of the mandate of a Principal Statutory Auditor and appointment of a new Deputy.
- Appointment of Ms Susan M. Tolson as a member of the Supervisory Board, to replace resigning member Mr Bernard Mirat.
- Voting of powers to the Managing Partners to handle shares in the Company.
- Voting of powers to the Managing Partners to issue complex securities that do not give access to the Company's capital stock.
- Voting of powers to the Managing Partners to issue common stock and securities with preemptive subscription rights giving immediate or future access to the Company's capital stock by means of public offering.
- Voting of powers to the Managing Partners to issue common stock and securities without preemptive subscription rights giving immediate or future access to the Company's capital stock by means of public offering.
- Voting of powers to the Managing Partners to issue common stock and securities without preemptive subscription rights giving immediate or future access to the Company's capital stock by means of private placement.
- 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.
- Limitation on the total amounts of the capital increases and of the borrowings that could result from the previous authorisations.
- Voting of powers to the Managing Partners to increase the share capital through capitalisation of reserves or premiums and allocation of free shares to shareholders or an increase in par value of existing shares.
- Modification of Article 25 of the by-laws to allow payment in kind to the shareholders in the event of exceptional distribution.
- Authorisation to carry out formalities.

CHAPTER 2

Message from the Managing Partners

MESSAGE FROM THE MANAGING PARTNERS

In 2010, Lagardère achieved a recurring EBIT before associates exceeding the target announced in March 2010 and growth of 19.3% in Group net income.

I would like to thank all the teams warmly for their valuable efforts.

For these results have been achieved by rigorous management of our cash, improved competitiveness and protection of our traditional sources of revenue, while seizing the opportunities offered by the digital sector.

Moreover, our Group has continued to implement its strategy of dynamic adjustment of its portfolio of assets. Examples of this are the sale of the Virgin 17 DTT channel and of our international magazine business operations, while maintaining complete ownership of the ELLE trademark throughout the world. I would also like to emphasize the fact that we still own our magazine business operations in France, where we are in the lead in all our markets and where our outlook is solid.

This year has also been the occasion for a major reorganization of our Lagardère Sports division, mainly thanks to the acquisition of Best, which specializes in the representation of sports personalities and celebrities. This division, renamed Lagardère Unlimited, now represents all of our Group's Sport Industry and Entertainment activities.

In 2011, all the personnel within the Group still have much to achieve. I remain convinced that our success is also based on all these people who work daily on developing our Group. I congratulate them on their professionalism and commitment.

Dear shareholders, I would like to thank you especially for your loyalty and support.

Arnaud Lagardère

General and Managing Partner of Lagardère SCA

CHAPTER 3

Reports of the Managing Partners

3.1 MANAGEMENT REPORT OF THE MANAGING PARTNERS

Dear Shareholders,

We have come together in 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 annual financial statements and the consolidated financial statements for the financial year ended 31 December 2010, allocate the Parent Company's net profit for the year, propose the distribution of a dividend of €1.30 per share and renew some of the financial authorisations given to the Managing Partners at the General Meeting of 28 April 2009 and to proceed with replacement of a member of the Supervisory Board and renewal of one of the Principal Statutory Auditor's mandate.

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Pursuant to the provisions of the Commercial Code and stock market regulations, we hereby present to you two documents containing all the reports 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;
- the **Reference Document**, also placed online on the Company's website 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 in the financial year 2010;
  - a presentation of the resolutions put to you for approval;
- the two special reports of your Managing Partners;
- the reports of the Supervisory Board and of its Chairman;
- information on the Supervisory Board candidate;
- 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 the elements of the management report required under the French Commercial Code and all the other information required by stock market regulations.

The Reference Document is structured as required by European regulations for a prospectus. It is a document that, aside from providing information to the markets, forms part of the Management Report of the Managing Partners, in so far as it deals with the following items in particular:

the activities and position 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 organisation of the Company and the Group as well as corporate governance:	Chapter 7
information on capital stock, on 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 the Lagardère group during the financial year 2010 and to a presentation of the resolutions put to you for approval, and refer you to the Reference Document for a fuller presentation.

3.1.1 STATEMENT OF RESULTS AND ACTIVITIES FOR 2010

3.1.1.1 PRESENTATION OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

2010 FULL-YEAR RESULTS

Recurring EBIT before associates from Media activities exceeds March 2010 guidance.

Gradual return to growth starting in H2 in a brighter economic climate.

- Consolidated net sales: up 0.9% at €7,966M;
- Recurring EBIT before associates from Media activities up 1% to €468M, or a decrease of 2.3% at constant exchange rates;
- Adjusted net income (1) attributable to the Group: €284M or an increase of 8.4%;
- Free Cash Flow stable (2) at €313M.

(1) Excluding contribution from EADS and non-recurring and non-operating items.
(2) Net cash from operating and investing activities.

KEY FIGURES FOR THE 2010 REPORTING YEAR

- **Economic recovery accompanied by 0.9% growth in consolidated net sales**, or a 1.8% decline to €7,966M on a like-for-like basis. The effect of translation of foreign operations had a positive impact of €225M, unlike 2009. The impact of changes in the scope of consolidation was immaterial.
- **1% increase in recurring EBIT before associates from Media activities, which stands at €468M**. At constant foreign exchange rates, the change in recurring EBIT before associates (down 2.3%) exceeded the variation guidance announced in March 2010 (projected 10% decrease). Total Group recurring EBIT stood at €462M (compared to €461M in 2009).
- **Significant negative impact from non-recurring/non-operating items** (a loss of €184M, versus a loss of €121M in 2009). The gains realised in 2010 due to certain disposals (notably Virgin 17) did not offset the impairment losses against various assets (-€100M), restructuring costs (-€90M), and amortisation of acquisition-related intangible assets (-€34M).
- **Solid 8.4% growth in net adjusted income attributable to the Group** (excluding contribution from EADS and non-recurring/non-operating items), totalling €284M, compared to €262M in 2009.
- **Modest decline in indebtedness to €1,772M, and stable Free Cash Flow at €313M**. Net gearing (net debt to equity) was stable at approximately 44% as of the end of 2010.

GROUP CONSOLIDATED NET SALES

For the 2010 business year, net consolidated sales amounted to €7,966M, reflecting a slight increase of 0.9% on a reported basis and a 1.8% decline on a like-for-like basis. There was a pronounced recovery in revenue in H2, notably in advertising income.

The differences between reported and comparative data are due primarily to a positive foreign exchange effect of €225M. In 2009, the trend in foreign exchange was inverted and negatively impacted the Group's performance. The impact of changes in the scope of consolidation was immaterial in 2010.

- **Lagardère Publishing – Revenues "returned to normal", reaching a level exceeding that for 2008, after a spectacular 2009 (success of Stephenie Meyer's *Twilight* saga), thanks to new best-sellers**. Net sales totalled €2,165M, down 4.8% on a reported basis and 6.3% on a like-for-like basis. This result was expected due to the unusually high revenues of 2009, marked by three major successes: Stephenie Meyer's *Twilight* saga, with 45 million copies sold in 2009 compared to 11 million in 2010 and, in France, a new Astérix comic book and the Dan Brown novel, *The Lost Symbol*. Revenue reported in 2010 was modestly above that for 2008, reflecting the excellent resiliency of Lagardère Publishing's markets.

- **Lagardère Active – Strong growth in net advertising sales at the end of the year in France and abroad**. Sales were up 5.9% to €1,826M on a reported basis, which translates into an increase of 3.3% on a like-for-like basis. Income from advertising grew solidly by 6.6% on a like-for-like basis and on a constant title activity basis. Digital revenue, which accounted for 7.5% of Lagardère Active's sales in 2010, was up 6.7%.
- **Lagardère Services – Very good progress at the end of the year, thanks to brisk retail sales, especially in France and at airports, and network expansion**. Sales are up 5.7% on a reported basis (up 1.7% on a like-for-like basis) and stood at €3,579M.
  - **Retail** accounted for 70.6% of Lagardère Services' 2010 net sales, compared to 68.3% in 2009. This revenue was up 4.2% on a like-for-like basis across the entire year while **Press Distribution** declined 3.8%;
  - In late November 2010 (last published figures[1]), **airline traffic** increased 6% worldwide, including 4% in Europe, 2% in North America and 12% in the Asia-Pacific region.
- **Lagardère Unlimited – 2010 results were mixed due to predicted calendar effects, loss of contracts and the latent effects of the crisis**. Lagardère Unlimited posted a decline in sales of 21.9% in 2010 on a reported basis to €396 million, or a decline of 23.2% on a like-for-like basis. Three reasons account for this development:
  - **predicted calendar effects:** a decrease in the number of European and Football World Cup qualification matches (which was only partially offset by the World Cup in South Africa) and no final phase of the Handball World Championships;
  - **the non-renewal of some contracts** (French Football Federation, International Handball Federation, Europa League);
  - **the effects of the economic and financial crisis**, which weakened some customers, penalised the success of some events and halted new project development.

RECURRING EBIT BEFORE ASSOCIATES

Recurring EBIT before associates from Media activities grew to €468M, up 1.0%. This trend, at constant foreign exchange rates (down 2.3%) is in line with the Group's guidance. It is emphasised that this target, originally set in March 2010, was raised when the results of the first six months of 2010 were announced and once more in January 2011.

Total recurring EBIT before associates was stable at €462M.

Divisional trends were as follows:

- **Lagardère Publishing:** a fall in profitability was expected after 2009's spectacular results. Recurring EBIT before associates stood at €250M, that is, a net margin percentage of 11.6% compared to 13.2% in 2009 due to a change in product mix (lower contribution from blockbusters in 2010) and investments in Digital. H1 2010 included high sales of works by Stephenie Meyer. However, 2010's net profit ratio[2] was higher than that of 2008 (growth of 11.3%), reflecting the excellent resiliency of Lagardère Publishing in terms of profitability.
- **Lagardère Active:** recurring EBIT before associates of €85M (compared to €15M in 2009), reflecting the strong recovery in advertising income and the effects throughout the year of the cost-cutting programmes introduced in 2009. The net profit ratio stood at 4.6% compared to 0.9% in 2009.

It is underscored that the Group has announced plans to proceed with the disposal of International Magazines (PMI) and that Virgin 17 was sold in 2010. In order to consolidate its leadership on the women’s magazine sector in France, Lagardère Active launched the Be brand. The investment related to this launch was booked as expenses and appears in the column of the table below:

	2009				**2010**			
(in €M)	Lagardère Active recurring	PMI sold	Virgin 17	Be	Lagardère Active recurring	PMI sold	Virgin 17	Be
Consolidated net sales*	1,026	680	19	-	**1,074**	**742**	**10**	**-**
Recurring EBIT before associates*	26	5	(14)	(2)	**58**	**50**	**(9)**	**(14)**

* Contribution of Lagardère Active to Lagardère group figures.

(1) Source: ACI.
(2) Recurring EBIT before associates/Sales.

- **Lagardère Services:** recurring EBIT before associates was €105M (compared to €91M in 2009), driven by the recovery in consumption in general and in air traffic. The net profit ratio stood at 2.9% compared to 2.7% in 2009 due to two factors:
  - the fine performance of Retail in France and at airports;
  - a pickup in Press Distribution, thanks to the cost-cutting programmes instituted in 2009.
- **Lagardère Unlimited:** recurring EBIT before associates was €28M, compared to €56M in 2009. This decline in operating margin was due to the drop in sales (adverse calendar effect) and tight market conditions. The net profit ratio stood at 7.1% compared to 11% in 2009.

Non-Media activities posted lower recurring EBIT before associates of -€6M, compared to -€2M in 2009.

NON-RECURRING/NON-OPERATING ITEMS

Non-recurring/non-operating items generated a net loss of €184M in 2010, versus a net loss of €121M in 2009. They are broken down as follows:

- impairment losses of €100M on consolidated companies goodwill, property, plant and equipment and intangible assets, including €87M in Lagardère Unlimited; the impairment losses are linked to the loss of major contracts for sports media rights as previously mentioned;
- €90M in restructuring expenses, related to €22M at Lagardère Active and €50M in Non-Media activities, reflecting primarily the Lagardère group's contribution to the restructuring programme and the reconstitution of the equity of Presstalis (Press wholesale Distribution);
- a charge of €34M on the amortisation of acquisition-related intangible assets (mainly Sportfive);
- €40M in net capital gains, resulting primarily from the disposal of Virgin 17.

It is underscored that the 2009 business year was characterised by especially large non-recurring items, notably provisions for impairment losses on property, plant and equipment and intangible assets (a loss of €486M) and by a substantial gain on the sale of a 2.5% stake in EADS (a gain of €539M).

CONTRIBUTION FROM ASSOCIATES [(1)]

The contribution from associates improved, increasing from €29M in 2009 to €65M in 2010. This improvement is the result of:

- the recovery in the profitability of EADS, which makes a positive contribution to the Group at €43M versus a loss of €49M in 2009;
- the lack of contribution to income of Canal+ France in 2010 (+€62M in 2009), the share of 2010 income,+€71M, being offset by recognition of an impairment loss of the same amount.

Earnings before interest and taxes amounted to €343M, compared to €369M in 2009.

NET INTEREST EXPENSE

Interest expense was stable at -€82M, due to the combined effect of the redemption in March 2009 of the last tranche of the Mandatory Exchangeable Bond (ORAPA), but offset by a modest increase in interest expense (3 months of bonded debt in 2010 at a fixed rate of 4.875%).

Net income before tax came to €261M, compared with €287M in 2009.

INCOME TAX EXPENSE

Income tax expense stood at -€67M after having reached an exceptionally high level (-€123M) in 2009 due to unrecognised tax benefits relating to certain recognised losses by Lagardère Active in the United States.

Minority Interests in net income for the year were €31M (compared to €27M in 2009).

As a result of the factors described above, **net income attributable to the Group** came to €163M, compared with €137M in 2009.

Net earnings per share attributable to the group increased from €1.08 in 2009 to €1.29 in 2010. The number of shares was unchanged in 2010 and stands at 131.1 million.

(1) Before amortisation of acquisition-related intangible assets and impairment losses.

Consolidated income statement

(in €M)	2009 Reporting Year			2010 Reporting Year		
	Media	Non-Media and EADS	Total Lagardère group	Media	Non-Media and EADS	Total Lagardère group
Net sales	7,892	/	7,892	**7,966**	**/**	**7,966**
Recurring EBIT before associates	463	(2)	461	**468**	**(6)**	**462**
Non-recurring/non-operating items	(657)	536	(121)	**(136)**	**(48)**	**(184)**
Contribution from equity-accounted associates	78	(49)	29	**22**	**43**	**65**
EBIT	(116)	485	369	**354**	**(11)**	**343**
Net interest expense	(71)	(11)	(82)	**(46)**	**(36)**	**(82)**
Income tax expense	(175)	52	(123)	**(142)**	**75**	**(67)**
Total net income	(362)	526	164	**166**	**28**	**194**
Attributable to minority interests	27	/	27	**31**		**31**
Net income attributable to the Group	(389)	526	137	**135**	**28**	**163**

ADJUSTED NET INCOME ATTRIBUTABLE TO THE GROUP

Restated net income attributable to the Group (excluding the share in the net income of EADS and non-recurring, non-operating items), for which the calculation is detailed below, stood at €284M, up 8.4%. Adjusted earnings per share were €2.24 (versus €2.06 in 2009), an increase of 8.7%.

(in €M)	2009	2010
Net income attributable to the Group	137	**163**
Equity accounted contribution from EADS	49	**(43)**
Equity accounted contribution from Canal+ France	(62)	**-**
Amortisation of acquisition-related intangible assets, net of taxes	54	**25**
Net income (excluding EADS), before amortisation of acquisition-related intangible assets	178	**145**
Restructuring costs (net of taxes)	70	**84**
Net gains on disposals (net of taxes)	(513)	**(44)**
Impairment losses on goodwill and intangible assets (net of taxes)		
– Consolidated companies	*486*	***99***
– Associates	*35*	**-**
Impact of Mandatory Exchangeable Bond on interest expense, net of interest income calculated at market rates	6	**-**
Restated net income attributable to the Group	262	**284**

NET CASH GENERATED BY OPERATING AND INVESTMENT ACTIVITIES

The difference between 2009 and 2010 cash flows from operating activities and investments is insignificant because of the non-recurring disposal in 2009 totalling €664M representing a 2.5% stake in the capital of EADS associated with the Mandatory Exchangeable Bond (ORAPA). In 2010, cash flows from operating activities and investments were €296M with the following principal elements:

- decrease in cash flow to €591M (compared to €655M in 2009) due to the increase in expenses related to restructuring Non-Media activities (primarily Presstalis), which was not offset by the improvement in Lagardère Media's cash flow (up €15M);
- positive trend in Working Capital Requirements (€81M versus €127M in 2009), due to the active management of working capital requirement line items by the divisions;
- the drop in paid interest and taxes (-€141M compared to -€230M in 2009) allowed the Group to generate cash from operating activities of €531M (compared to €552M in 2009);
- free Cash Flow[(1)] amounted to €313M versus €324M in 2009. Investments were limited (-€82M), as in 2009. This was mainly due to the acquisition of Best in the United States by Lagardère Unlimited. Disposals of assets amounted to only €104M in 2010 (versus €700M in 2009) and mainly related to the Virgin 17 TV channel in France. In total, net cash from investing activities was -€235M.

DEBT

Net financial debt was down slightly (€1,772M at the end of 2010 versus €1,824M at the end of 2009); the various elements offset one another: operating cash flow up €296M, distribution of dividends (unchanged at -€200M), reclassification of liquid assets and debt on assets held for sale; the impact of translation of foreign operations and changes in the scope of consolidation.

In January 2011, Lagardère agreed to a new syndicated 5-year lending facility totalling €1,645M, replacing the former syndicated line of credit due to expire in 2012.

Gearing fell from 44.7% to 44.1%, reflecting the health of the Lagardère SCA balance sheet.

GUIDANCE ON RECURRING EBIT BEFORE ASSOCIATES FROM MEDIA ACTIVITIES

Based on the company’s structure as of January 1, 2011, including the assets of International Magazines planned for disposal, the Lagardère Media recurring EBIT before associates is expected to increase by around 10% in 2011 at constant exchange rates.

(1) Net cash generated by operating and investing activities.

3.1.1.2 RESULTS OF THE PARENT COMPANY

INCOME STATEMENT

The simplified income statement is as follows:

(in €M)	2009	**2010**
Operating revenues	10	**8**
Operating loss	(19)	**(16)**
Financial income	208	**299**
Earnings before tax and exceptional items	189	**283**
Exceptional profit	22	**3**
Income tax gain	88	**88**
Net profit	299	**374**

BALANCE SHEET

The simplified balance sheet is as follows:

(in €M)	2009	**2010**
Assets		
Fixed assets	6,837	**6,791**
of which investments in subsidiaries and affiliates	*6,259*	***6,255***
Current assets	132	**63**
of which marketable securities and cash and cash equivalents	*30*	***13***
Total Assets	6,969	**6,854**
Liabilities		
Shareholders' equity	3,350	**3,557**
of which share capital	*800*	***800***
premiums and reserves	*1,181*	***1,181***
retained earnings	*1,070*	***1,202***
net profit for the year	*299*	***374***
Provisions for risks and liabilities	63	**59**
Debts	3,556	**3,238**
of which financial debt	*3,498*	***3,206***
Total Liabilities and shareholders' equity	6,969	**6,854**

Note that Lagardère SCA is the main holding company of the Lagardère group and does not employ any staff.

3.1.1.3 DIVIDENDS

The Managing Partners decided to ask the Annual Shareholders' Meeting to approve a dividend of €1.30 per share, unchanged from the dividend paid on 2009 earnings.

3.1.1.4 PRESENTATION OF ACTIVITIES

A) *LAGARDÈRE PUBLISHING*

The world's second-largest trade-book publisher for the general public and educational markets (first in France and the United Kingdom, second in Spain and fifth in the United States), Lagardère Publishing is a federation of publishing houses with a large measure of editorial independence. Its publishing houses are united by common management rules, a concerted effort to expand digital activities, a coordinated strategy vis-à-vis global distribution giants, and the same high standards in the selection of the women and men called to positions of responsibility within each company.

2010 ACTIVITIES

Lagardère Publishing, whose publishing label is Hachette Livre, saw a fall in its financial performance in 2010 following the foreseeable decline in the Stephenie Meyer phenomenon. Despite this the Group division was able to generate higher operating income than in 2008 - the year that the *Twilight* phenomenon took off - in a global publishing market that was stagnating or in decline. 2010 also saw a boom in digital downloadable books. Their sales doubled in the U.S. and reached a level of 10% of sales in December 2010.

OVERVIEW OF 2010

After the huge publishing success in 2008 of Stephenie Meyer's *Twilight* series, and then the record year in 2009 when it exploded into a global phenomenon, in 2010 Hachette Livre recorded the second-best operating income in its history.

The sustained activity of its Literature, Illustrated and Educational divisions in France, and its subsidiaries in the US, Britain and Australia, have ensured that it stood up well to the contraction of most of its markets and the inevitable decline in global sales of the *Twilight* series (11 million copies in 2010 versus 45 million in 2009).

The year 2010 has also seen the American Internet giants Google and Apple follow Amazon onto the market for downloadable digital books, which has placed Hachette Livre in a good position to negotiate a favorable business model.

KEY EVENTS

A string of successes in France

In 2010, Hachette Livre in France did remarkably well in cushioning the decline in sales of the *Twilight* series, thanks to the strong performance of almost all its divisions.

Literature experienced a great year with a harvest of literary prizes and numerous best-sellers, while Le Livre de Poche is once again the leading publisher of French paperbacks.

Illustrated books also held up well amidst the ebb in the Stephenie Meyer phenomenon. Hachette Jeunesse and Hachette Disney recorded the best results in their history in 2010. As for Chêne and Marabout, they both did better than in 2009.

Larousse has successfully continued to reposition itself on the Guides and Young People markets, without yielding its leadership in Dictionaries.

The Education division and the Hatier group made progress on the French market, which regained its footing in October, after a start to the year marked by delays in announcing the new secondary school programs.

The Industrial and Business division launched its on-demand printing operations in June and welcomed the arrival of a new retail-distribution partner, Editions Milan, in December.

A soft landing in the United States

The year 2010 presented a considerable challenge to the Hachette Book Group due to the comparison with 2009, a record-breaking year (sales of 30 million copies in the *Twilight* series during the year), and even with 2008, the year when the Stephenie Meyer phenomenon took off. In this context, the publisher managed to contain the fall in its turnover to reasonable levels, including by putting no less than 150 titles on the *New York Times* list of best-sellers, including 30 in first place.

There was also spectacular growth in 2010 in the Digital area, which rose from 3% to 10% of the turnover of the Hachette Book Group over the course of the year.

A good showing in the United Kingdom

2010 was a very good year for Hachette UK, with 154 titles on the *Sunday Times* list of best-sellers, including 33 at number one. Hachette UK also signed a contract with John Grisham for two novels for young people, and in 2011 it will publish *Carte Blanche*, the new James Bond written by Jeffery Deaver. Little, Brown and Virago received awards from the Association of English booksellers.

Australia has largely offset the decline in sales of *Twilight*, and the growth of Hachette India has continued apace.

Hachette UK continued its forced march into the digital revolution, investing large sums in infrastructure, information systems and the training of its teams.

The impact of austerity in Spain, the fruits of growth in Latin America

The year was difficult in Spain because of a decline of around 6% in the market compared with 2009, with textbooks hit particularly hard. Several regions even cancelled orders as a result of fiscal austerity measures imposed by the central government.

Mexico and Argentina posted gains of around 8.6%, while Hachette Livre pulled out of Brazil by selling its shares to its partner, but without giving up on the idea of returning to this market when conditions are more favorable.

Success for Booklets in Russia

The year 2010 had ample room for Booklets, despite the sensitivity of this particular segment to fluctuations in purchasing power. While the Italian, Spanish and Japanese markets experienced a downturn, serial booklets enjoyed a successful year in Russia.

LEADING POSITIONS

- No. 1 publisher in France.
- No. 1 publisher in the United Kingdom.
- No. 2 publisher in Spain.
- No. 5 publisher in the United States.

KEY DATES

25 February 2010: John Grisham signs for two novels for young people with Hodder & Stoughton (Hachette UK).

16 April 2010: Thousands of American, English and French works by Hachette Livre available on the Apple iBookstore, the day that the IPad is launched.

17 May 2010: Little, Brown and Virago, two Hachette UK publishers, receive awards from the Association of English booksellers.

5 June 2010: The global release of *The Short Second Life of Bree Tanner*, by Stephenie Meyer, with an initial print run of 3,150,000.

17 June 2010: MyBoox, the consumer Internet site decided to books produced by Hachette Livre, goes online.

8 July 2010: James Patterson, published by Little, Brown and Company in the United States, is the first author in the world to pass the one million mark for e-books sold.

1 September 2010: First Board of Directors meeting of the joint venture Hachette Livre - Phoenix Publishing & Media Group in Beijing and the official launch of the business.

17 November 2010: Signing of a memorandum of understanding with Google for the scanning of French out-of-print works controlled by Hachette Livre.

KEY FIGURES FOR 2010

- Number of new titles published globally: 15,500;
- Global workforce: 7,459 employees;
- Number of titles appearing in the *Sunday Times* best-seller list in the United Kingdom: 154;
- Market share in France (in volume): 24.3%;
- Number of copies of *Life*, by Keith Richards, sold in the United Kingdom in 2010: 478,000;
- Hachette Livre's carbon footprint in France: 246,000 tonnes CO_2 equivalent.

B) LAGARDÈRE ACTIVE

Lagardère Active, a creator of multimedia content and aggregator for every type of platform, plays a leading role in all six of the fields where it operates: Magazine publishing, where it's number one in France (*ELLE, Paris Match*, etc.); Radio, with general-interest (Europe 1) and musical stations (Virgin Radio, RFM, etc.); Television, with one free-to-air DTT channel (Gulli) and pay channels (TiJi, Mezzo, etc.); Audiovisual production; Digital activities, covering the Internet (Doctissimo.fr, etc.), mobile phones and tablets; and Advertising.

2010 ACTIVITIES

With its well-positioned brands and its efforts at rationalisation, Lagardère Active has fully benefited from the upturn in the advertising market in 2010. Lagardère Active has simultaneously continued to strengthen its positions in its core markets, including the launch of Be, an upmarket global media brand, while developing new activities by stepping up its digital presence and its policy of diversification.

OVERVIEW OF 2010

For Lagardère Active, 2010 was both a year for strengthening its positions in its key markets but also a year for making changes in its diversification policy. Lagardère Active is seeking to turn its media into global brands, which means that they could be rolled out in every media, as is already the case with ELLE and Gulli.

The other highlight of 2010 was the further development of Lagardère Active in the digital world, which is also key for the division's growth in the years to come. Lagardère Active already has strong positions on the Internet and mobile phones (number one media group in France on mobiles and in the top 3 on the Web in France) and it is a pioneer on tablets.

KEY EVENTS

Well-positioned press titles

Lagardère Active has continued to develop its core portfolio, upmarket women's publications. In March, the Group division launched a new magazine, *Be*, an additional step in the roll-out of a global media brand that is to be developed on all media, with a community to be created around it: the "Bees". In October, *ELLE*, in turn, launched its 43rd international edition in Vietnam. Similarly, *ELLE Decoration* launched its 25th edition in Indonesia. *Télé 7 Jours*, a classic title, celebrated 50 years with a successful anniversary issue, with over 698,000 single-issue sales. On 28 March 2011, Lagardère SCA signed a contract for the sale of its international magazine business (102 titles) to Hearst Corporation for the amount of €651 million. The transaction includes a Master License Agreement (MLA) relating to the ELLE trademark in the 15 countries affected by the transfer, in return for which the Group will receive an annual recurring royalty payment. Lagardère will maintain complete ownership of its magazine business operations in France and of its ELLE trademark throughout the world. The closing of the transaction remains subject to approval by local partners in certain countries as well as to certain customary governmental approvals and antitrust clearances in certain jurisdictions.

A major player in television production and broadcasting

Lagardère Active is strengthening its position with its Young People's channels TiJi, Canal J and Gulli. The latter has seen its audience grow by 22% (4 years and older), demonstrating its appeal to all kinds of audience. The range of television on offer is filled out by music, with MCM and Mezzo, and by entertainment, with June. In audiovisual production, Lagardère Entertainment, whose programmes had a total of more than 300 million viewers, has strengthened its position as the leading producer of French drama and comedies. With its prestigious production companies, Lagardère Entertainment has offered French viewers *Julie Lescaut, Joséphine Ange Gardien, C dans l'air*, etc. In the 2011 fall season, Canal+ will broadcast *Borgia*, a special series produced by Atlantic Productions, a subsidiary of Lagardère Entertainment.

Strong radio brands in a competitive arena

In 2010, Europe 1 won the "Grand Prix des Médias" for Best radio from *CB News*. A strong, well recognised brand, Europe 1 radio is also one of the most "podcasted" radiostation (No. 1 in November with 4.4 million podcasts). In the category of music radio, RFM has confirmed its place with the growth of its morning show. In early 2011, Virgin Radio made a change in its lineup and opened up to other genres, while maintaining its base in pop rock. Internationally, the Group division strengthened its leadership positions, in particular in Poland, Romania and the Czech Republic.

Determined roll-out into the world of digital

Lagardère Active is developing a strategy to steadily roll out its brands and its content onto digital media. It was, for instance, the leading media group on mobile phones at end 2010 (Source: Médiamétrie). Lagardère Active also has a strong Web presence with more than 100 sites worldwide. In November, Lagardère Active beat its own record audience with 17.1 million unique visitors to its sites in France (Source: Nielsen), placing it in the top three media groups.

Among these sites, Doctissimo is the leading women's site, and in 2010 it launched three new versions: English, Italian and Spanish. Lagardère Active is also pioneering the launch of digital editions of its media, including for *Paris Match* (the first magazine available in an iPad edition in France), *ELLE à Table, Gulli* and *Le Journal du Dimanche*.

An integrated, multi-platform advertising agency

Lagardère Publicité is the no. 3 advertising agency in France, with a unique positioning thanks to the commercialisation of nearly 150 brands on six media. It is the leading agency for magazines, with coverage of all targets. The ability to market six radio stations gives it a very diverse range. On television, Gulli in particular makes it the leading agency on the 4-10 year segment. It is also the key French agency for digital, Internet, smartphones and tablets, where it is a pioneer. In 2010, Lagardère Publicité had good results for all the different media.

LEADING POSITIONS

- No. 1 magazine publisher in France (in terms of paid distribution in 2010).
- No. 1 television for young people in France (in market share and recognition).
- No. 1 French audiovisual production group (drama and comedy, studio shows and animation).
- No. 1 group of private music radio stations in Russia, Poland, and the Czech Republic.
- No. 3 advertising agency in France, with about 150 media brands (own brands plus outside publishers).
- No. 1 media group on mobile phones and no. 3 on the Web in France.

KEY DATES

February 2010: *Clem* (Lagardère Entertainment), the largest viewership for a French drama/comedy since October 2007.

March 2010: Launch of *Be*, the first global media brand; *Télé 7 Jours* celebrates its 50th anniversary.

April 2010: *Paris Match* becomes the first magazine available in an iPad edition;
Lagardère Active and YouTube: a strategic partnership is agreed for the distribution of videos on the Internet.

June 2010: *Mozart*, l’opéra rock, coproduced by Lagardère Active, completes its tour of the French provinces with exceptional results.

September 2010: *Psychologies magazine* continues the roll-out of its brand abroad with the launch of its 11th international edition in Belgium.

October 2010: Lagardère Active is the leading media group on mobile phones;
the Doctissimo network now has three international Internet sites (English, Italian, Spanish).

November 2010: Lagardère Active and SFR enter into a strategic partnership;
launch of the *ELLE* application on the iPhone in seven countries;
Europe 1 radio is the most “podcasted” radio of the month (4.4 million downloads).

January 2011: A record audience for Gulli with 1,142,000 viewers for its concert “Les Enfoirés ... la crise de nerf”.

KEY FIGURES FOR 2010

- Advertising sales represented about **55%** of total sales in 2010
- **48.3%** of Lagardère Active sales generated internationally
- **71%** of total sales generated by Magazines
- **193** press titles published worldwide
- **28** radio stations worldwide
- **10** special-interest television channels worldwide
- **80 million** unique visitors per month worldwide
- **780 hours** of audiovisual programming produced

C) *LAGARDÈRE SERVICES*

With a presence in 20 countries in Europe, North America, and the Asia-Pacific region, Lagardère Services is the global leader in press distribution. Every day it runs a major international network of shops in the world’s transportation hubs that offer reading material and convenience goods, along with boutiques selling luxury and duty free goods, specialised concepts stores, as well as fast food restaurants.

2010 ACTIVITIES

Lagardère Services is known for its leadership in its business segments, its operational excellence, its high-quality teams, its innovative spirit, and its entrepreneurial élan, and it is proud of its international brands like Relay and Virgin in airports and train stations. In the past year it has continued its development in two main areas: retail trade in transportation hubs and press distribution in retail outlets.

OVERVIEW OF 2010

By combining the operational expertise of its local teams and the marketing know-how of the Aelia teams, Lagardère Services has continued to expand its network of upscale duty free shops, particularly in fashion. It has done this by winning a number of tenders in airports (Alicante, Malaga, Bordeaux, Nice, Heathrow, Nouméa, Singapore, etc.), and by strengthening the management of its Asia-Pacific operations and by further developing its retail travel business in the news and convenience sector, a promising sector where Lagardère Services is pursuing its expansion strategy.

During the year, the division's distribution companies tested the implementation of a diversification strategy, in both Europe and North America, by seeking to enter into business and industrial partnerships on new lines of products and services, while maintaining and enhancing their leadership positions in their traditional markets.

KEY EVENTS IN 2010

A strong international presence in the Retail Travel industry

Lagardère Services is continuing to test new marketing concepts by opening new retail outlets and renewing various concession contracts in transportation hubs.

Thanks to its Relay chain, Lagardère Services operates the leading international network of press outlets, offering travellers an extensive range of products selected to make their travel experience more enjoyable, including reading material, souvenirs, food products and more.

With operations in 120 airports worldwide, Lagardère Services has duty free shops in Europe and Singapore (alcohol, tobacco, perfume, food, fashion, etc.) under the Aelia brand name. In addition to its own brands (Buy Paris Duty Free in partnership with Aéroports de Paris, Beauty Unlimited, Pure and Rare, Gourmand, Sunny Days, Men's Lounge, etc.) and its franchises (Virgin, Hermès, Hédiard, L'Occitane), the Group division also operates an in-flight sales service for upscale brands on behalf of various airlines, and it operates duty free shops at ports along the Spanish Mediterranean. In train stations and airports throughout Europe, North America and Australia, Lagardère Services also operates stores featuring music and reading materials and consumer electronics under the Virgin brand.

Lagardère Services is also active in new retail trade segments - fast food and specialised concepts - through partnerships with leading retailers (Costa, La Cure Gourmande, Paul, Moa, L'Occitane, etc.) or under its own brands (Trib's, Hubiz).

With Retail Travel accounting for 41% of its total sales, Lagardère Services is a major player in this business sector and intends to rapidly strengthen its positions.

Innovating to promote electronic commerce

Lagardère Services continued developing the magazine-download platform Relay.com with new applications: the iPhone version of its download service as well as iPad and Galaxy Tab applications that can be used on these latest tablets to access 400 magazines on the platform. There were more than 2.5 million downloads during the year.

Press distribution and urban outlets

Supplying points of sale with newspapers and magazines is essential for the marketing of these products. Lagardère Services performs this function with two levels of operations:

- 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, where Lagardère Services supplies chains of convenience stores: Lapker in Hungary, with about 12,000 points of sale, SGEL in Spain (16,000 points of sale). Curtis Circulation Company, the leading national magazine distributor in North America with 30% market share, operates a network of independent wholesalers and manages sales of the magazines it represents to the largest retail chains. In Spain, SGEL is the top national distributor of periodicals with 32% market share.
- Lagardère Services is also a leading importer and exporter of international publications, with operations in nine countries (Belgium, Bulgaria, Canada, Spain, the United States, Hungary, the Czech Republic, Romania, and French-speaking Switzerland).

Lagardère Services is also developing the convenience store concept under several trade names to offer consumers the press and other services: Inmedio in Hungary, Poland, the Czech Republic and Romania, BDP in Spain, Press Shop in Belgium and Naville in Switzerland.

LEADING POSITIONS

- The leading international network of press and convenience goods stores.
- The leading player in Retail Travel in France and Poland.
- 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.

KEY DATES

February 2010: HDS Retail Czech Republic and Aelia open the first four Aelia Duty Free shops in the Czech Republic; Launch of an ExpressMag press subscription site by LMPI for North America.

March 2010: Naville launches its network of outlets for the deposit and retrieval of packages in Switzerland with La Redoute; Aelia and Lagardère Services Asia Pacific announce that they have won the multi-brand fashion franchise for Changi Airport in Singapore.

June 2010: Relay France opens the first fast food store under the trading name Trib's at the Toulon airport; Lapker launches Reload, its own brand of energy drink, in its network of Hungarian outlets.

September 2010: launch of Kiosque Relay, an iPad application developed by HDS Digital.

October 2010: Aelia launches the new Buy Paris Duty Free trading name in partnership with Aéroports de Paris at Roissy Charles-de-Gaulle airport.

November 2010: Payot Libraire receives the 2010 Prix Suisse de l'Éthique for its involvement in ethics, sustainable development and corporate responsibility.

KEY FIGURES IN 2010

- A unique network of 3,800 stores in 20 countries worldwide.
- A major presence in 120 international airports around the world.
- 1,300 stores under the Relay banner in 17 countries serve more than a million customers daily.
- Over 50,000 press outlets in Europe and 180,000 in North America are supplied daily by Lagardère Services.
- 2.5 million downloads on the Relay.com platform of HDS Digital.

D) LAGARDÈRE UNLIMITED

Lagardère Unlimited is innovating and making use of the complementarity between six fields: representing entertainment and sports figures; managing sports academies; organising and running sports events; managing the media rights to the events; marketing sports rights and products; and consulting services on the management and operation of sports facilities.

2010 ACTIVITIES

The year 2010 was marked by a major acquisition that resulted in the reorganisation and revamping of Lagardère Sports, which became Lagardère Unlimited. The division now includes Sport Industry and Entertainment activities. Structured around six core business segments, it ranks more than ever among the market leaders.

OVERVIEW OF 2010

The acquisition of Best has changed the physiognomy of Lagardère Unlimited. It has enabled the division to establish itself in the United States, the largest market in the sports industry, and one of the most closed. Its activity, which is based on representing sports and entertainment figures, will help to mitigate the cyclical effects of the sports industry, which is so dependent on the sports calendar for marketing events. Its portfolio of over 180 athletes and its team of managers and agents, which is among the best, make for new growth opportunities.

The fundamentals of the division have helped it to offset the slowdown in activity due to a cyclical downturn. Prestigious, premium content remains critical for guaranteeing high ratings for broadcasters. Europe, in which Lagardère Unlimited has a strong presence, is still the second largest market in the world, despite slow growth. Football, the division's leading activity, continues to be the main driver of growth in the sports industry, particularly in Africa and Asia.

Strategic development in 2011 will focus on three areas:

- the consolidation of premium events and rights so as to strengthen the division's leadership;
- the diversification of activities into new segments;
- the conquest of emerging markets.

KEY EVENTS IN 2010

Becoming a leader in athlete representation

With the acquisition of Best in May 2010, Lagardère Unlimited is positioned among the market leaders in athlete and celebrity representation. The takeover increased its portfolio of athletes from 70 to over 250 individuals, including Andy Roddick, John Wall, Dwight Howard, Sachin Tendulkar, Joakim Noah, Sébastien Chabal, Gaël Monfils and Justine Henin. Lagardère Unlimited's teams spot the talents of the future, are constantly on the lookout for new trends, monitor the development of sporting performers with high potential, represent the interests of sportsmen and women and enhance the image of each personality.

Two academies with the same goal: performance

Lagardère Unlimited incorporates a prestigious Paris academy and is developing a partnership with a famous academy in Florida, in order to be present from the very first stages of a budding sporting career. With SASP Lagardère Paris Racing Resources and Saddlebrook, Lagardère Unlimited provides high level sports training on the continents of Europe and America. With cutting edge facilities, the two academies offer programmes combining studies and intensive training in six major disciplines: athletics, fencing, golf, judo, swimming and tennis.

Prestigious and innovative events

Sportfive – via The Sports Promoters – organised the Summer of Champions football friendlies season, with the participation of prestigious clubs such as Chelsea, Liverpool and Hamburg. The Sports Promoters also organised the Race of Champions, a motorsport event competed in by some of the world's finest drivers: Michael Schumacher, Sébastien Loeb and Alain Prost. Pr Event innovates by organising the ATP tournament in Stockholm, in partnership with IEC in Sports, and broadcasting it in 3D in Scandinavia. PR Event has also successfully organised the ATP and WTA tournaments in Bastad.

Sportfive and UEFA, Euro 2012 media rights

In 2010 Sportfive secured marketing of media rights for the 2012 UEFA European Football Championship, one of the events with the highest media coverage in the world. The agreement covers a total of 49 territories in Asia and Oceania, including China, Hong Kong, Singapore, India and Australia. This partnership with UEFA follows on from Euro 2008, for which Sportfive handled the distribution of media rights. This major acquisition consolidates its leading position in the football market and increases its expertise in the fast growing market of Asian sporting media rights.

Marketing rights: diversifying for growth

Sportfive has extended its portfolio of football clubs by signing an exclusive contract for AS Saint-Etienne marketing rights. Its diversification is continuing in other disciplines: motorsport, with management of marketing rights for Michael Shumacher's Formula 1 team (Mercedes Grand Prix), and winter sports with renewal of its partnership with the German Skiing Federation in respect of marketing rights for the 2011 bobsleigh and skeleton world championships. World Sport Group, a member of the consortium responsible for the future Singapore Sports Hub, will organize event marketing.

Creation of Lagardère Unlimited Stadium Solutions

Lagardère Unlimited Stadium Solutions offers integrated and comprehensive solutions for sports stadium operators and rights holders, ranging from development consultancy to comprehensive operation and marketing services. From the outset this subsidiary has established itself as a key player in the sector. It offers an overall assistance and consulting approach for the bodies responsible for stadium refurbishment, construction and operation, notably in preparation for the Euro 2012 in Poland and Ukraine and the Euro 2016 in France.

LEADING POSITIONS

- Lagardère Unlimited partners the main international sports federations (CIO, FIFA, AFC, CAF and IAAF).
- Sportfive is the market leader in football, with a portfolio of 30 European football federations.
- World Sport Group is a key player in sports rights in Asia, with over 1,000 programme hours and 600 days of sporting events in 30 countries.
- PR Event has developed international expertise in the organisation of tennis tournaments.

KEY DATES

April 2010: takeover of American agency Best.

May 2010: acquisition of a 30% share in Saddlebrook academy.

June 2010: creation of Lagardère Unlimited Stadium Solutions, specialising in support of sports stadium operators from the pre-construction consultancy stage through to finalisation of sporting infrastructures.

July/September 2010: organisation of international tennis tournaments - ATP and WTA in Bastad, If Stockholm Open and Legg Mason Tennis Classic in Washington.

October 2010: Renewal of Joakim Noah representation contract.

July 2010: Signing of an exclusive global marketing representation contract by Dwight Howard, American basketball player and Olympic title holder, with Lagardère Unlimited.

September 2010: Sportfive selected for distribution of UEFA Euro 2012 media rights in almost 50 territories in Asia and Oceania.

January 2011: signing of an exclusive marketing representation contract with rugby player Sébastien Chabal.

April 2011: Creation of Lagardère Unlimited Live Entertainment, bringing the Group's live entertainment activities together around three complementary business lines: production of live performances and events, venue management and artist representation.

KEY FIGURES FOR 2010

- Over 250 athletes and performers represented.
- Over 30 countries.
- Over 30 disciplines.
- 72% of turnover in football [(1)].
- 66% of turnover in the Europe zone [(1)].
- 51% of turnover representing TV and production rights [(1)].
- 7 main subsidiaries present on 4 continents.

(1) Lagardère Sports turnover figures.

3.1.2 PRESENTATION OF THE RESOLUTIONS

RESOLUTION 1: APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS FOR 2010

The first resolution concerns the approval of the Parent Company's financial statements for the financial year 2010, which closed with a profit of €373.5 million compared with €298.5 million in 2009.

RESOLUTION 2: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The second resolution concerns the approval of the consolidated financial statements for the financial year 2010, which closed with Group net profits of €163.2 million, compared with €137 million in 2009.

RESOLUTION 3: ALLOCATION OF PROFIT: DISTRIBUTION OF DIVIDENDS

The parent company financial statements for the financial year 2010 closed with a profit of	€373,526,611.13
taking into account retained earnings carried forward of	€1,202,164,994.11
resulting in distributable profit equal to	€1,575,691,605.24

From this amount, pursuant to the provisions of the Articles of Association, €1,632,250 (1% of Group net profit) 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, unchanged on the dividend of €1.30 paid in 2010, and to allocate the balance to retained earnings, i.e. a total amount of around €165 million taking into account treasury stock held by the company at 28 February 2011.

Coupons will be detached on 18 May and the dividend will be paid from 23 May 2011 to holders of registered shares or to their duly appointed representatives, by cheque 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 €)/year	2007	2008	2009
Dividends paid to shareholders			
Per-share dividend	1.30	1.30	1.30
Total dividend	169,167,116.30	164,856,039.40	165,141,355.60
Dividend paid to general partners	5,341,290.00	5,933,060.00	1,368,020.00
Total	**174,508,406.30**	**170,789,099.40**	**166,509,375.60**

RESOLUTION 4: SETTING €700,000 AS THE MAXIMUM TOTAL AMOUNT OF ATTENDANCE FEES

Your Supervisory Board proposes to raise the maximum total amount of attendance fees to be paid to its members from €600,000, the amount set in 2004, to €700,000, in view of the increase in the number of Board meetings and the number of committees it has created.

RESOLUTION 5: RENEWAL OF THE MANDATE OF THE PRINCIPAL STATUTORY AUDITOR AND APPOINTMENT OF A NEW DEPUTY

On the advice of your Supervisory Board, which has implemented a selection procedure for the purpose, you are asked to approve the renewal of the mandate of Ernst & Young et Autres as Principal Statutory Auditor and the appointment of Auditex as Deputy Statutory Auditor.

RESOLUTION 6: APPOINTMENT OF MS SUSAN M. TOLSON AS A NEW MEMBER OF THE SUPERVISORY BOARD, TO REPLACE RESIGNING MEMBER MR BERNARD MIRAT

As Mr Bernard Mirat has announced his intention of resigning as a member of the Supervisory Board with effect from 30 June 2011, you are asked to approve the appointment of Ms Susan M. Tolson, as his replacement.

You are asked to approve her appointment for a term of four years from 1st July 2011; her term of office will therefore end following the General Meeting in 2015 approving the financial statements for the previous year.

Her appointment would reinforce the efforts made to improve the workings of the Supervisory Board, particularly in respect of proven experience at a high level in the world of business; knowledge of the media world and international experience *via* a career in the English-speaking financial sector (from 1990 to 2010 Ms Susan M. Tolson, an American graduate of the Harvard Business School, successively held the posts of analyst, Chief accounts manager then Senior-Vice President of The Capital Group Companies, a major American equity investment group).

This appointment would moreover be in line with the drive to increase the number of women on the Supervisory Board, bringing it to a level of 20%, a step ahead of current French legislation.

It would also reinforce the mainly independent nature of the Supervisory Board, since Ms Susan M. Tolson has no prior or present interests in relation to the Lagardère group.

RESOLUTION 7: VOTING OF POWERS TO THE MANAGING PARTNERS FOR A PERIOD OF 18 MONTHS TO HANDLE SHARES IN THE COMPANY

During financial year 2010, the Company took the following actions within the scope of the authorisations granted by the general meeting:

- purchase of 1,051,621 shares on the market representing 0.8% of the capital stock, purchased under a market maker contract intended to ensure proper market liquidity
- disposal of 1,191,621 shares purchased on the market under this market maker contract.

Accordingly, as of 31 December 2010 the Company held 4,098,948 treasury shares, representing 3.13% 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 23,000 were allocated for market making activities.

A breakdown of all transactions carried out during the financial year 2010, under the current authorisation granted by the general meeting of 27 April 2010, appears in the Reference Document appended hereto at paragraph 8.1.2.2, to which we request you refer.

Under Resolution 7 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 authorisation 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, based on capital stock as of 28 February 2011 and taking into consideration shares and call options directly held on that date, would authorize the purchase of 3,223,239 shares, equalling approximately 2.46% of the current share capital in the event that the Company does not cancel, transfer or sell a portion of shares and/or call options currently held;
- the total purchase price shall not exceed €650 million, it being specified under this new programme that the maximum purchase price shall not exceed €50 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, allocation of shares to employees, use in exchanges or as payment in future expansion through acquisition, promotion of market liquidity through market making contracts; thus the purchase of shares on the market will continue to be assigned to independent service providers acting within the scope of authority enabling them to independently purchase a certain number of shares over a certain period, pursuant the rules set by the AMF.

RESOLUTIONS 8 THROUGH 15: RENEWAL OF AUTHORISATIONS 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 summarises 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.

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.

It shall, along with the Statutory Auditors and in all cases provided for by law, prepare a supplemental report at the time it uses any of these authorisations, such reports to be made pursuant to legal provisions.

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

1° - Issue of bonds and securities which do not give access to the Company's capital stock:

Under Resolution 6 adopted by the combined general meeting on 28 April 2009, 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 1.5 billion euros for the resulting borrowings.

We propose that this authorisation be renewed.

This is the purpose of Resolution 8 submitted for your approval.

2° - Issue of common stock and all securities with preemptive subscription rights giving access to the Company's capital stock:

Resolution 9 submitted for your approval is similar to the seventh resolution approved by the general meeting of 28 April 2009. It involves authorising 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 33% of the present capital (which amounts to €799,913,044.60), i.e. some 265 million euros for increases in capital stock and 1.5 billion euros for the resulting borrowings.

Issues corresponding to this delegation shall be made with preemptive subscription rights.

3° - Issue of common stock and all securities without preemptive subscription rights giving access to the Company's capital stock:

Resolution 10 is intended to issue the same securities as the prior resolution, by means of a public offering, limited however to 20% of current capital stock, i.e. 160 million euros nominal value for the resulting increases in capital stock with a priority right of at least five days, but without preemptive subscription rights for shareholders.

Whatever the circumstances, 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 rule has replaced using the average of ten listed prices from among the twenty prior sessions and proves to be better adapted to current financial market conditions.

The shareholders will not have preemptive subscription rights but may, by decision of the Managing Partners, have a priority right.

Issues made without a priority right, in the event of strong market volatility, would then be limited to 15% of current capital stock, i.e. a nominal value of nearly 120 million euros.

Resolution 11 is intended to issue the same securities, limited however to 15% of current capital stock, but this time by means of private placement, meaning that their issue would be reserved, in accordance with the Monetary and Financial Code, to a restricted circle of investors or qualified investors in the sense of the above-mentioned provisions. This procedure allows placement of capital stock without the need to establish a prospectus, in the light of the professional skills of subscribers.

4° - Ability to increase the amount of issues decided upon in case of surplus demand:

Resolution 12, proposed pursuant to current regulations which recognise 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 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 14 below.

5° - 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 13 is similar to Resolution 10 adopted by the general meeting on 28 April 2009. 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 capital stock.

In the scope of a public exchange offer, the maximum nominal amount of the resulting increase in capital stock is 15% of current capital stock, i.e. some 120 million euros.

6° - Overall limits on increases in capital stock and the issue of debt securities:

In accordance with Article L.225-129-2 of the Commercial Code, in Resolution 14 we propose:

- to set at 160 million euros the maximum nominal amount of increases in capital stock likely to be raised without shareholders' preemptive subscription rights for shareholders under the authorisations conferred by Resolutions 10, 11, 12 and 13;
- to set at 37.5% of current capital stock, i.e. around 300 million euros, the maximum nominal amount of increases in capital stock that could result from the authorisations described above;
- to set at 1,500 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 authorisations requested in Resolutions 8, 9, 10, 11, 12 and 13.

7° - Increase of share capital through capitalisation of reserves, profits or premiums and allocation of free shares to shareholders:

Resolution 15 concerns the capitalisation of reserves, profits or 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 an amount equal to 37.5% of current capital, i.e. nearly 300 million euros.

RESOLUTION 16: MODIFICATION OF ARTICLE 25 OF THE BY-LAWS IN ORDER TO ALLOW PAYMENT IN KIND TO SHAREHOLDERS IN THE CASE OF EXCEPTIONAL DISTRIBUTION

The aim of Resolution 16 is mainly to enable the Company, on the occasion of an exceptional distribution, to provide as payment, directly or indirectly, by any means (and in particular by allocation of warrants giving entitlement to these securities, etc.) of marketable securities included in its balance sheet assets.

RESOLUTION 17: AUTHORISATION TO CARRY OUT FORMALITIES

***

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 I

Table of results at the last five financial years

	Type of indication	2006	2007	2008	2009	**2010**
I	**Financial position** *(in €)*					
a)	Share capital	870,416,509	818,213,044	799,913,045	799,913,045	799,913,045
b)	Number of ordinary shares outstanding	142,691,231	134,133,286	131,133,286	131,133,286	131,133,286
c)	Maximum number of shares to be issued upon exercise of stock options	-	-	-	-	-
d)	Maximum number of shares to be issued upon conversion of bonds	-	-	-	-	-
e)	Maximum number of shares to be issued upon exercise of subscription warrants	-	-	-	-	-
II	**Results of operations** *(in thousands of euros)*					
a)	Net sales	13,245	12,711	1,551	9,846	8,457
b)	Earnings before tax, depreciation, amortization and provisions	91,035	767,000	449,149	156,294	272,386
c)	Income tax	79,708 (1)	89,271 (1)	76,004 (1)	87,203 (1)	88,017 (1)
d)	Earnings after tax, depreciation, amortization and provisions	218,565	832,655	491,335	298,529	373,527
e)	Total dividends	160,423	169,167	164,856	165,142	(2)
III	**Earnings per share** *(in €)*					
a)	Earnings per share after tax but before depreciation, amortization and provisions	1.20	6.38	4.00	1.86	2.75
b)	Earnings per share after tax, depreciation, amortization and provisions	1.53	6.21	3.75	2.28	2.85
c)	Dividend per share	1.20	1.30	1.30	1.30	(2)
IV	**Staff**					
a)	Average number of employees	-	-	-	-	-
b)	Total wages and salaries	-	-	-	-	-
c)	Total employee benefit expense	-	-	-	-	-

(1) Mainly the tax gain resulting from the tax consolidation.
(2) The Annual General Meeting will be asked to approve the distribution of a dividend of €1.30 per share.

ANNEX II

to the Management Report of the Managing Partners

Delegations of authority and powers of attorney voted by the Shareholders' Meeting to the Managing Partners for capital increases

<table>
<tr><th>Description of authorisation</th><th colspan="6">Authorisations</th></tr>
<tr><td>Date of meeting</td><td colspan="6">Combined Ordinary and Extraordinary Meeting of 28 April 2009</td></tr>
<tr><td>Purpose of authorisation</td><td>Issue of all securities giving access to capital stock (shares, convertible bonds, bonds with share warrants, bonds redeemable as shares, etc.) with or without PSR</td><td>Issue of securities in consideration of contributions in kind or public exchange offers</td><td>Allocation of free shares to shareholders by capitalisation of reserves, profits or premiums</td><td>Issue of shares for the benefit of Group employees who are members of the Group Savings Plan</td><td>Allocation of free shares to Group employees and senior managers</td><td>Allocation of share subscription options to Group employees and senior managers</td></tr>
<tr><td>Total maximum nominal amount authorised</td><td colspan="2">€300 million
(~ 37.5% of capital stock)</td><td rowspan="2">€300 million</td><td colspan="3">€24 million
(3% of capital stock)</td></tr>
<tr><td>Individual nominal amounts authorised</td><td>€300 million *</td><td>€300 million **</td><td>€24 million (3% of capital stock)</td><td>€4 million (0.5% of capital stock per year)</td><td>€12 million (1.5% of capital stock per year)</td></tr>
<tr><td>Use in 2009</td><td colspan="2">None</td><td>None</td><td>None</td><td>***</td><td>None</td></tr>
<tr><td>Term of authorisations</td><td colspan="3">26 months</td><td colspan="3">38 months</td></tr>
</table>

* ~ €200 million in the case of issues without preemptive subscription rights (25% of the capital stock) and ~ €150 million in the case of issues without priority right (18.7% of the capital stock).

** €80 million in the case of a contribution in kind (10% of the capital stock).

*** A plan for free allocation of shares was established by the Managing Partners on 1 October and 31 December 2009 with regard to 571,525 shares representing 0.436% of the capital stock. A plan for free allocation of shares was established by the Managing Partners on 17 December 2010 with regard to 634.950 shares representing 0.484% of the capital stock.

3.2 SPECIAL REPORT BY 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 2010 which concerned share subscription and purchase options.

3.2.1 GENERAL INFORMATION

1. Lagardère SCA: in the course of 2010, 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 2010 are summarised in the table below.

Plan	Date of General Meeting	Quantities originally granted	Option price	Number of beneficiaries	Quantities taken up in 2010	Number of options cancelled as of end of 2010	Quantities remaining to be optioned as of end of 2010	Accounting date
Subscription options								
None								
Purchase options								
Ongoing plans								
18/12/03	23/05/00	1,437,250	€51.45	445	-	196,797	1,214,132	18/12/05 to 18/12/13
20/11/04	11/05/04	1,568,750	€51.92	481	-	229,597	1,346,262	20/11/06 to 20/11/14
21/11/05	11/05/04	1,683,844	€56.97	495	-	190,255	1,493,589	21/11/07 to 21/11/15
14/12/06	11/05/04	1,844,700	€55.84	451	-	142,100	1,702,600	14/12/08 to 14/12/16
Total							**5,756,583**	

It should be noted that no option was exercised during the financial year of 2010 due to market price levels.

2. Subsidiaries: in the course of 2010, no new options to subscribe or purchase shares were granted by companies under the majority control of Lagardère SCA.

There are no longer any plans in force or which expired in the financial year 2010.

3.2.2 SPECIAL INFORMATION ON LAGARDÈRE GROUP OFFICERS AND EMPLOYEES

In the financial year 2010, Lagardère SCA's officers and their legal representatives did not subscribe or any purchase option and consequently did not acquire any Lagardère SCA shares under the share purchase options granted to them in the financial years 2003 to 2006.

The Managing Partners

3.3 SPECIAL REPORT BY 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 2010 which concern allocations of free shares.

***

The policy on the allocation of free shares, like that which governed the allocation of purchase options, is intended primarily to give the Lagardère group's executives worldwide a stake in the Group's growth and consequent rise in value.

It also offers a means of singling out executives who have made a notable contribution to the Group's results through their positive action.

In addition, it instils loyalty among those whom the company wishes to retain for many years, specifically young executives with strong potential for professional growth, through whose efforts the Group will ensure its continued growth as part of an established long-term strategy.

1° - The first free share plan, implemented on 28 December 2007 and involving 594,350 shares granted to 387 individuals, included a so-called market performance condition applicable on 29 December 2009, stipulating that the average of the 20 most recent opening prices for Lagardère SCA shares preceding 29 December 2009 must be at least €51.14.

In view of the financial crisis that has arisen since the allocation date, this condition was not met; accordingly the plan lapsed on 29 December 2009.

A second plan was put in place at the end of 2009 (cf. special report to the General Meeting of 27 April 2010); this did not give rise to any vesting of shares in 2010.

2° - Based on the authorisation granted by the General Meeting of 28 April 2009 (14th Resolution), Mr. Arnaud Lagardère, in his capacity as Managing Partner of the Company, proceeded at the close of 2010 with the allocation of free Lagardère SCA shares to selected employees and senior managers of Lagardère SCA and its related companies as defined by law.

The main allocation of 17 December 2010 was defined as follows:

- **Number of beneficiaries:** 405 persons.
- **Number of shares granted:** 518,950 shares (0.396% of the number of shares comprising the capital stock).
- **Acquisition period:** two years; the shares allocated will not be definitively awarded until 18 December 2012, on the condition that at that date the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross negligence.
- **Retention period:** two years; once definitively granted, the shares must be kept in a registered account until 18 December 2014, inclusive, at which time they become transferable and may be traded under the terms and conditions established by applicable law.

For beneficiaries who reside overseas for tax purposes, the acquisition period has been set at four years, i.e. until 18 December 2014; in exchange, pursuant to a decision by the General Meeting, these beneficiaries are not subject to any retention period.

The total number of free shares granted during the 2010 financial year to the ten largest beneficiaries who are not Lagardère SCA officers was 127,000 free Lagardère SCA shares, or an average of 12,700 shares per person.

On 17 December 2010, Mr. Arnaud Lagardère, in his capacity as Managing Partner, awarded to Messrs. Philippe Camus, Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, employees of Lagardère Capital & Management and Co-Managing Partners, as part of the 2010 allocation, the right to receive 29,000 free shares each (representing 0.022% of the number of shares comprising the capital stock), following a decision by the Supervisory Board, meeting on 15 December, pursuant to the provisions of the AFEP-MEDEF Code governing this allocation, subject to the provision that the value of the share rights awarded shall not exceed, for each individual concerned, one third of his total annual remuneration.

The characteristics of this allocation and the conditions to which it is subject are as follows:

- **Acquisition period:** The shares granted will not be definitively acquired until 1 April 2013 with regard to Messrs. Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, and 1 April 2015 with regard to Mr. Philippe Camus, a United States resident for tax purposes, subject to their fulfilment of the conditions governing performance and presence.
- **Performance conditions:** In view of the current economic and financial environment, the limited short-term visibility available to certain companies and the diversity of the Group's activities and development in various markets, the objectives have been defined on an annual basis rather than a multi-year basis, as would be the case during a normal period of operations. Similarly, in view of the instability of the financial markets, the objectives were defined on the basis of internal corporate criteria rather than in part on the basis of market performance conditions, since Lagardère SCA no longer has any suitably comparable competitors. Consequently, three objectives were adopted: the first based on the change in recurring EBIT before associates for the Media Division companies in 2011 and 2012 by comparison with the target 2011 and 2012 recurring EBIT before associates communicated as market guidance; the second based on the change in net cash from operating and investing activities in 2011 and 2012 compared with the figures defined in the Consolidated Annual Budgets prepared at the start of the year. If each of these four target objectives is met, the free shares assigned to each objective (i.e. one quarter of the total quantity per target objective) will be granted in full; if between 0% and 100% of the objective is met, the free shares will be granted in proportion to the percentage of the objective that is fulfilled, in linear fashion.

Lastly, the third objective is based on achievement in 2012 by Lagardère SCA of a recurring EBIT before associates from Media Activities at least equal to the average recurring EBIT achieved in 2010 and in 2011; if this objective is not achieved, then the number of shares resulting from application of the four target objectives described above will be reduced proportionately.

- **Presence conditions:** In order to claim definitive allocation of the shares, Messrs. Philippe Camus, Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, must still be serving as executives of Lagardère SCA on 1 April 2013; this condition will be deemed met in the event of their removal from their executive position or the non-renewal of their appointment for reasons other than negligence.
- **Retention of shares:**
  With regard to Messrs. Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, 100% of the shares actually granted must be retained in a registered account for a period of no less than two years, i.e. from 1 April 2013 to 1 April 2015.

With regard to the four beneficiaries:

- pursuant to a decision by the Supervisory Board on 12 March 2008, 25% of the shares actually granted must be held in a registered account until the beneficiary ceases to serve as a legal representative of Lagardère SCA;
- pursuant to a decision by the Supervisory Board on 2 December 2009, an additional 25% of the shares actually granted must be held in a registered account until the value of the Lagardère SCA shares held is at least equal to one year of fixed and variable gross compensation; this condition will be assessed at the start of each year in light of the average December share price and the fixed and variable compensation received or payable in respect of the preceding year.

At the close of the mandatory retention periods defined above, the corresponding shares will become transferable and may be traded under the terms and conditions established by law and in accordance with the fixed trading periods established by Lagardère SCA in the "Charter for Transactions carried out on Lagardère SCA shares by employees of the Lagardère group".

The value of the shares allocated in this way was €29.30 at the close of trading in the Paris Bourse on 17 December 2010. In accordance with IFRS accounting standards, this same value was €25.40 for the shares to be made available in 2014, and €22.72 for the shares to be made available in 2015 (residents overseas).

The Managing Partners

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CHAPTER 4

Supervisory Board

4.1 REPORT OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

Further to the Report of the Managing Partners, which covered the activities and results of the various Group divisions, this report by the Supervisory Board is intended in particular to give you its opinion on the audit of the Group's management and to present our opinion on the resolutions that you are being asked to vote on today.

***

Your Supervisory Board met on six occasions during 2010. At these meetings, the Board was regularly updated by the Managing Partners about the Group's activities and situation as well as the growth prospects for its divisions. There were also detailed presentations about Lagardère Active, Lagardère Publishing and Lagardère Unlimited.

Furthermore, in addition to its normal yearly and half-yearly examination of the accounts, the Supervisory Board approved the renewal of the mandate of the company's Managing Partner, Arjil Commanditée-Arco, examined the Board's composition and organisation, created an Appointments and Remuneration Committee, elected its new Chairman, appointed the members and heads of the Audit Committee and the Appointments and Remuneration Committee that it decided to create, and reviewed the functioning of the Audit Committee in light of the recommendations of the report published by the working group of the Autorité des Marchés Financiers (which also provided an opportunity to review the role and missions of the Supervisory Board within a limited partnership with shares).

Finally, the Board also decided to meet exceptionally in order to give its opinion on the resolutions proposed to the General Meeting by a minority group of shareholders.

With respect to the activity of the Audit Committee, in addition to its in-depth examination of the yearly and half-yearly accounts, it also carried out:

- an analysis of the mapping of the Group's risks, including a review of the main disputes involving the Group;
- follow-up on the implementation of the recommendations made in 2010 by Pricewaterhouse-Coopers concerning the Group's risk management and internal controls;
- an analysis of the activities of the Group's own Audit Department and the 2011 audit procedures.

The Audit Committee also considered the report of the AMF working group of 22 July 2010 in order to ensure that its operations comply with the recommendations in this report.

The Appointments and Remuneration Committee, created in 2010 by the Supervisory Board, has determined how it functions through the establishment of internal rules. It looked at the remuneration of the Chairman of the Supervisory Board that it proposed to the Managing Partners, in consideration for the specific responsibilities demanded of him, and at the remuneration of the Managing Partners; with respect to the latter, the Committee considered and set guidelines on the conditions on allocating free shares to its members.

At the conclusion of our work and investigations, we are able to assure you that the accounts for 2010, and the comments supplementing it, give a true and fair view of the activities and assets of the Group, with, at 31 December 2010:

- consolidated sales of €7,966,000,000, up slightly in gross terms;
- recurring EBIT before associates of €462 million;
- net income attributable to equity holders of the parent company of €163 million.

***

In addition to the approval of the Parent Company and consolidated financial statements and the discharge that we propose to give the Managing Partners, the following resolutions are among the important items on the Meeting agenda:

- allocation of the profit for 2010, knowing that fixing the dividend per share at €1.30 seems to us to correspond to a fair and appropriate remuneration of shareholders, taking into consideration the needs and financial capabilities necessary for the Group's growth;
- the renewal of the mandate of Ernst & Young et Autres as Principal Statutory Auditor and the appointment of the Auditex company as Deputy Statutory Auditor. The results of the tender process that was launched with regard to the expiration of the term of Ernst & Young et Autres in 2011 leads us to propose to you that its term be renewed;
- an increase in the total amount of the attendance fees paid to members of the Supervisory Board from €600,000 to €700,000. The Supervisory Committee, upon a proposal of the Appointments and remuneration Committee, believes that the increase in the number of meetings of the Supervisory Board and the Audit Committee as well as

the creation of the Appointments and Remuneration Committee requires an increase in the total of the attendance fees, which have not changed since 2004;

- the appointment of a new member of the Supervisory Board. The Board, on the advice of the Appointments and Remuneration Committee, considers that Ms Susan M. Tolson's appointment would reinforce the efforts already made to improve its operation, thanks to her specific characteristics, as follows:
  - proven experience in the world of high level business;
  - in-depth knowledge of the media field;
  - international experience via a career in the English-speaking business world (Ms Tolson is American).

  This appointment would moreover be in line with the drive to increase the number of women on the Lagardère Supervisory Board, and would anticipate the initial effects of the planned new French legislation on this subject. Lastly this appointment would be in line with generally accepted rules of good governance, since Ms Tolson has no prior or present interests in relation to the Lagardère group, making her totally independent of it;
- an amendment to the by-laws allowing a payment in kind to shareholders in the case of exceptional distribution;
- the renewal of the financial authorisations previously granted to the Managing Partners, which are expiring.

There are no reservations on our part concerning any of the resolutions mentioned, thus we recommend that you vote for them.

***

Several important policy decisions were taken by the Group in 2010, including:

- firstly, the decision to divest the international magazines business (IMP) of Lagardère Active. This sale, whose announcement was warmly welcomed by the stock market, will enable Lagardère Active to pull out of an activity where it had not reached critical mass; strengthening it would also have required major additional investments. Further, in contrast, by re-focusing on France, where its leadership remains unchallenged, this division can expect to significantly improve its profitability and continue to grow;
- secondly, the preparation of the IPO involving the 20% equity stake that the Lagardère group holds in Canal+ France, illustrating its strategy of a refocus on some of its core businesses;
- finally, the Group's determination to make Lagardère Unlimited, the new division that brings together the management of sports rights and entertainment, the future world leader in the field.

The scale of these decisions demonstrates that, far from being content with the strong positions already acquired at both the European and global levels, your Managing Partners are being attentive to the Group's strategic direction, so as to ensure that it continues to be the major dynamic media group that you are familiar with. In this regard, the Supervisory Board cannot do other than to invite you, Ladies and Gentlemen Shareholders, to demonstrate your confidence in these latest efforts, which demonstrate your Group's adaptability and its legitimate ambitions.

The Supervisory Board

4.2 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

The purpose of this report is to provide the information required under Article L. 226-10-1 of the French Commercial Code principally concerning the membership and operation of the Supervisory Board, and the internal control and risk management procedures applied by the Company.

All preparatory work for this report (including interviews with the Management) was presented at an Audit Committee meeting. The Supervisory Board approved the terms of the report at its meeting of 9 March 2011.

MEMBERSHIP OF THE SUPERVISORY BOARD

In accordance with the Company's by-laws, the Supervisory Board is composed of a maximum of fifteen members, appointed for a maximum term of four years.

Your Board currently comprises the following 15 members:

		Date of first appointment or renewal	End of current period of office
Chairman of the Board Chairman of the Audit Committee	**Xavier de Sarrau** Lawyer Former Managing Partner of Arthur Andersen Group for Europe / Middle East / India / Africa	10 March 2010	AGM 2014*
Member and Honorary Chairman of the Board Member of the Audit Committee	**Raymond H. Lévy** Honorary Chairman of Renault SA	27 April 2010	AGM 2012*
Member of the Board	**Bernard Arnault** Chairman and Chief Executive Officer of LVMH	27 April 2010	AGM 2012*
Member of the Board	**Martine Chêne** Former archivist at Hachette Filipacchi Associés Former CFDT union representative on the Group Employees' Committee	29 April 2008	AGM 2014*
Member of the Board Member of the Appointments and Remuneration Committee	**Georges Chodron de Courcel** Chief Operating Officer of BNP Paribas	2 May 2006	AGM 2012*
Member of the Board Member of the Audit Committee Chairman of the Appointments and Remuneration Committee	**François David** Chairman of the Board of Directors of Coface SA	29 April 2008	AGM 2014*
Member of the Board Member of the Appointments and Remuneration Committee	**Pierre Lescure** Former Chairman and Chief Executive of Canal+ SA	29 April 2008	AGM 2014*
Member of the Board	**Jean-Claude Magendie** Former first President of the Paris Court of Appeal	27 April 2010	AGM 2014*
Member of the Board Member of the Audit Committee	**Christian Marbach** Former Chairman of the French innovation agency ANVAR	2 May 2006	AGM 2012*
Member of the Board Member of the Audit Committee	**Bernard Mirat** Former Deputy Chairman and Chief Executive Officer of Société des Bourses Françaises	2 May 2006	AGM 2012*
Member of the Board	**Javier Monzón** Chairman of the Spanish company Indra Sistemas	29 April 2008	AGM 2014*
Member of the Board Member of the Audit Committee	**Amélie Oudéa-Castéra** Director of the Strategic Plan at AXA	27 April 2010	AGM 2012*
Member of the Board Member of the Audit Committee	**Didier Pineau-Valencienne** Former Chairman and Chief Executive Officer of Schneider SA	29 April 2008	AGM 2014*
Member of the Board	**François Roussely** Chairman of Crédit Suisse-France	27 April 2010	AGM 2012*
Member of the Board	**Patrick Valroff** Former Chief Executive Officer of Crédit Agricole CIB	27 April 2010	AGM 2014*

* Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.

These members form a competent, independent and attentive Supervisory Board, fully able to represent shareholders' interests.

A review of each Board member's position has concluded that twelve Supervisory Board members – or four fifths of the Board – currently qualify as "independent" directors as defined by the AFEP-MEDEF report on corporate governance for listed companies, as applied by Lagardère (see below). The twelve members concerned are:

- Mr. Bernard Arnault,
- Mrs Martine Chêne,
- Mr. François David,
- Mr. Xavier de Sarrau,
- Mr. Pierre Lescure,
- Mr. Jean-Claude Magendie,
- Mr. Christian Marbach,
- Mr. Bernard Mirat,
- Mr. Javier Monzón,
- Mr. Didier Pineau-Valencienne,
- Mr. François Roussely,
- Mr. Patrick Valroff.

OPERATION (PREPARATION AND ORGANISATION OF THE BOARD'S WORK)

The terms and conditions of the Supervisory Board's organisation and operations are set forth in a set of internal rules (updated on 9 March 2011) which also define the duties incumbent on each member, and the code of professional ethics each individual member is bound to respect.

These rules concern the following:

1. **The independence of Board members:** the minimum quota for independent members is fixed at half of the total serving members. Independent members must have no direct or indirect relations of any kind with the Company, Group or 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 fixed 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 by-laws, 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 inside 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 carried out through the Company by each Board member;
   - shares must be retained for at least six months after expiry of a Board member's term of office;
   - the Chairman, Managing Partners and Financial Markets Authority (AMF) must be informed of any transactions in shares within five days of their completion.
5. **The existence of an Audit Committee:** in addition to the tasks described below, this Committee is also responsible for preparing the Board meetings for subjects within its remit.
6. **The existence of an Appointments and Remuneration Committee:** in addition to the tasks described below, this Committee is also responsible for preparing the Board meetings for subjects within its remit.

***

The Supervisory Board meets regularly to review the financial situation 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 its meetings: four meetings are planned for 2011. During 2010, the Supervisory Board met six times:

- on 10 March, with an attendance rate of 84.6%, mainly to examine the parent company and consolidated financial statements and general business position and outlook, approve renewal of Arjil Commanditée-Arco's appointment as Managing Partner, examine the Supervisory Board's membership, organisation and self-evaluation results,

undertake preparatory work for the annual general shareholders' meeting, approve the report of the Chairman of the Supervisory Board and finalise his report to the shareholders;
- on 8 April, with an attendance rate of 71.4%, to issue an opinion on the draft resolutions to be proposed at the general shareholders' meeting of 27 April 2010 by a group of minority shareholders;
- on 27 April, with an attendance rate of 78.5%, to elect the Chairman of the Supervisory Board, and appoint the members and Chairmen of the Audit Committee and the Appointments and Remuneration Committee;
- on 9 June, with an attendance rate of 86.6%, mainly to examine the position of Lagardère Active (a presentation was given by Didier Quillot);
- on 8 September, with an attendance rate of 80%, mainly to examine the half-year parent company and consolidated financial statements and general business position and outlook, examine the position of Lagardère Publishing (a presentation was given by the division's teams) and approve the internal rules of the Appointments and Remuneration Committee;
- on 14 December, with an attendance rate of 80%, mainly to examine the position of Lagardère Unlimited (with a presentation by Olivier Guiguet), and examine its governance.

AUDIT COMMITTEE

In application of its internal rules, the Audit Committee meets at least four times a year and its tasks include the following:
- to review the accounts and the continuity of the accounting methods used for the Lagardère SCA parent company and consolidated financial statements, and to monitor the process for elaboration of financial information;
- to monitor the audit of the parent company and consolidated financial statements by the Statutory Auditors;
- to monitor the Statutory Auditors' independence;
- to issue a recommendation on the Statutory Auditors nominated for appointment at the shareholders' meeting;
- to ensure that the Company has internal control and risk management procedures, particularly procedures for (i) elaboration and processing of accounting and financial information used to prepare the accounts, (ii) risk assessment and management, (iii) compliance by Lagardère SCA and its subsidiaries with the main regulations applicable to them; the Audit Committee is informed of any observations and/or suggestions from the Statutory Auditors regarding these internal control procedures and examines the report of the Chairman of the Supervisory Board on internal control procedures and risk management;
- to monitor the efficiency of internal control and risk management systems;
- more specifically to review, as regards the internal auditing of the Company, its business activities, audit programme, organisation, operation and realisations;
- to review the agreements directly or indirectly binding the Group and the senior managers of Lagardère SCA; the Managing Partners' salaries are paid by Lagardère Capital & Management, which is bound to the Group by a service agreement. Application of this agreement, which has been approved by the Board and the shareholders as a regulated agreement, is monitored regularly as required by law. The Board has delegated the Audit Committee for this task, which among other points concerns the amount of expenses reinvoiced under the contract, essentially comprising the Managing Partners' remuneration;
- to prepare an annual summary of business over the past year for release to the shareholders (through the report of the Supervisory Board and the report of the Chairman of the Supervisory Board).

Audit Committee members are appointed for their financial and/or accounting skills, assessed with particular regard to their past career (posts held in general or financial management or in an audit firm), academic background or specific knowledge of the Company's business.

The members of the Audit Committee interview the Group's main senior managers when necessary, and the Statutory Auditors also present a report on their work.

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 six times in 2010, twice in March, and once in June, July, October and November.

All meetings were attended by all Committee members, except for the meetings of June and July when the attendance rate was 85.7%.

The first March meeting involved a review of intangible assets and impairment methods and analysis of recent acquisitions; the second March meeting was held to examine the consolidated financial statements for 2009, and for presentation and examination of the Chairman's draft report on internal control and risk management.

In June, the Committee focused on the internal audit activity, reviewed remuneration of the Statutory Auditors, and the results of the study of IT risks; finally, it examined the state of relations with Lagardère Capital & Management (LC&M).

The purpose of the July Audit Committee meeting was to examine the financial statements for the first half-year of 2010.

In October, the meeting examined the Audit Committee's role and missions in the light of the report published on 22 July 2010 by the working group set up by the AMF. The Committee noted that some of the recommendations contained in the report were already applied, and decided to apply all of them except for those not considered relevant to the tasks assigned to the Supervisory Board of a French limited partnership with shares.

It also heard a presentation of litigation and a report on risk mapping.

At the last meeting of the year in November, the agenda concerned the end of the risk mapping presentation, a review of internal audit activities during the second half-year and the audit plan for 2011.

These meetings took place in the presence of the Chief Financial Officer, the Director of Internal Audit and the Statutory Auditors. They were also attended by the senior executives concerned by the issues on the agenda, particularly the Head of Management Control, the Central Accountancy Director, the Group's Legal Director, the Director of Risks and Internal Control, and the Head of Group Information Systems.

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

Audit Committee members reserve the right to interview the Statutory Auditors without the Management in attendance.

APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee was formed on 27 April 2010 by the Supervisory Board.

In application of its internal rules, the Committee meets at least twice a year, and its tasks include the following:

Regarding Board and Committee membership:

- to select and nominate Supervisory Board and Committee members for proposal to the Supervisory Board;
- to regularly review the independence of Supervisory Board members in the light of independence criteria defined by the Supervisory Board;
- to carry out advance assessments of potential risks of conflicts of interests between Supervisory Board members and the Lagardère group.

Regarding remuneration:

- to monitor, where relevant, any components of remuneration that are not paid under the agreement with Lagardère Capital & Management (which, being a regulated agreement is monitored by the Audit Committee – see above) and may be received by Lagardère's senior executives directly from Group companies. Under current laws, this concerns stock purchase or subscription options and free shares awarded;
- to propose the amount of attendance fees to be paid to members of the Supervisory Board and Committees as submitted to the general shareholders' meeting, and the rules for determining and distributing the amount of attendance fees between, members of the Supervisory Board and Committees, in particular based on members' attendance record at meetings.

The members of the Appointments and Remuneration Committee interview the Chairman of the Supervisory Board, the Managing Partners or any other person they may choose when necessary.

The Chairman of the Appointments and Remuneration Committee reports to the Board on the work done by the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee met twice during 2010 in July and October, with attendance rates of 100% and 66% respectively.

The first meeting, in July, was held to define the Committee's operation and internal rules, which were subsequently submitted to the Supervisory Board for approval.

At the second meeting, in October, the Committee proposed the remuneration of the Chairman of the Supervisory Board, heard a presentation on the remuneration methods for members of the Executive Committee, examined the distribution of attendance fees and the Supervisory Board's membership (particularly in the light of members' independence) and prepared the criteria that will govern selection of new members.

These meetings were attended by M. Pierre Leroy, Co-Managing Partner.

COMPLIANCE WITH FRENCH CORPORATE GOVERNANCE REGULATIONS – AFEP-MEDEF

The Company has applied the corporate governance principles brought together in the AFEP-MEDEF *Code de Gouvernement d'Entreprise des Sociétés Cotées* (Code of Corporate Governance for Listed Companies) revised in April 2010. This Code is available from the Corporate Governance section of Lagardère's website.

As stated in the introduction to the Code, most of the recommendations it contains have been established with reference to companies with a board of directors. Companies with a management board and supervisory board, and limited partnerships with shares, must make the necessary adjustments. By its very principle, a limited partnership with shares has strict separation of powers between the Managing Partners who run the company (and thereby the general partners who have unlimited liability), and the supervisory board, which only reviews management actions after completion and does not participate in management.

Given Lagardère's specificities in terms of French law and its own by-laws as a limited partnership with shares, the Board has adopted an organisation structure appropriate to the nature of its work under the law and the recommendations of the AFEP-MEDEF Code for good governance.

The following comments concern the few recommendations not applied by Lagardère, and others not applied until recently but which the Board has decided to adopt.

A INDEPENDENCE OF BOARD MEMBERS

In view of its control duties, the Board considers it necessary to have a majority of independent members (see above).

Each member's situation has therefore been examined in the light of the "criteria" for independence contained in the AFEP-MEDEF Code, which it has taken as a benchmark framework for analysis.

It has thus been decided:

- that Mrs Chêne's former employee status does not disqualify her as an independent member, since she benefited from a protective legal status due to her functions as union representative on the Group Employees' Committee. However, this criteria has been applied in the case of Mr. Raymond H. Lévy;
- that the fact of having been a Board member for more than twelve years, which is the case for Mr. Mirat, does not disqualify him as an independent member; on the contrary, it is considered an asset in a control role;
- that the fact of being, or having been, a member of the Board of Directors or Supervisory Board of a company consolidated by Lagardère SCA does not affect the independence of Mr. François David, who was a director of EADS from 2004 to 2007.

B TERMS OF OFFICE

It was previously considered that for a Supervisory Board whose members should have sound experience of the Company's business, a six-year term of office, which is longer than the Code's recommendation of four years, was highly appropriate. Furthermore, given the number of members, with a six-year term one third of the Board could be renewed regularly, every two years.

The Board reviewed its position in 2010 as it prepared to renew some of its members, and decided to reduce the term of office progressively from six to four years, in line with the position adopted by most listed companies. To move towards renewal of half of the Board rather than one third every two years, the terms of office renewed by the Shareholders' Meeting of 27 April 2010 were fixed at two years, while the terms of new members will be four years, such that some Board members will have two-year terms and others four-year terms, to expire at the end of the shareholders' meetings called respectively in 2012 and 2014 to approve the financial statements for the previous year.

C STRUCTURE OF THE BOARD

As the Supervisory Board's mission is essentially to control the Company's accounts and management operations, it has set up an Audit Committee consisting of seven members (five of whom qualify as independent under the criteria discussed above). The Audit Committee carries out preparatory work for Board meetings mainly in the fields of accounting, finance and audit.

In 2010 the Board formed an Appointments and Remuneration Committee, in charge of (i) preparatory work for the Board's decisions concerning appointments of Supervisory Board members and (ii) preparatory work for Supervisory Board decisions required by the law or the AFEP-MEDEF corporate governance code regarding indirect remuneration for senior executives in the specific case of Lagardère as limited partnership with shares (see "Audit Committee" and "Appointments and Remuneration Committee" above).

D OPERATION OF THE BOARD

As recent regulations have significantly increased the workload for both the Board and its Audit Committee, leading to a progressive rise in the number of meetings, the Supervisory Board has decided to introduce a formal self-evaluation procedure from 2009, with the primary aim of assessing the preparation and quality of its own work and the work of its Committees.

Consequently, the Supervisory Board carried out its first self-evaluation in 2010 (concerning its operation in 2009).

SPECIFIC RULES FOR ATTENDANCE OF GENERAL MEETINGS BY SHAREHOLDERS

These rules are set out in the by-laws (Articles 19 to 22), and mostly reported in Chapter 8, section 8.2.6 - "General Meetings" of the Reference Document. The Company's by-laws can be consulted on its website (Investor relations – Corporate governance – 11- Articles of Association).

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Information on the internal control and risk management procedures used at Lagardère SCA is presented in the Reference Document.

The Group's Risk and Internal Control Division, supported by the Audit and Legal Divisions, have been given the task of defining a method for presentation of internal control and risk management procedures in the Reference Document, and monitor their application.

This includes asking the head of each business division of the Lagardère group to draw up a brief report on internal control and risk management procedures existing in the division, based on supporting documents and predefined specifications. I have examined the corresponding reports.

The analysis by the Risk and Internal Control Division, based on these reports, leads to the conclusion that the internal control and risk management procedures in existence in the Group correspond to the description provided in section 7.4.1 of the 2010 Reference Document.

The internal control and risk management procedures in existence at EADS NV are described in the EADS Registration Document, and Canal+ France is covered by Vivendi's internal control and risk management system, which is described in the Vivendi Annual Report. These procedures are not reported in the Lagardère Reference Document.

The Chairman of the Supervisory Board

4.3 INFORMATION ON THE CANDIDATE FOR THE SUPERVISORY BOARD

SUSAN M. TOLSON

Date of birth: 7th March 1962

Nationality: American
Date of initial appointment: N/A

Position at Lagardère SCA: None

Number of Lagardère SCA shares held: None

Principal position: None

Professional background and qualifications:

Ms Tolson graduated from Smith College in 1984 with distinction, then from Harvard where she obtained her MBA in 1988. In 1984 she joined Prudential-Bache Securities as a Corporate Finance analyst, then in 1988 took a post as Investment Officer in Private Placements with AETNA Investment Management. In 1990 she joined The Capital Group Companies, a major American equity investment company founded in 1931, which currently manages over a trillion dollars.

From April 1990 to June 2010, she held the posts of analyst, then chief accounts manager,... before becoming Senior Vice President, a post that she left in order to join her husband in Paris.

Over this twenty year period she was called on to make recommendations and give expert opinions, and to take decisions on investments in many business sectors, including media and entertainment.

Ms Susan M. Tolson currently holds the following positions and appointments:

In France:

- Board member, American University of Paris
- Honorary President, American Friends of The Musée d'Orsay
- Honorary President of the council, American Women's Group in Paris
- Administrator, Fulbright Commission

Outside France:

- Administrator of America Media, Inc., and of the American Cinémathèque
- Member of Los Angeles world Affairs Council, the Paley Center For Media, and the Los Angeles Society of Financial Analysis

Languages spoken: English, French

CHAPTER 5

Reports of the Statutory Auditors

5.1 STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

To the partners,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the financial year ended 31 December 2010, on:

- the audit of the accompanying financial statements of Lagardère SCA;
- the justification of our assessments;
- the specific verifications 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 ANNUAL 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 annual 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 annual financial statements. An audit also includes evaluating the appropriateness of accounting principles used, the reasonableness of accounting estimates made by management, and the presentation of the financial statements overall. 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 as of 31 December 2010 and of the results of 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 appendix 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 annual 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, in accordance with the professional standards applicable in France, 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 report by the Managing Partners and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L.225-102-1 of the Commercial Code relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified their consistency with the annual financial statements, or with the data used to prepare these annual financial statements and, where applicable, with the information obtained by the Company from companies controlling your Company or controlled by it. On the basis of this research, we certify the accuracy and fair presentation of this information.

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

Neuilly-sur-Seine and Courbevoie, 8 April 2011

The Statutory Auditors

Ernst & Young et Autres	Mazars
Jeanne Boillet	Bruno Balaire

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the partners,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the financial year ended 31 December 2010, on:

- the audit of the accompanying consolidated financial statements of Lagardère SCA;
- the justification of our assessments;
- the specific verifications required by French law.

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

I OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit 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 evaluating the appropriateness of accounting principles used, the reasonableness of accounting estimates made by management, and the presentation of the financial statements overall. 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 consolidated financial statements for the financial year 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 the International Financial Reporting Standards as adopted by the European Union.

Without calling into question the opinion expressed above, we draw your attention to the following matters:

- Note 1 in the appendix to the consolidated financial statements, which describes the new standards and interpretations that have been applied by your Company since 1 January 2010. In particular, the IFRS 3 and IAS 27 revisions were applied during the 2010 financial year; these revisions introduce substantial modifications to the accounting principles for business combinations, and
- Note 19 which presents the accounting treatment used at 31 December 2010 for the investment in Canal+ 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:

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 division. We have assessed the assumptions used in determining the recoverable value of these assets for the purpose of comparison with their book value. This recoverable value is assessed primarily on the basis of the updated cash flow forecasts prepared by each branch of the Group at the end of 2010. We assessed the reasonable nature of the information included in the notes to the consolidated financial statements with respect to the updated cash flow forecasts used

Moreover, as indicated in Note 32 to the consolidated financial statements, the assets of Presse Magazine Internationale have been reclassified as assets held for sale in the consolidated balance sheet at 31 December 2010. We appreciated the appropriate nature of this accounting treatment and assessment of the fair value of assets held for sale.

Finally, we assessed the reasonableness of the conditions that led the Managing Partners to reclassify the investment in Canal+ France as investments in associates, and the year-end valuation of this investment as presented in Note 19 to the consolidated financial statements.

These assessments were made in the context of our audit of the consolidated 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 VERIFICATION

We have also, in accordance with the rules of professional practice applicable in France, 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.

Neuilly-sur-Seine and Courbevoie, 8 April 2011

The Statutory Auditors

Ernst & Young et Autres	Mazars
Jeanne Boillet	Bruno Balaire

5.3 SPECIAL STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the partners,

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

We are required 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 or which may have come to our attention during our assignment, without pronouncing on their utility and merits, or seeking the existence of other agreements and commitments. It is your responsibility, pursuant to Article R.226-2 of the Commercial Code, to assess the merit of these agreements and commitments with a view to approving them.

We are also required to provide you with the information required under Article R. 226-2 of the Commercial Code in respect of the execution during the past year of any agreements and commitments already approved by the general meeting.

We carried out the work we deemed necessary in light of the professional standards of the Compagnie Nationale des Commissaires aux Comptes applicable to this responsibility. These standards require that we perform procedures to verify that the information given to us is coherent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING

Agreements and commitments approved during the past year

We have not been informed of any agreement or commitment authorised during the past year to be submitted to the general meeting for approval in accordance with Article L. 226-10 of the Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

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

In application of Article R. 226-2 of the Commercial Code, we have been informed of the following agreements and commitments, already approved by the general meeting during previous years and applicable during the period:

LAGARDÈRE CAPITAL & MANAGEMENT

SERVICE AGREEMENT

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

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

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

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

Starting from that date, the remuneration payable by Lagardère Ressources to Lagardère Capital & Management for any given year is equal to the total expenses incurred by Lagardère Capital & Management during that year in execution of the services rendered under the Service Agreement, plus a 10% margin, with an absolute upper limit of €1 million for that margin. For 2010, the amount of this margin is €1 million.

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 Executive 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 2010, the amount billed by Lagardère Capital & Management under these two agreements amounted to 23.301 million euros including an expense of 5.108 million euros for the additional pension plan, compared to 19.512 million euros (including an expense of 3.655 million euros for the additional pension plan) in 2009.

Neuilly-sur-Seine and Courbevoie, 8 April 2011

The Statutory Auditors

Ernst & Young et Autres	Mazars
Jeanne Boillet	Bruno Balaire

5.4 STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L.226-10-1 OF THE FRENCH COMMERCIAL CODE ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF LAGARDÈRE SCA

To the partners,

In our capacity as Statutory Auditors of Lagardère S.C.A., and in accordance with Article L.226-10-1 of the French Commercial Code, we hereby report on the report prepared by the chairman of your company's Supervisory Board, pursuant to this article for the year ended 31 December 2010.

It is the responsibility of the chairman of the Supervisory Board to prepare and submit for the Supervisory Board's approval a report on internal control and risk management procedures implemented by the Company. This report must provide the additional information required under Article L. 226-10-1 of the Commercial Code relating to corporate governance.

It is our role to:

- report on our observations regarding the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information, and

- certify that this report includes the additional information required by Article L.226-10-1 of the Commercial Code, having specified that it is not our role to verify the fairness of this additional information.

We have conducted our work in accordance with the rules of professional practice applicable in France.

INFORMATION ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The rules of professional practice 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 and risk management procedures relating to the preparation and processing of accounting and financial information.

These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of 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 accounting and financial information that we may 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 and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the chairman of the Supervisory Board pursuant to the provisions of Article L. 226-10-1 of the Commercial Code.

OTHER INFORMATION

We certify that the report by the Chairman of the Supervisory Board contains the other information required by Article L.226-10-1 of the Commercial Code.

Neuilly-sur-Seine and Courbevoie, 8 April 2011

The Statutory Auditors

Ernst & Young et Autres	Mazars
Jeanne Boillet	Bruno Balaire

5.5 SPECIAL STATUTORY AUDITORS' REPORT ON AUTHORISATIONS TO ENGAGE IN FINANCIAL OPERATIONS

To the partners,

In our capacity as Statutory Auditors of your company, and in accordance with the French Commercial Code and in particular Articles L.225-135, L.225-136 et L.228-92 thereof, we hereby present our report on the proposals to delegate powers to the Managing Partners to issue common stock and securities, on which you will be asked to vote.

Your Managing Partners ask you, on the basis of their report:

- to delegate the Managing Partners powers, for a term of 26 months, to decide on the following operations and set the definitive conditions for these issues, proposing, if applicable, to remove your pre-emptive subscription rights:
  - issue of common shares or any other securities giving or potentially giving access to company capital by any means, and notably by means of debt securities, with maintenance of pre-emptive subscription rights within the limit of €265 million (Resolution 9);
  - issue of common shares or any other securities giving or potentially giving access to company capital by any means, and notably by means of debt securities, with removal of pre-emptive subscription rights within the limit of €160 million for capital increases with a priority right, and €120 million in the case of issue without a priority right (Resolution 10);

- issue of common shares or any other securities giving or potentially giving access to company capital by any means, and notably by means of debt securities, via an offer covered by section II of Article L.411-2 of the Monetary and Financial Code, with removal of pre-emptive subscription rights and within the limit of €120 million (Resolution 11);
- issue of common shares and securities giving or potentially giving access to company capital, in the case of a public exchange offer initiated by your company with removal of pre-emptive subscription rights, within the limit of €120 million (Resolution 13);
- issue of common shares and securities giving or potentially giving access to company capital, 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 with removal of pre-emptive subscription rights within the limit of €80 million (Resolution 13);

- to delegate the Managing Partners powers, for a period of twenty-six months, to issue securities that only give or will only give access, immediately or in the future, to debt instruments and/or to a fraction of the capital stock of companies other than Lagardère SCA, up to a limit of €1,500,000,000 (Resolution 8).

The maximum nominal amount of immediate or future increases in capital stock likely to be performed shall not exceed €300 million under Resolutions 9, 10, 11, 12 and 13, and shall not exceed €160 million for issues without pre-emptive subscription rights under Resolutions 10, 11, 12 and 13. The total nominal amount of debt securities that can be issued shall not exceed 1,500,000,000.00 euros for Resolutions 8, 9, 10, 11, 12 and 13.

The number of securities to be created on implementation of the delegations covered in Resolutions 8, 9, 10 and 11 may be increased under the conditions laid down in Article L.225-135-1 of the Commercial Code, if you adopt Resolution 12 within the limit of the ceiling fixed in Resolution 14.

Your Managing Partners are responsible for drawing up a report in accordance with Articles R.225-113, R.225-114 and R.225-117 of the Commercial Code. It is our role to give an opinion on the fair presentation of the figures quoted from the accounts, on the proposal for removal of pre-emptive subscription rights and on certain other information concerning these operations, contained in this report.

We carried out the work we deemed necessary in light of the professional standards of the Compagnie Nationale des Commissaires aux Comptes applicable to this responsibility. This work consisted of verifying the contents of the Managing Partners' report concerning these operations and the methods used to determine the issue price of capital stock to be issued.

Subject to subsequent review of issue conditions to be decided, we have no matters to report on the methods used to determine the capital stock issue price as stated in the Managing Partners' report under Resolution 10.

Moreover, since this report does not specify the methods used to determine the issue price of capital stock to be issued under Resolutions 8, 9, 11 and 13, we cannot state our opinion on the choice of elements used in issue price calculation.

Since the amount of the capital stock issue price is not fixed, we do not express an opinion on the definitive conditions under which the issues will be made, and consequently on the removal of pre-emptive subscription rights proposal made to you in Resolution 10.

In accordance with article R.225-116 of the Commercial Code, we shall draw up an additional report, if necessary, at the time of use of these authorisations by your Managing Partners in the event of issues of common shares with removal of pre-emptive subscription rights and issues of securities giving access to capital stock and/or entitlement to allocation of debt securities.

Neuilly-sur-Seine and Courbevoie, 8 April 2011

The Statutory Auditors

Ernst & Young et Autres
Jeanne Boillet

Mazars
Bruno Balaire

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CHAPTER 6

Draft Resolutions

DRAFT RESOLUTIONS PRESENTED BY THE MANAGING PARTNERS

FIRST RESOLUTION

APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE 2010 YEAR

The Ordinary General Meeting, having considered the reports of the Managing Partners, the Supervisory Board and the Statutory Auditors on the annual accounts, hereby approves the Parent Company's financial statements for the financial year ended 31 December 2010 as prepared and presented, which show corporate earnings of €373,526,611.13.

SECOND RESOLUTION

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Ordinary General Meeting, having considered the reports of the Managing Partners, Supervisory Board and the Statutory Auditors on the consolidated financial statements for the financial year ended 31 December 2010, hereby approves the consolidated financial statements as prepared and presented, which show a profit of €163.2 million.

THIRD RESOLUTION

ALLOCATION OF PROFIT, SETTING OF THE ORDINARY DIVIDEND AT €1.30 PER SHARE

	Euros
The Ordinary General Meeting hereby notes that the company earnings for the financial year are equal to	€373,526,611.13
taking into account retained earnings carried forward of	€1,202,164,994.11
resulting in distributable profit equal to	€1,575,691,605.24

From this amount, pursuant to the statuory provisions, it resolves to pay €1,632,250 (1% of net consolidated profit) to the General Partners, 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.

It then decides to pay, upon a proposal by the Managing Partners, 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 dividend.

Coupons will be detached on 18 May 2011 and the dividend will be payable from 23 May to holders of registered shares or to their duly appointed representatives, by check or bank transfer.

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.

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

(in €)	2007	2008	2009
Dividends paid to shareholders			
Per-share dividend	1.30	1.30	1.30
Total dividend	169,167,116.30	164,856,039.40	165,141,355.60
Dividends paid to general partners	5,341,290.00	5,933,060.00	1,368,020.00
Total	**174,508,406.30**	**170,789,099.40**	**166,509,375.60**

FOURTH RESOLUTION

SETTING THE AMOUNT OF THE ATTENDANCE FEES OF THE SUPERVISORY BOARD

The Ordinary General Meeting, having reviewed the report of the Supervisory Board, resolves to set the amount of €700,000 as the maximum total amount to be paid to the Supervisory Board for attendance fees, until such time as is decided otherwise.

FIFTH RESOLUTION

RENEWAL OF THE MANDATE OF A PRINCIPAL STATUTORY AUDITOR AND APPOINTMENT OF A NEW DEPUTY

The Ordinary General Meeting, having taken note that the term of the Principal Statutory Auditors, Ernst & Young et Autres, and the term of the Deputy Auditor, Mr. Gilles Puissochet, come to an end at the conclusion of this Meeting, resolve to renew for a term of six years the mandate of Ernst & Young et Autres as Principal Statutory Auditor and to appoint as Deputy Auditor for the same term Auditex, 11, allée de l'Arche, 92400 Courbevoie, France.

SIXTH RESOLUTION

APPOINTMENT OF MS SUSAN M. TOLSON AS A MEMBER OF THE SUPERVISORY BOARD, TO REPLACE RESIGNING MEMBER MR BERNARD MIRAT

The Ordinary General Meeting, having knowledge of the report of the Supervisory Board, appoints Ms Susan M. Tolson of 41, rue du Faubourg St Honoré, 75008 Paris, France, as a member of the Supervisory Board for a term of four years from 1st July 2011, in replacement of resigning member Mr Bernard Mirat, whose resignation takes effect on 30 June 2011.

SEVENTH RESOLUTION

VOTING OF POWERS TO THE MANAGING PARTNERS FOR A PERIOD OF EIGHTEEN MONTHS TO HANDLE SHARES IN THE COMPANY

The Ordinary General Meeting, having considered the Managing Partners' report and pursuant to legal provisions, authorises the Managing Partners to purchase a number of Lagardère SCA shares representing up to 10% of the current share capital (i.e. a maximum number of 13,113,328 shares based on the capital stock as of 28 February 2011), for a maximum nominal amount of six hundred and fifty million (650,000,000) euros under the terms and conditions set forth below.

The maximum purchase price shall not exceed 50 euros per share. If applicable, this amount will be adjusted to take account of equity transactions, in particular capitalisation of reserves, profits or premiums and allocations of free shares or stock split or stock consolidation.

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

- to allocate free shares to employees of the Company and its related companies;
- to allocate shares to holders of options exercising their right to purchase shares;
- 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 on which the Company's shares are listed 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 acquisitions;
- to reduce capital stock by cancelling all or a portion of the shares purchased;
- to transfer or exchange shares in response to the exercise of the rights attached to securities that 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 should be purchased, sold or otherwise transferred in compliance with current laws and regulations, and by any means, including private transactions, the purchase or sale of blocs of shares or the use of derivative products (call acquisitions).

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

This authorisation is given to the Managing Partners for a period of eighteen months as of this Meeting. It terminates and replaces the authorisation given on 27 April 2010.

EIGHTH RESOLUTION

VOTING OF POWERS FOR A PERIOD OF TWENTY-SIX MONTHS TO ISSUE SECURITIES THAT ONLY GIVE OR WILL ONLY GIVE ACCESS, IMMEDIATELY OR IN THE FUTURE, TO DEBT INSTRUMENTS AND/OR TO A FRACTION OF THE CAPITAL STOCK OF COMPANIES OTHER THAN LAGARDÈRE SCA, UP TO A LIMIT OF 1.5 BILLION EUROS FOR THE RESULTING BORROWINGS

The Extraordinary General Meeting, having considered 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.228-91 and onwards of the Commercial Code:

- authorises the Managing Partners to carry out, on one or more occasions, in the proportions and at the times it considers appropriate, whether in France, abroad or on the international markets, the issue of any securities that only give and/or shall only give the right to the allocation of debt securities and/or to a fraction of the capital stock 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 that can be issued under this authorisation shall not exceed one billion five hundred million (1,500,000,000) euros or the equivalent amount in the case of issue in foreign currency or in 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 of their early 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 that 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 issue.
- 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 they will give or may give the right to the allocation of debt securities of the issuing company and/or to a fraction of the capital stock of companies other than the issuing company.

This authorisation is given to the Managing Partners for a period of twenty-six months as of this Meeting. It terminates and replaces the authorisation given on 28 April 2009.

NINTH RESOLUTION

VOTING OF POWERS TO THE MANAGING PARTNERS FOR A PERIOD OF TWENTY-SIX MONTHS TO ISSUE SECURITIES WITH PREEMPTIVE SUBSCRIPTION RIGHTS GIVING ACCESS TO THE COMPANY'S CAPITAL STOCK UP TO THE LIMIT OF 265 MILLION EUROS FOR INCREASES IN CAPITAL STOCK AND 1.5 BILLION EUROS FOR DEBT SECURITIES

The Extraordinary General Meeting, having considered 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:

- authorises 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 that 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 that can be made immediately or in the future shall not exceed a nominal value of two hundred sixty-five million (265,000,000) euros (about 33% of the current capital), to which can be added, if applicable, the additional nominal amount of shares to be issued to preserve the rights of holders of securities that give the right to Company shares, in accordance with law;
- further resolves that the nominal amount of debt securities that can be issued under this delegation of authority shall not exceed one billion five hundred million (1,500,000,000) euros or the equivalent amount in the case of an issue in foreign currency or in units of account established in reference to several currencies;
- resolves that, in accordance with law, the shareholders shall have preemptive 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 to amend the by-laws accordingly.

This authorisation is given to the Managing Partners for a period of twenty-six months from this Meeting. It terminates and replaces the authorisation given on 28 April 2009.

TENTH RESOLUTION

VOTING OF POWERS TO THE MANAGING PARTNERS FOR A PERIOD OF TWENTY-SIX MONTHS TO ISSUE SECURITIES BY MEANS OF A PUBLIC OFFERING WITHOUT PREEMPTIVE SUBSCRIPTION RIGHTS GIVING ACCESS TO THE COMPANY'S CAPITAL STOCK UP TO THE LIMIT OF 160 MILLION EUROS FOR INCREASES IN CAPITAL STOCK WITH PRIORITY RIGHTS, 120 MILLION EUROS FOR INCREASES IN CAPITAL STOCK WITHOUT PRIORITY RIGHTS, AND 1.5 BILLION EUROS FOR DEBT SECURITIES

The Extraordinary General Meeting, having considered 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 and L.228-92 of the Commercial Code:

- authorises 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 that 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 that can be made immediately or in the future shall not exceed a nominal value of one hundred sixty million (160,000,000) euros (about 20% of the current capital) for issues with a priority right of at least five days and to one hundred twenty million (120,000,000) euros (about 15% of the current capital) for issues without priority rights;
- further resolves that the nominal amount of debt securities that can be issued under this delegation of authority shall not exceed one billion five hundred million (1,500,000,000) euros or the equivalent amount in the case of an issue in foreign currency or in units of account established in reference to several currencies;
- resolves to abolish the shareholders' preemptive subscription rights to the securities issued under this delegation of authority, it being understood that the Managing Partners may grant the shareholders a priority right to subscribe for all or part of the issue, such period to be set for a term pursuant to 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 such that the amount immediately received by the Company, increased if applicable by amounts it subsequently received, 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 resulting increases in capital stock and to amend the by-laws accordingly.

This authorisation is given to the Managing Partners for a period of twenty-six months from this Meeting. It terminates and replaces the authorisation given on 28 April 2009.

ELEVENTH RESOLUTION

VOTING OF POWERS TO THE MANAGING PARTNERS FOR A PERIOD OF TWENTY-SIX MONTHS TO ISSUE SECURITIES BY MEANS OF PRIVATE PLACEMENT WITH QUALIFIED INVESTORS OR A RESTRICTED CIRCLE OF INVESTORS WITHOUT PREEMPTIVE SUBSCRIPTION RIGHTS GIVING ACCESS TO THE COMPANY'S CAPITAL STOCK UP TO THE LIMIT OF 120 MILLION EUROS FOR INCREASES IN CAPITAL STOCK AND 1.5 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:

- authorises the Managing Partners to increase the capital stock, on one or more occasions, in the proportions and at the times it considers appropriate, within the framework of offers covered by section II of Article L.411-2 of the Monetary and Financial Code, whether in France or abroad, of the Company's common stock or any other securities that 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 that can be made immediately or in the future shall not exceed a nominal value of one hundred and twenty million (120,000,000) euros (about 15% of the current capital);
- further resolves that the nominal amount of debt securities that can be issued under this delegation of authority shall not exceed one billion five hundred million (1,500,000,000) euros or the equivalent amount in the case of an issue in foreign currency or in units of account established in reference to several currencies;
- resolves to abolish the shareholders' preemptive subscription rights to the aforementioned securities to be issued by virtue of this delegation;
- 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 such that the amount immediately received by the Company, increased if applicable by amounts it subsequently received, 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 resulting increases in capital stock and to amend the by-laws accordingly.

This authorisation is given to the Managing Partners for a period of twenty-six months from this Meeting.

TWELFTH RESOLUTION

VOTING OF POWERS TO THE MANAGING PARTNERS TO INCREASE THE AMOUNT OF THE ISSUES DECIDED UPON IN CASE OF SURPLUS DEMAND

The Extraordinary General Meeting, having considered 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, authorises 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 at the same price as the original issue, and within the overall cap set for each issue.

THIRTEENTH 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 120 MILLION EUROS FOR INCREASES IN CAPITAL STOCK AND 1.5 BILLION EUROS FOR DEBT SECURITIES

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

1. authorises 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 one hundred twenty million (120,000,000) euros (about 15% of the current capital), through the issue of shares or securities that 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 that is either party to the European Economic Area agreement or a member of the Organisation for Economic Co-operation and Development;
2. authorises 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 eighty million (80,000,000) euros (about 10% of the current capital), through the issue of shares or securities that 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;
3. resolves to abolish the shareholders' preemptive subscription rights to the aforementioned securities;
4. further resolves that the nominal amount of debt securities issued, if applicable, under this authorisation shall not exceed one billion five hundred million (1,500,000,000) 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 authorisation is given to the Managing Partners for a period of twenty-six months from this Meeting. It terminates and replaces the authorisation given on 28 April 2009.

FOURTEENTH RESOLUTION

OVERALL LIMIT OF 160 MILLION EUROS (PREMIUMS NOT INCLUDED) FOR INCREASES IN CAPITAL STOCK RESULTING FROM ISSUES CARRIED OUT WITHOUT SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS AND OF 1.5 BILLION EUROS FOR DEBT SECURITIES OF ISSUES AUTHORISED UNDER THE PRECEDING RESOLUTIONS

The Extraordinary General Meeting, having considered the reports of the Managing Partners and the Supervisory Board, and as a consequence of the adoption of the 8th, 9th ,10th, 11th, 12th and 13th Resolutions, resolves to set:

- at one hundred sixty million (160,000,000) euros the maximum nominal amount of increases in share capital, immediately and/or in the future, that can be carried out as issues without shareholders' preferential subscription rights under the authorisations conferred by the aforementioned 10th, 11th,12th and 13th Resolutions;

- at three hundred million (300,000,000) euros the maximum nominal amount of capital increases that can be carried out immediately and/or in the future under all the authorisations conferred by the aforementioned Resolutions;

and

- at one billion five hundred million (1,500,000,000) euros, or the equivalent amount in the case of issue in foreign currency or units of account established in reference to several currencies, the maximum nominal amount of debt securities that can be issued under the authorisations conferred by the aforementioned 8th, 9th ,10th, 11th, 12th and 13th Resolutions.

FIFTEENTH RESOLUTION

VOTING OF POWERS TO THE MANAGING PARTNERS FOR A PERIOD OF TWENTY-SIX MONTHS TO INCREASE SHARE CAPITAL THROUGH CAPITALISATION OF RESERVES OR PREMIUMS AND ALLOCATION OF FREE SHARES TO SHAREHOLDERS OR THROUGH AN INCREASE IN THE 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, and having considered the reports of the Managing Partners and the Supervisory Board and pursuant to the provisions of Article L.225-129-2 and L.225-130 of the Commercial Code:

- authorises the Managing Partners to increase the share capital, on one or more occasions, up to a maximum nominal amount of three hundred million (300,000,000) euros, such amount to be independent of the caps set in Resolution 14, through capitalisation 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 holders no later than 30 days after the date the whole number of allocated shares is entered into the rights holders' 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 authorisation is given to the Managing Partners for a period of twenty-six months as of this Meeting. It terminates and replaces the authorisation given on 28 April 2009.

SIXTEENTH RESOLUTION

MODIFICATION OF ARTICLE 25 OF THE BY-LAWS IN ORDER TO ALLOW PAYMENT IN KIND TO SHAREHOLDERS IN THE CASE OF EXCEPTIONAL DISTRIBUTION

The Extraordinary General Meeting, having knowledge of the report of the Managing Partners, resolves to complete Article 25 of the by-laws in respect of allocation of profits by adding the following paragraph after the current paragraph 12:

"*The General Meeting can also decide at any time on the distribution of profits, reserves and/or premiums available to it, by means of distribution by any means, directly or indirectly, in whole or in part, of marketable securities or any other asset shown on the Company's balance sheet; the shareholders, if applicable, be responsible for the acquisition of shares as required to obtain a whole number of securities or other rights distributed in this way.*"

SEVENTEENTH RESOLUTION

AUTHORISATION TO CARRY OUT FORMALITIES

The General Meeting, under the conditions required for ordinary meetings, grants all powers to the bearer of an original, a certified copy or a certified extract of the minutes of this meeting to carry out all legal or regulatory formalities that may be required.

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Lagardère

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