Lagardère

Reference Document
including the
Annual Financial Report

Year 2008

LAGARDÈRE SCA

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

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

Head office: 4 rue de Presbourg - 75016 Paris (France)

Commercial Register 320 366 446 RCS Paris

website: www.lagardere.com

Reference Document
including the
Annual Financial Report

Year 2008

The original version of this Reference Document (*Document de référence*) in French was filed with the French Financial Market Authority (*Autorité des Marchés Financiers* - AMF) on 24 March 2009 in accordance with article 212-13 of the AMF *Règlement Général* [1]. It may be used in connection with a financial transaction if completed by an Information notice approved by the AMF.

(1) *This is an English translation of the version which replaced the initial Reference Document filed and made available online on 24 March 2009, and corrected the erroneous inclusion of a preliminary version of the Statutory Auditors' report on internal control procedures in chapter 7, section 7-4-3-3, page 279. The final version of that report, unchanged in substance, follows the model report recommended by the French National Institute of Statutory Auditors* (Compagnie Nationale des Commissaires aux Comptes).

The Annual Financial Report prepared in compliance with article L.451-1-2 of the French Financial and Monetary Code and article 222-3 of the General Regulation of the French Financial Market Authority is comprised of the information, documents and reports listed below, which are presented in the accompanying Reference Document, in the chapters, sections and pages indicated.

Reference Document

Year 2008

Summary

This English language version of Lagard•re s Reference Document is a translation of the original *Document de référence* led with the *Autorité des Marchés Financiers*. It is intended for general information only and is not a binding document.

CHAPTER 1

Persons responsible for the Reference Document and persons responsible for the audit of the financial statements

1 - 1 PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE REFERENCE DOCUMENT

Managing Partners

Mr. Arnaud Lagard•re,

Arjil Commandit e-Arco, represented by:

Mr. Arnaud Lagard•re, Chairman and Chief Executive Of cer,

Mr. Philippe Camus, Deputy Chairman and Chief Operating Of cer,

Mr. Pierre Leroy, Director and Chief Operating Of cer.

1 - 2 CERTIFICATION BY THE PERSONS RESPONSIBLE

Certification of the Managing Partners

We certify, after taking all reasonable measures to this effect, that to the best of our knowledge, the information set out in this Reference Document is accurate and contains no omissions which could impair its meaning.

We certify that to the best of our knowledge, the nancial statements have been prepared in compliance with the applicable accounting standards and provide a true and fair view of the assets, nancial position and net income of the Company and all the entities included in the consolidation, and that the accompanying management report (chapter 3 pages 14 to 21; chapter 4 pages 22 to 29; chapter 5 pages 30 to 117; chapter 6-1 pages 120 to 121; chapter 6-2 pages 122 to 126; chapter 7 pages 232 to 281; chapter 8 pages 282 to 301; chapter 9 pages 302 to 307) fairly presents changes in the business, results and nancial position of the Company and all the entities included in the consolidation, together with a description of the main risks and uncertainties encountered.

We have obtained from the Auditors a letter issued upon completion of their engagement, stating that they have veri- ed the information concerning the nancial position and nancial statements presented in this Reference Document and that they have read the entire Reference Document.

The historical nancial information presented in this document is covered by the reports of the Auditors which can be found on pages 228 to 230 of this Reference Document, and the information included by reference for 2006 and 2007 is covered by the Auditors reports contained in pages 286 to 289 of the 2006 Reference Document and pages 240 to 241 of the 2007 Reference Document.

Paris, 23 March 2009

Arnaud Lagard•re

For Arjil Commandit e-Arco:
Arnaud Lagard•re - Philippe Camus - Pierre Leroy

1 - 3 NAMES AND ADDRESSES OF THE AUDITORS

	First appointed	End of current period of office
Auditors		
Ernst & Young et Autres *represented by* Mr. Jean-Fran•ois Ginies 41 rue Ybry 92576 Neuilly-sur-Seine Cedex, France *Member of the Versailles Regional Institute*	29 June 1987	2011
Mazars *represented by* Mr. Bruno Balaire 61 rue Henri Regnault 92400 Courbevoie, France *Member of the Versailles Regional Institute*	20 June 1996	2014
Alternate Auditors		
Mr. Gilles Puissochet 41 rue Ybry 92576 Neuilly-sur-Seine Cedex, France	10 May 2005	2011
Mr. Patrick de Combourg 61 rue Henri Regnault 92400 Courbevoie, France	29 April 2008	2014

CHAPTER 2

Consolidated key figures for 2008

2 - 1 CONSOLIDATED KEY FIGURES

(in millions of euros) [1]	2008	2007	2006 restated [2]
Net sales	**8,214**	**8,582**	**7,910**
Recurring operating profit before associates	**647**	**636**	**521**
Non-recurring items	(68)	211	(40)
Income from associates [3]	246	20	104
Profit before finance costs and tax	**825**	**867**	**585**
Finance costs, net	(176)	(204)	(174)
Income tax expense	(22)	(99)	(92)
Profit for the year	**627**	**564**	**319**
Profit attributable to minority interests	*34*	*30*	*28*
Profit attributable to equity holders of the parent	***593***	***534***	***291***
Equity	**4,446**	**4,659**	**4,610**
Net indebtedness	**2,619**	**2,570**	**2,045**
Goodwill	**2,980**	**2,975**	**2,062**
Capital expenditure	**709**	**1,389**	**1,259**

(1) See definition of performance indicators in note 3-3 to the 2008 consolidated financial statements, in Chapter 6.

(2) The comparative figures for 2006 have been restated with retrospective application of the equity method to jointly-controlled entities, and the recognition in equity of actuarial gains and losses on provisions for pensions and similar obligations (see note 1 to the 2007 consolidated financial statements).

(3) Before amortization of acquisition-related intangible assets and impairment losses.

2 - 2 PER SHARE DATA

(in euros)	2008		2007		2006 [1]	
	Basic	Diluted [2]	Basic	Diluted [2]	Basic	Diluted [2]
Pro t attributable to holders of the parent, per share	4.62	4.62	4.03	3.99	2.13	2.09
Equity attributable to holders of the parent, per share	33.88	33.88	34.47	34.21	32.93	33.11
Cash ow from operations before change in working capital, per share	5.43	5.43	5.99	5.95	6.17	6.07
Market price at 31 December	29		51.29		61	
Dividend	1.30[3]		1.30		1.20	

(1) Per share data for 2006 is based on 2006 results incorporating retrospective application of the equity method to jointly-controlled entities, and the recognition in equity of actuarial gains and losses on provisions for pension and similar obligations.

(2) The calculation method used for diluted earnings per share is presented in note 14 to the 2008 consolidated financial statements, in Chapter 6.

(3) Dividend to be approved by the Annual General Meeting of Shareholders on 28 April 2009.

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CHAPTER 3

Risk factors

The following description concerns the Group s exposure to certain risks considered signi cant. Risk management procedures are described in Chapter 7, section 7-4-3-2 Risk management procedures .

Other risks which are unidentified or not considered significant could nevertheless have a negative effect on the Group s business activity or results.

EADS NV and Canal+ France are in charge of their own risk management. The reader is invited to consult the EADS NV Registration Document and the Vivendi Annual Report for 2008.

3 - 1 STRATEGIC AND COMMERCIAL RISKS: WORLDWIDE ADVERTISING MARKETS, ECONOMIC ENVIRONMENT, CHANGES IN CONSUMER BEHAVIOUR

A large portion of the Group s revenues derives from business that is sensitive to the economic environment, and changes in that environment may particularly affect sales of products such as magazines and part-works, customer numbers in the Group s store locations, particularly travel areas, and revenues directly or indirectly associated with advertising. For example, a 1% downturn in advertising sales across the whole of Lagard•re Active would lead to a decrease of €8-10 million in the division s operating pro t over a full year, before any adjustment.

At Lagard•re Sports, the structure and timing of sports events and the nature of the agreements under which the division operates (acquisition of rights or agency fees) can lead to an irregular sales pattern.

The Group is also faced with changes in its customers consumer habits as digital and mobile technologies develop, and this too can have a signi cant effect on its commercial positions.

3 - 2 COST OF PAPER

Lagard•re Active and Lagard•re Publishing need to use large volumes of paper for their business activities. Total paper consumption reached nearly 490,000 tonnes in 2008 as described in Chapter 5, section 5-3-1-2. Although it is not possible to link the cost of paper purchases to a single index, the Group is subject to the risk of uctuations in paper prices, particularly in the European and North American markets.

A significant increase in paper prices worldwide could therefore have a significant unfavourable impact on these divisions operating pro t, to the extent of €30-40 million for a long-term 10% rise in paper prices over a full year, before adjustment.

3 - 3 LEGAL RISKS

3-3-1 SPECIAL REGULATIONS APPLICABLE TO THE GROUP

In its **book publishing and distribution businesses**, the Group is subject to speci c local regulations in the countries in which it operates, including intellectual property rights, legal copyright registration requirements, rules governing the pricing of books, and VAT rules. In France, for example, the Group is subject to regulations imposing a xed book price set by publishers or importers, which restrict qualitative or quantitative discounts to distributors. Further regulations also apply to publications for children and young people.

In both its **book publishing** and **press and audiovisual production operations**, the Group is subject, in particular, to the laws and regulations concerning copyright, libel, image rights and the respect of privacy.

In its **distribution activities**, the Group must comply with certain speci c regulations, particularly those applicable to the sale of print media, foodstuffs and tobacco or alcoholic products and duty-free products (which may be governed by conventions signed with the Customs authorities), and regulations governing transport operations. In France for example, press distribution and the legal structure of distribution cooperatives are subject to a speci c law *(Loi Bichet)*. Both in and outside France, prior authorisation may be required to carry out certain distribution activities.

The Group s **advertising activities** (including the management of marketing and audiovisual rights) are subject to the relevant legislation, in particular restrictions on tobacco and alcohol advertising, gambling laws and laws concerning misleading advertising.

The law of 30 September 1986 on freedom of communication is applicable to the Group s French **audiovisual communication operations**. Operation of radio and television services by the Group in France requires authorisations, which are issued for speci c periods by the French broadcasting authority (*Conseil Supérieur de l'Audiovisuel* CSA). The resultant obligations are set forth in a convention signed with the CSA, and renewed in compliance with the said law. The legislation in most other countries in which Lagard•re s Audiovisual division operates is similar to the French law of 30 September 1986, and overseen by a broadcasting authority. These laws generally define the terms for attribution of radio and TV broadcasting frequencies, and radio and TV channel and programme broadcasting (these terms are included in the licence agreements signed with the relevant broadcasting authority), the antitrust system and the broadcasting authority s powers to verify compliance and apply sanctions.

In the countries where it exercises its **sports sector activities**, the Group is subject to the national and local laws governing sports-related bodies, particularly national federations and supranational organisations, primarily for football (soccer).

3-3-2 RISKS ASSOCIATED WITH BRANDS AND OTHER INTELLECTUAL PROPERTY RIGHTS

The Group pays particular attention to the protection of its portfolio of commercial trademarks and intellectual property rights, which form an essential component of its assets and rights (see section 7-4-3-1 - E-4, in chapter 7).

3-3-3 DEPENDENCY OF THE COMPANY ON CERTAIN CONTRACTS – MAJOR CUSTOMERS

The operations of Lagard•re Active, Lagard•re Services and Lagard•re Publishing are highly sensitive to market conditions, have very short economic cycles and are characterised by a multitude of contracts. They are mass market orientated and have widely diversi ed customer bases.

3-3-4 RISKS ASSOCIATED WITH LITIGATION IN PROCESS

The main litigation and claims involving the Group are presented in note 33-2 to the consolidated nancial statements for 2008 (see Chapter 6). The main litigations involving the EADS NV group and Canal+ France are described in the EADS Registration Document and the Vivendi Annual Report respectively.

In the normal course of their business, Lagard•re and/or its subsidiaries are involved in a number of disputes principally related to contract execution. Adequate provisions are established, where considered necessary, to cover any risks that may arise from general or speci c disputes. The total amount of provisions for litigation is shown in note 26-2 to the consolidated nancial statements for 2008.

To the best of the Group s knowledge, in the twelve months immediately preceding publication of this Reference Document, there were no other governmental, litigation or arbitration procedures in existence (including any procedure of which the Group is aware which is suspended or threatened) which may have or recently had signi cant effects on its nancial position or pro ts.

3-3-5 EXPOSURE TO GOVERNMENTAL, ECONOMIC, BUDGETARY, MONETARY OR POLITICAL FACTORS OR STRATEGIES WITH A POTENTIALLY SIGNIFICANT INFLUENCE ON THE GROUP'S OPERATIONS

Like all economic actors, the Lagard•re Group is concerned by recent changes in the rules governing commercial transactions. Many other changes are due to take place in the laws governing audiovisual activities in France, such as revision of the EU directives on attribution and management of broadcasting frequencies, amendments to regulations on advertising and audiovisual production, stricter rules for child protection including anti-obesity measures, and more stringent anti-copyright theft laws. The impacts for the various actors concerned, including the Lagard•re Group, cannot currently be reliably estimated.

The Lagard•re Group is also concerned by developments following a national Written Press Convention (*États Généraux de la Presse Écrite*) held in France to devise responses to the sector s nancial dif culties in the face of lower advertising revenues and competition from the Internet and free newspapers. After the Convention, a Green Paper containing recommendations was submitted to the government on 8 January 2009, with the chief aims of (i) improving the status of journalists, (ii) facilitating the industrial process, primarily through cost-cutting and updating the rules applicable to distribution and advertising, (iii) rising to the digital challenge, particularly by clarifying the rules applicable to online magazine and newspaper publishers and encouraging investment in the sector, (iv) amending the tax regimes applicable in favour of the political and general news press, and slightly easing the rules governing concentration and foreign shareholdings in press corporations.

Since this Green Paper was remitted, the President of France has talked of bringing in measures based on its recommendations in the near future, for example extending the law on advertising space buying procedures (*Loi Sapin*) to cover the non-media sector and Internet advertising, and introducing tax incentives to encourage press nancing.

3 - 4 MARKET RISKS (INTEREST RATE, EXCHANGE RATE AND EQUITY RISKS)

Market risks (liquidity, interest rate, exchange rate, and equity risks) are described in note 28-1 to the consolidated nancial statements for 2008 (see Chapter 6).

3 - 5 CREDIT AND COUNTERPARTY RISKS

Credit and counterparty risks are described in note 28-2 to the consolidated nancial statements for 2008 (see Chapter 6).

3 - 6 INDUSTRIAL AND ENVIRONMENTAL RISKS

The industrial and environmental risk prevention and management policies are described in Chapter 7, section 7-4-3-2 Risk management procedures .

3-6-1 IDENTIFIED RISKS

The Group s business activities fall mainly into the service category, and many of its assets are intangible assets.

Following the sale of the Group s last remaining printing operations at the end of 2007 (sale of the regional daily press operations), only activities primarily related to the warehouses of the Press, Publishing, Services divisions and the Automobile spare parts business are potentially exposed, and the speci c risks involved are limited and identi ed. Some of the sites concerned are operated subject to authorisation or a declaration to the administrative authorities, but none of the Group s sites is classi ed SEVESO 1 or SEVESO 2.

3-6-2 ASSESSMENT OF RISK IMPACT

The Group has no knowledge of any items or situations likely to have a signi cant impact on its assets or operating results, and is unaware of any environmental issue that may affect its use of property, plant and equipment in its operations.

In view of the Group s limited exposure to industrial and environmental risks, the costs related to evaluation, prevention and treatment of those risks are included in the investment and expense accounts concerned, as their relative scale does not warrant separate reporting.

Under this policy, the consolidated financial statements for 2008 incorporate no provision or guarantee for environmental risk, and no expense resulting from a court ruling in an environmental case or action taken to repair environmental damage.

3 - 7 INSURANCE POLICIES – RISK COVERAGE

The Group s insurance policy is described Chapter 7, section 7-4-3-2 Risk management procedures .

The Group has a captive insurance company based in the USA which covers certain risks of Lagard•re Services in North America. It provides insurance exclusively for Lagard•re Group entities. The relevant policies are subscribed in addition to the insurance described in section 3-7-1 below, or function as the primary policies for non-signi cant amounts of risks at Group level. This insurance company has not had to honour any claims since its formation.

3-7-1 INSURANCE POLICIES

The major insurance policies cover property, business interruption and civil liability. Depending on the type of risk, coverage consists of permanent policies and additional or temporary coverage for speci c projects.

In 2008 and for the year 2009, Lagard•re and its divisions were able to renew insurance coverage for their activities throughout the world.

The Group selects its insurers carefully and regularly reviews their creditworthiness.

3-7-2 RISK COVERAGE

Many insurance policies are taken out at the level of the divisions and their sites. Given the wide diversity of situations, it is not possible to give full details of all the coverage limits.

3-7-2-1 INSURANCE FOR PROPERTY DAMAGE/LOSS AND BUSINESS INTERRUPTION

A) *RISKS INSURED*

Insurance policies cover the risks of fire/explosion, damage caused by lightning, water or high winds, natural catastrophes, and terrorism. When specific national legislation applies to these risks, the cover is subscribed in compliance with the relevant laws in each country concerned.

B) *LIMITS TO COVERAGE*

As a general rule, insurance for property damage and losses or business interruption is taken out for the amount at risk (value of the assets and cost of business interruption); in some cases, the policies comprise contractual indemnity limits agreed with the insurer. Deductibles are appropriate to the capacities of the divisions and their sites.

The highest insurance coverage subscribed in the Group is €400 million for certain Hachette Livre facilities. The other amounts insured are no higher than €161 million. Sub-limits speci c to certain risks may also apply within these overall limits (for storms, earthquakes or ooding, for example).

3-7-2-2 CIVIL LIABILITY

A) *RISKS INSURED*

For liability arising in connection with operations, products or malpractice causing material or immaterial damage or bodily harm to third parties, insurance cover is subscribed at the level of the division or of certain business lines.

B) *LIMITS TO COVERAGE*

The maximum severity of exposure to liability claims is dif cult to assess, and the level of insurance at the divisions and their sites depends on the availability of coverage at an acceptable economic cost. Excluding the United States, the amounts of cover subscribed within the Group are generally between €2 million and €10 million, with an additional €20 million after an excess of €10 million for media activities in Europe.

In the United States, the highest total limit is $75 million (excluding self-insurance).

Sub-limits speci c to certain risks may also apply within these overall limits.

3-7-3 PREMIUMS

In 2008, the overall budget for the main permanent insurance policies subscribed by the Group was an estimated €10 million (excluding collective insurance) distributed as follows:

- Property damage/loss and business interruption: €3.8 million;
- Civil liability: €3.3 million;
- Other (mainly automobile, transport, exhibitions, personal insurance and lming insurance): €3.2 million.

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CHAPTER 4

General description of Lagard•re SCA

4 - 1 GENERAL DESCRIPTION OF THE COMPANY

4-1-1 CORPORATE NAME AND COMMERCIAL NAME

Corporate name: Lagard•re SCA

Commercial name: Lagard•re

4-1-2 HEAD OFFICE, ADDRESS, TELEPHONE NUMBER

Head of ce:
4 rue de Presbourg 75116 Paris, France

Postal address:
4 rue de Presbourg 75116 Paris, France

Telephone number:
+ 33 (0) 1 40 69 16 00

4-1-3 LEGAL FORM AND GOVERNING LAW

Lagard•re is a French limited partnership with shares (*société en commandite par actions*), governed by the laws of France.

4-1-4 COMMERCIAL REGISTER AND REGISTRATION NUMBER

Lagard•re is registered in the Commercial Register (*Registre du Commerce*) under number 320 366 446 RCS Paris.

4-1-5 DATE OF INCORPORATION AND DURATION OF THE COMPANY

Lagard•re was originally incorporated on 24 September 1980 for a term that will expire on 14 December 2079.

4 - 2 HISTORY

The original object of Lagard•re SCA, named MMB up to the end of 1992, and subsequently Lagard•re Groupe until June 1996, was to unite all media sector assets held by the Matra group in 1982 prior to the French State s acquisition of an interest in Matra s capital, so that the State would not be in a position of control.

Under the initiative and management of Jean-Luc Lagard•re, the Company then took over control of Hachette and subsequently Matra, which returned to the private sector in early 1988. At the end of 1992, these two sub-groups operations were combined when their two holding companies were merged to form a new company called Matra Hachette. At the same time, the Company changed its legal form and became a French limited partnership with shares.

The restructuring process was completed in June 1996, when Lagard•re Groupe absorbed Matra Hachette, and adopted its current name of Lagard•re SCA.

Since then, the following changes in the Group s structure have taken place:

- **Operations mainly outside the media and communication sector were sold or discontinued, as follows:**

  the Transit Systems business (the VAL light railway and railway machinery) was sold in 1994, and certain assets considered non-strategic (billboard advertising, Grolier Inc) were sold in 1999;

  auto-making activities were discontinued in 2003 when automobile engineering activities were taken over by Pininfarina;

  the last of Banque Arjil s businesses were sold in late 2004.

- **Major alliances were entered into in the Defence and Space industries**

  This European alliance strategy was initiated in the early 1990s, with an important development in 1999 when Aerospatiale Matra was formed through the contribution of Matra Hautes Technologies which held all Matra Hachette s aerospace businesses to Aerospatiale. The process was completed on 10 July 2000 when all of Aerospatiale Matra s businesses were merged with DaimlerChrysler Aerospace AG and the Spanish company CASA to form the European company EADS NV, in which Lagard•re SCA indirectly held an interest of approximately 15%. This interest was reduced to 10.00% at the end of 2008 following two sales of 2.5% of EADS capital, respectively in June 2007 and June 2008. It was further reduced to approximately 7.5% on 24 March 2009, through the sale of an additional 2.5% of EADS capital.

- **Lagardère strengthened its media and communication activities, by means of:**

  a total takeover of businesses in these two sectors, with the bid for Europe 1 Communication (audiovisual activities) in 1999, and the share exchange offer for Hachette Filipacchi M dias (Print Media activities) in 2000, followed by an offer to purchase all of the remaining minority interests;

  several agreements signed since 2000, essentially in the audiovisual sector (in 2000, for the acquisition of a 34% interest in CanalSatellite, replaced in early 2007 by a 20% interest in the pay television operator Canal+ France) and Book Publishing (acquisition in 2002/2004 of Vivendi Universal Publishing s European assets in France and Spain, purchase of Hodder Headline in the UK, and agreement in 2006 for the takeover of Time Warner Book Group). The importance of the Print Media and Distribution Services activities also increased, but through internal growth rather than external acquisitions;

  in late 2006, Lagard•re announced the combination of its magazine publishing activities and its audiovisual and digital activities into a new entity, Lagard•re Active. Through this new division, the Group intends to achieve a position among the leading international content publishers for all media, become a worldwide brand factory , and accelerate its migration towards digital media. The acquisition of Newsweb, one of France s leading Internet content publishers and a specialist sports news provider, was an early example of this strategy in practice. It was followed in 2008 with the takeover of Doctissimo, France s top publisher of women s content on the Internet.

- **Finally, Lagardère also set up a Sports division through the acquisitions of:**

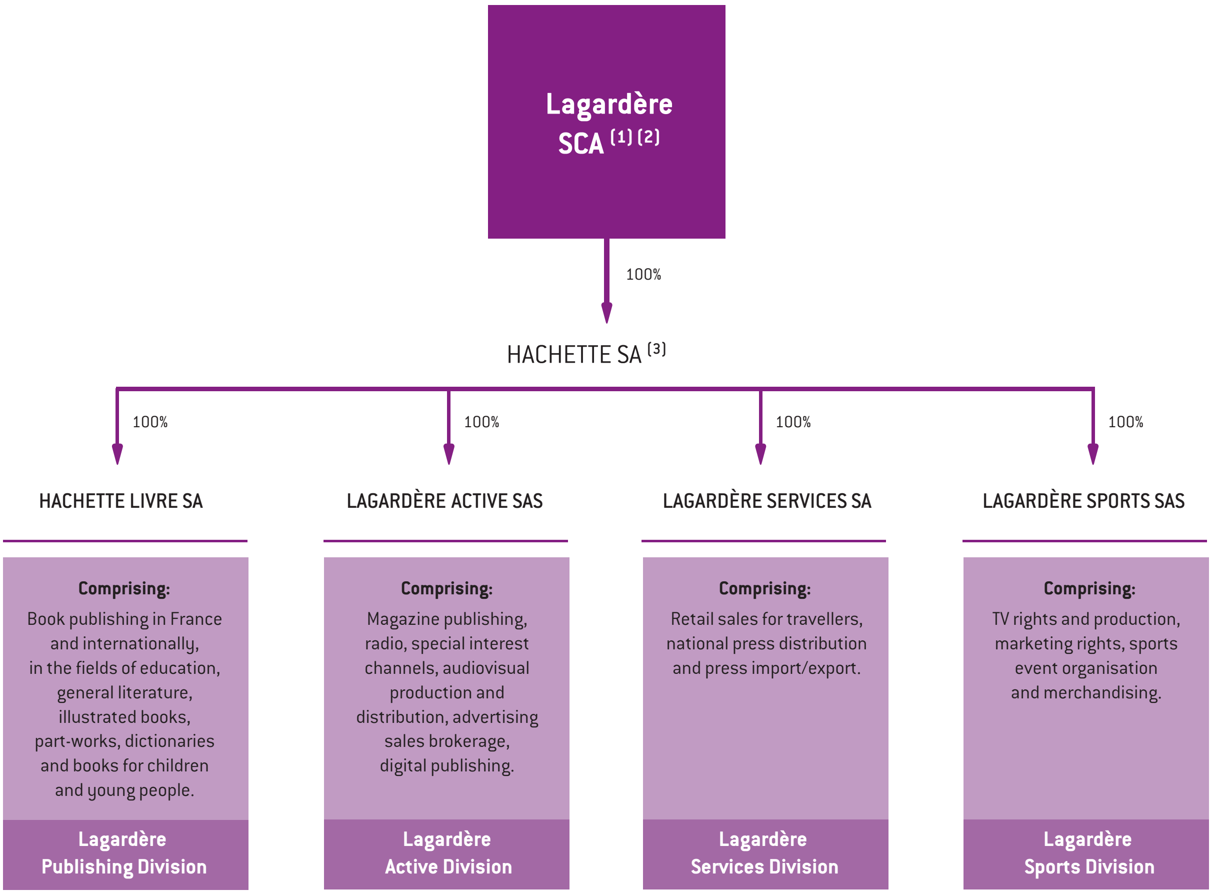
  Sport ve early in 2007; Sport ve acts as a partner to sporting bodies and clubs, helping them to extract maximum value from their broadcasting and marketing rights;

  IEC In Sport, in 2007, a Swedish company specialised in the marketing of sports rights;

  in 2008, World Sport Group, which manages audiovisual broadcasting rights in Asia, Upsolut which organises endurance sports events, and PR Event, the organiser of the Swedish Open Tennis tournament.

4 - 3 ORGANISATION CHART – PRINCIPAL SUBSIDIARIES – RELATIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES

Lagard•re s role in respect of its subsidiaries is described in Chapter 7, section 7-4, and in Lagard•re SCA s corporate nancial statements (including notes) as contained in Chapter 6, sections 6-4 and 6-5. Note 5 to Lagard•re s consolidated nancial statements also includes segment nancial information, by division and by geographical areas.



(1) Organisation at 1 March 2009.
(2) At 31 December 2008, Lagardère also held a 20% interest in Canal+ France and a 10% interest in EADS, both accounted for by the equity method.
(3) Hachette SA is the ultimate holding company for all Lagardère operations (Lagardère Media).

As indicated in Chapter 7, section 7-4-1 on the Group s general organisation, Lagard•re SCA is a holding company which exercises its operational business activities through its subsidiaries.

The principal subsidiaries, owned via the 100%-controlled holding company Hachette SA, are:

- Hachette Livre, a 100%-controlled French company that is the holding company for the Lagard•re Publishing division.
- Lagard•re Active SAS, another 100%-controlled French company that is the holding company for the Lagard•re Active division and holds the Group s investments in the press, audiovisual (radio, TV, production), advertising space sales and digital sectors via several sub-holding companies.
- Lagard•re Services, also a 100%-controlled French company, the holding company for the Lagard•re Services division (Relay outlets, airport shops).
- Lagard•re Sports SAS, another 100%-controlled French company, set up as the holding company for the subsidiaries in the new Sports division, including Sport ve.

A detailed list of Group subsidiaries and their locations is included in the notes to Lagard•re s consolidated nancial statements (Chapter 6, note 36). Details of the positions and appointments held in these subsidiaries by Lagard•re SCA management are presented in Chapter 7, sections 7-2-2 and 7-2-3.

The Group s economic organisation (i.e. the distribution of activities by sector) is described in Chapter 5, section 5-1. There is no signi cant functional dependency between the Group s various entities.

Section 5-2 presents the businesses carried out by the principal Group subsidiaries, and the key consolidated financial information concerning these companies is reported in the notes to the consolidated financial statements (Chapter 6, note 5 "Segment information"). The Group has not identified any case where access to its consolidated subsidiaries' results is restricted.

Finally, the amount and nature of financial transactions between Lagardère SCA and Group subsidiaries are described:

- in Chapter 7, section 7-4-3;
- in section 7-4-3-1 - D concerning the principles governing commitments and cash flows between Lagardère SCA and its subsidiaries.

4 - 4 MAJOR INVESTMENTS

4-4-1 INVESTMENT AND INNOVATION POLICY

4-4-1-1 PURCHASES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(in millions of euros)	2008	2007	2006
Lagardère Media	220	218	149
Other Activities	5	9	5
Total	**225**	**227**	**154**

In the field of the media, the innovation policy is not reflected in capital expenditure policies. The internal costs of creating a work, principally in the book publishing, print media, website and digital terrestrial television sectors, are not capitalised.

4-4-1-2 PURCHASES OF INVESTMENTS

(in millions of euros)	2008	2007	2006
Lagardère Media	483	1,155	1,030
Other Activities	1	7	75
Total	**484**	**1,162**	**1,105**

These figures are taken directly from the consolidated statement of cash flows. The terms of the main financial investments undertaken during the year are described in section 4-4-4 below and in Chapter 8, section 8-3-1.

4-4-2 MAJOR INVESTMENTS IN 2006

4-4-2-1 TIME WARNER BOOK GROUP

See Chapter 5, section 5-2-1-1 - B-2 of the French Reference Document for 2006 filed with the French Financial Market Authority (AMF) on 3 April 2007.

4-4-2-2 NEWSWEB

See Chapter 5, section 5-2-1-4 - B of the French Reference Document for 2006 filed with the French Financial Market Authority (AMF) on 3 April 2007.

4-4-2-3 CANAL+ FRANCE

See Chapter 5, section 5-2-1-2 - B-2-6 of the French Reference Document for 2006 led with the French Financial Market Authority (AMF) on 3 April 2007.

4-4-3 MAJOR INVESTMENTS IN 2007

4-4-3-1 SPORTFIVE

See Chapter 5, section 5-2-1-4 - A-1-1 of the French Reference Document for 2007 filed with the French Financial Market Authority (AMF) on 3 April 2008.

4-4-3-2 JUMPSTART

See Chapter 5, section 5-2-1-2 - B-2-8 of the French Reference Document for 2007 filed with the French Financial Market Authority (AMF) on 3 April 2008, and Chapter 8, section 8-3-1 of this Reference Document.

4-4-3-3 IEC IN SPORT

See Chapter 5, section 5-2-1-4 - A-1-2 of the French Reference Document for 2007 filed with the French Financial Market Authority (AMF) on 3 April 2008, and Chapter 8, section 8-3-1 of this Reference Document.

4-4-3-4 NEXTEDIA

See Chapter 5, section 5-2-1-2 - B-2-8 of the French Reference Document for 2007 filed with the French Financial Market Authority (AMF) on 3 April 2008, and Chapter 8, section 8-3-1 of this Reference Document.

4-4-4 MAJOR INVESTMENTS IN 2008

4-4-4-1 DOCTISSIMO

See Chapter 8, section 8-3-1 of this Reference Document.

4-4-4-2 WORLD SPORT GROUP

See Chapter 8, section 8-3-1 of this Reference Document.

4-4-4-3 PSYCHOLOGIES MAGAZINE

See Chapter 8, section 8-3-1 of this Reference Document.

4-4-4-4 ÉDITIONS ALBERT RENÉ

See Chapter 8, section 8-3-1 of this Reference Document.

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CHAPTER 5

Information on the business activities of the Company and the Group

(*) Corporate Social Responsibility

5 - 1 LAGARDÈRE SCA – BUSINESS ACTIVITIES AND STRATEGY

Operating in more than 40 countries, the Lagard•re Group is a world leader in the media industry. At the end of 2008, Lagard•re also held a 10% strategic share in the EADS group, which will be reduced to approximately 7.5% by 24 March 2009.

Lagard•re began to step up the pace of its in-depth transformation in late 2006, rstly by combining its magazine publishing and audiovisual businesses to create a high-performance business segment producing innovative contents for the digital world, and secondly by establishing itself as a key player in the world of sports, particularly through the acquisition of Sport ve.

Lagard•re therefore presents a different pro le to the world: that of a major Media corporation still actively engaged in the news, education, culture and entertainment businesses, but with a contemporary concern for strategy adjustment to keep abreast of the technological metamorphoses in the audiovisual industry.

With its sights rmly set on the future and its attention focused on the demands of the globalised market, the Group has demonstrated its capacity to reinvent itself in response to the changing lifestyles of the digitally mobile age.

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After the Group s decision at the end of 2006 to merge its **magazine publishing** and **audiovisual** businesses to form a new operating division called **Lagardère Active,** its portfolio of business activities was rationalised and a new management structure was rolled out in 2007 and 2008. A strategy of migration towards **digital media** was also implemented, to boost growth and long-term pro tability.

More speci cally, the Group embarked on a plan intended to:

enable the magazine publishing division to focus on segments and geographic areas that offer solid growth potential;

lay the foundations for the **Lagardère Active** division, which aims to become the leading producer of contents, particularly digital contents, and their aggregation across a range of markets in which the Group is already active.

Lagard•re Active s strategy is rmly focused on six priorities:

1) The implementation of a new, more marketing and digital-oriented corporate culture.

2) A policy of streamlining the portfolio of business activities, including discontinuation of some magazines, disposal of certain under-pro table international operations or their replacement by licence agreements, and sale of interests in regional daily newspapers.

3) The determination to enhance pro tability by introduction of a cost savings plan in 2007, with target savings of over €80 million for a full year by 2009.

4) A policy to foster greater development and investment in the division s key business segments and brands in the magazine, radio and television sectors.

5) An innovation policy for advertising sales in response to the changing requirements of advertising buyers, with a comprehensive cross-media offer in France supported by strong positions in magazine publishing, radio, television and the Internet.

6) An ambitious digital strategy combining organic growth with external growth if the right opportunities arise.

Digital revenue represented 6.2% of **Lagardère Active's** total sales in 2007 compared to less than 1% in 2006.

Lagard•re Active signi cantly improved its fundamentals thanks to this strategy.

The current climate of economic crisis encompasses an unprecedented crisis in advertising (which accounts for some 60% of Lagard•re Active s revenues). Given the lack of any reliable indication of the scale or duration of the crisis, Lagard•re Active intends to apply robust speci c measures such as salary freezes, together with intensi cation of cost-cutting plans. An in-depth review of the economic model is to be initiated, with the aim of being well-placed to bene t from the earliest signs of economic recovery.

Concerning Lagard•re s share in Canal+ France (the Canal+ group s pay television business), the agreement signed in 2006 provides full latitude for action between now and 2010 (maintaining the share at 20%, increasing it to 34% or applying the liquidity clause).

In the eld of **book publishing**[1], **Lagardère Publishing** gave priority to the three major language groups, English, French and Spanish (education, general literature, illustrated books, youth, practical guides, etc.), which together represent 60% of the world market. The largest European publisher and second-largest worldwide, Hachette Livre is therefore one of the leading players on a market where its most powerful rivals are mainly from the United Kingdom, the United States and Germany.

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(1) The names "Hachette Livre" and "Lagardère Publishing" in this Reference Document refer interchangeably to the Group's book publishing activity.

The strategic evolution of Hachette Livre has been rolled out at international level since early 1996, drawing rst on the success of the part-works business, then continuing with signi cant acquisitions such as the takeover of the assets of Editis (Vivendi group) in 2003, Hodder Headline in the United Kingdom in 2004, and Time Warner Book Group in the United States in 2006. This internationalisation strategy has led to a better-balanced distribution of the Group s markets by geographic area and by business segment. Hachette Livre also improved its pro tability, which is now on a par with the best global operators.

There are three key success factors in Hachette Livre s publishing strategy: well-balanced positioning (between geographic areas and priority segments); decentralised organisation leaving a large measure of autonomy to the Group s different entities and publishing houses; and central management of the resources required for a proactive strategy in digital media.

In the near future, Hachette Livre s prospects will depend on expansion in certain industrialised countries (particularly the United States, the United Kingdom and Spain), and in the emerging markets in Asia (China, India) and Latin America (Brazil, Mexico); they are also connected with Hachette Livre s capacity to offer appropriate products for the new consumer trends (correct formats, availability through various distribution channels and media, including electronic media). The arrival of digital technology and the Internet represents an opportunity. One example is education and practical guides, domains in which Hachette Livre has developed a range of interactive educational products and services available through an extranet, providing resources for teachers. The company also runs websites specialised in tourist information.

In the **distribution and services** business, **Lagardère Services,** the world leader in press distribution, focuses on two business lines:

- retail sales, in travel areas, town centres and shopping malls;
- distribution to sales outlets of national and international press, and other products.

Lagard•re Services continued to develop retail activities in 2008 by expanding its existing networks. It won further concessions in travel areas in Europe, North America and Asia/Paci c, and opened sales outlets in town centres and shopping malls, mostly in Central Europe. Lagard•re Services also launched tests of new forms of retailing, chie y through franchises of existing concepts and brands. It is also developing operation of its retail concepts in central Europe and Asia.

Lagard•re Services distribution companies signed new press distribution contracts in Europe and North America, thereby reinforcing their unique expertise as specialist distributors of communication products.

HDS Digital, launched in 2006, offers *a la carte* downloads of material from over 500 magazine sites through a virtual electronic newsstand. Its business saw marked growth in 2008, totalling more than 1.8 million downloads.

In the world of **sports,** in early 2007 Lagard•re acquired Sport ve, the leading manager of European football marketing and television rights. This acquisition is part of a long-term strategy aimed at reinforcing the Group s presence in high-growth-potential media contents of an exclusive nature. Today, Sport ve operates mainly in football, the most highly developed and most attractive sports market in the world; the company has a portfolio of rights representing over 250 clubs and 50 of the principal European sports federations and leagues, as well as the broadcasting rights for prestigious international events such as the Euro 2008 tournament matches.

In June 2007 Lagard•re acquired the Swedish company IEC (International Events and Communication in Sports) which specialises in negotiating media rights. In 2008, it also acquired World Sport Group, which manages audiovisual sports rights in Asia, Upsolut, which organises endurance sports events, and PR Event, the organiser of the Swedish Open Tennis tournament.

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In addition to the growth of its sports business, the Group is also actively implementing an entirely separate sports sponsorship policy (see section 5-3-2-1 - C-2 below).

5 - 2 THE GROUP'S PRINCIPAL ACTIVITIES AND MAIN MARKETS – OPERATIONS DURING 2008

5-2-1 LAGARDÈRE MEDIA

	2008	2007	2006 (1) restated	2005	2004
Contribution to consolidated sales	8,214	8,582	7,910	7,901	7,501
Contribution to consolidated recurring pro t before associates (2)	657	636	520	503	470
Number of employees (3)	29,393	32,810	31,528	30,863	30,786

(1) The comparative figures for 2006 have been restated with retrospective application of the equity method to jointly-controlled entities, and recognition in equity of actuarial gains and losses on provisions for pensions and similar obligations.

(2) Recurring operating profit before associates (as defined in note 3-3 to the consolidated financial statements).

(3) Average number of employees (full-time equivalents) including staff on fixed-term, temporary and other types of contract.

Segment information by division is given in note 5-1 to the consolidated nancial statements, in Chapter 6.

5-2-1-1 LAGARDÈRE PUBLISHING

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

Hachette Livre is the second-largest publishing house worldwide and the largest in Europe, in a position to equal its major competitors on each of its markets.

In 1st position in France and the United Kingdom, 2nd position in Australia and New Zealand, 2nd also in Spain, and 5th in the United States, since it was founded in 1826 Hachette Livre has always held the ambition to publish, sell and distribute quality innovative books which satisfy its readers thirst for knowledge, culture and entertainment.

This mission is today accomplished by 7,683 employees who contribute to the growth and durability of the Group.

Hachette Livre has a balanced portfolio that is diversi ed across the editorial spectrum (textbooks, general literature, illustrated books, part-works, dictionaries, youth works, etc.) and strongly anchored in the three major language groups (English, Spanish and French). It offers new bases for development by geographic area and business line, so the Group can capitalise on the most buoyant segments and the most dynamic markets.

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With this strong balance established, in 2008 Hachette Livre contributed €2,159 million to Lagard•re s consolidated sales.

Of the total 7,683 people employed in 2008, 2,923 worked in France, 1,725 in the United Kingdom, 1,157 in Spain and 909 in the United States.

Activities and structure of Hachette Livre

The business model is present across the entire book publishing/distribution value chain: with its reputed publishing houses and brand names, Hachette Livre knows how to draw the fullest bene t from its high-quality relationships with authors, the expertise of its sales forces, the rigorous logistics of its distribution network and the commitment of its highly-trained employees.

The autonomy of the publishing houses, which are independent and fully responsible for their own creative processes and editorial decisions, encourages both creativity and internal competition. The large degree of autonomy that Hachette Livre allows each of its operating divisions is one of the key factors in its success: Hachette Livre s divisions form a federation of small and medium-sized independent publishing houses, each with its own native corporate culture and speci c, not to say unique, editorial tone.

Each publishing house is responsible for relations with its own authors. Individual relationships are of extremely high quality, enabling control of the copyright portfolio, good supply to the paperback sector and merchandising opportunities.

Central management functions allow the Group to take advantage of economies of scale, maintain a healthy nancial position and make decisions from a global point of view in terms of balance and portfolio.

All of these assets combined make Hachette Livre France s leading publishing group: in its main markets, against such prominent competitors as Editis, Gallimard, Flammarion, Albin Michel, La Martini•re-Le Seuil and Media Participations, Hachette Livre ranks second on the fragmented general literature market, and rst on the traditionally more concentrated textbook and dictionaries segments.

Outside France, Hachette Livre has succeeded in moving up from 13th to 2nd position worldwide in the space of a few years, against competition from publishers such as Pearson, McGrawHill Education, Random House, Scholastic, De Agostini, HarperCollins and Holtzbrinck.

A-1 ACTIVITIES IN FRANCE [1]

The *Literature* division comprises prestigious publishing houses: Grasset, Fayard, Stock, Calmann-L vy, Latt•s, Hachette Litt ratures, Le Livre de Poche and Harlequin. Each has its own predominant lines, but remains in competition with the Group s other publishing houses, as well as those of rival publishing groups.

Hachette Illustré covers the entire range of illustrated works, from the Ûuseful to the Êntertaining . The number one in France for practical guides and DIY, with Hachette Pratique and Marabout, and also number one for travel guides with Hachette Tourisme and Le Routard, Hachette Illustr is also number one in the eld of high-quality illustrated books with two prestigious publishers, Editions du Ch•ne and Hazan, and in children s books (Hachette JD, Hachette Jeunesse Roman and Livre de Poche Jeunesse). Lagard•re Publishing possesses valuable editorial archives in this market, including characters such as Babar, Noddy, and Titeuf.

Hachette Livre is France s leading publisher[2] of textbooks through two separate entities, Hachette Education and the Alexandre Hatier group. These sub-groups comprise reputed publishers such as Hatier, Didier and Foucher, and strong brand names Bled, Bescherelle, Littr , Gaf ot which also put Hachette Livre in a leading position on the market for extra-curricular works.

In *Reference works* and *Dictionaries,* the most famous assets include Larousse and Harrap s, and Hachette Livre is number one in France for both monolingual and bilingual dictionaries.

Part-works are published by the Encyclopaedias and Collections division, which has seen considerable international expansion particularly in Europe and Asia, in Spain through the subsidiary Salvat Editores, and also in the United Kingdom, Japan, Poland and Italy (with Hachette Fascicoli). Its marketing skills and capacity to create new products make it the number 2 player worldwide and a real asset for the global performance of Hachette Livre.

The *Academic* and *Professional* division comprises Dunod and Armand Colin. Leaders on the French market, these publishing houses are carefully preparing for the digitisation of contents in the sector.

Distribution, for Hachette Livre and other publishing houses under exclusive contracts, is carried out through a network managed from the national centre in Maurepas, in the Greater Paris Region. Hachette Livre handles 251 million copies per annum and supplies 12,000 bookshops, newsstands and supermarkets in France. Hachette Livre Distribution, the number 1 distributor in France, also operates in Belgium, Switzerland and French-speaking Canada.

A-2 ACTIVITIES OUTSIDE FRANCE [3]

In the **United Kingdom,** Hachette Livre is the leading trade publisher, with seven divisions: Octopus, for illustrated books, Orion, Hodder Headline and Little, Brown Book Group for general literature, Chambers Harrap s in the dictionaries sector and Hachette Children s Books in the youth sector.

These publishing houses and their range of brand names have also enabled Hachette Livre to develop operations in Australia and New Zealand, where the Group occupies the number two position.

Hachette Livre is also a key player in the textbook market with Hodder Education, which ranks second for middle school and high school textbooks.

Hachette Livre has a distribution activity in the United Kingdom via its two centres BookPoint and LBS (LittleHampton Book Services).

In **Spain,** Hachette Livre is the second-largest publishing house in the country, and the leading publisher of textbooks through Anaya. Like Bru–o, Anaya is active in educational publishing, and also does business in the extra-curricular, general literature and youth segments. In addition, Salvat Editores, a publishing house with operations in Spain and Latin America, places Hachette Livre second in Spain for publication of Reference works.

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(1) The competitive positions of Hachette Livre are based on the statistics provided by the IPSOS (market survey) panels to which the Group subscribes.

(2) Internal estimates.

(3) Source: Internal data, based on Nielsen Bookscan in the United Kingdom, and internal sources in Spain.

In **Latin America,** Hachette Livre holds enviable positions: number three in Mexico (Patria Cultural and Larousse), number ve in Brazil (Escala Educacional and Larousse) and number three in Argentina (Aique).

In the **United States,** Hachette Livre is the fifth-largest trade publisher, with five publishing houses. Grand Central Publishing (formerly Warner Books) and Little, Brown Adult on the general literature market, Young Readers on the youth segment, Nashville on the religious literature segment and Audiobooks on the fast-growing market for audio books.

Hachette Livre also has distribution operations in the United States.

Worldwide, Hachette Livre is represented either directly or indirectly in more than 70 countries across all of its business lines.

B) OPERATIONS DURING 2008

Contribution to consolidated sales 2008: €2,159

/// Distribution of sales by activity – France

	2008	2007
Education	27.5%	28.0%
Illustrated books	21.7%	20.7%
General Literature	15.5%	18.0%
Reference	7.9%	7.1%
Academic and professional	4.7%	4.7%
Other	22.7%	21.5%
Total sales	**100.00%**	**100.00%**

/// Distribution of sales by geographic area

	2008	2007
France	31.0%	31.8%
United Kingdom	17.6%	21.3%
United States	19.8%	16.5%
Spain	9.8%	9.8%
Other	21.8%	20.6%
Total sales	**100.00%**	**100.00%**

2008 saw further organic growth on dif cult markets in the United Kingdom, United States and France. The excellent performance by Hachette Livre was complemented by growth driven essentially by business in the United States and the Spanish-speaking regions.

For Hachette Livre in France, 2008 results re ect the ambition to offer contents in all formats and develop the digital book market, with the acquisition in May of Numilog, which operates a distribution platform in France and is the country s leading aggregator of e-books in French.

Lagard•re Publishing continued to apply its strategy in 2008 in the seven areas de ned in 2003:

a. Constant search for acquisition-based growth opportunities to position Lagard•re Publishing among the top-ranking publishing groups worldwide.

b. Spreading risks across a significant number of markets and market segments in order to smooth the cyclical effects speci c to each one.

c. Concentration of acquisitions and new subsidiaries in French-speaking, English-speaking and Spanish-speaking countries, to bene t from economies of scale speci c to these language groups.

d. Broad editorial independence for publishing subsidiaries, with the emphasis on creativity, rapid responses and team motivation.

e. Active search for international bestsellers able to attract an extensive readership in all the markets in which Hachette Livre operates.

f. Control of distribution, a strategic link in the book value chain, in all the markets where Hachette Livre does business.

g. Sustained investment in digital technologies to meet the emerging demand for online reading or e-books.

This strategy was again fruitful in 2008: despite a general recession across all markets in the second half of the year and the nal quarter in particular, Hachette Livre (Lagard•re Publishing s trading name) reported higher results in line with objectives, achieved through various actions initiated under this strategy.

B-1 FRANCE

In France, Hachette Livre had a mixed year: performances were disappointing for *General Literature,* good for Larousse and *Education* in declining markets, and excellent for *Illustrated Books.*

General Literature sales saw a noticeable downturn from 2007, which had bene ted from publication of works by Dan Brown, Simone Weil and many bestselling books on political affairs. Most publishers found 2008 dif cult. Results were affected by deferred releases (Dan Brown at Latt•s), disappointing re-order levels and a high level of returns. Only Stock had a very good year, boosted by re-orders for Simone Veil s book and the *Prix Fémina* won by Jean-Louis Fournier. The Group s literature publishers nevertheless won several prizes: Les Editions Jean-Claude Latt•s was awarded the *Prix Interallié* for *Le premier principe, le second principe* by Serge Bramly, and Editions Stock won the *Prix Fémina* for *Où on va papa ?* by Jean-Louis Fournier, which had sold 429,000 copies by the end of the year. Sandro Veronesi won the *Fémina best foreign novel prize* for *Chaos Calme* (Grasset).

In *Education,* Hachette Education and Groupe Hatier performed well in declining textbook markets, in a year when there were no high school reforms and primary school reforms were announced very late.

On the market for *Illustrated Books* for the general public, Hachette Illustr had another excellent year, boosted by the success of Stephenie Meyer in the youth segment, but also by the performance of Hachette Pratique and Marabout which published a great many novelty books, and a successful year in the high-quality illustrated books market for Editions du Ch•ne and Hazan.

Larousse continued its recovery despite erosion on the dictionaries market. It registered excellent results on the *Practical/Guides* market (particularly cookery books) and Youth market, and its cost structure bene ted from the organisational changes introduced over the last two years.

In the *Academic and Professional* sector, Armand Colin and Dunod, which had no mass-appeal titles to offer their declining markets in 2008, saw a downturn in performance over the year.

In *Distribution,* processing requirements for the rising number of returns had a signi cantly impact on business, which was in line with 2007 despite the loss of business with the publisher First from 1 January 2008.

In terms of management, the industrial and sales division was reinforced to enhance the response to customer needs and adapt to changing market trends.

Hachette Livre released an entirely redesigned Web 2.0 website (hachette.com), with the focus on interactive components, videos and reader communities.

Hachette Livre also began to assess the carbon footprint of its French businesses in 2008. The aim is to reach a restitution level by early 2009 that will form a benchmark for future improvements.

At the Frankfurt Book Fair, Hachette Livre group unveiled its new logo for use worldwide more modern, more elegant and more international.

B-2 OUTSIDE FRANCE

United States: 2008 was an exceptional year, largely because of what has become a publishing phenomenon, Stephenie Meyer s teenage saga published by Little, Brown Book Group. The four novels in the series sold more than 25 million copies in 2008 on the US market alone, propelling Stephenie Meyer into the very exclusive circle of creators of internationally successful imaginary worlds, alongside J.K. Rowling and Dan Brown. Two of her books, *Twilight* and *Breaking Dawn,* headed the annual all-category bestseller lists. The record box of ce takings for the lm adaptation of the rst book in the series (*Twilight*) in early December boosted sales further over the Christmas period. Stephenie Meyer was named one of Time Magazine s Time 100 most in uential people of the year, and was 5th on the list of Entertainment Weekly s 25 entertainers of the year .

James Patterson, with *Cross Country* (1.2 million copies sold), Nicholas Sparks with *The Lucky One* (1.2 million), the essayist Malcolm Gladwell with *Outliers* (820,000 copies) and William P. Young with The Shack (4 million copies sold) all helped to push Hachette Book Group up from fth to second place in the December rankings of US publishers.

Hachette Book Group had no less than 107 titles in the New York Times 2008 bestseller lists, including 35 in the top position - an unrivalled performance in American publishing history.

This by no means prevented achievements by other Hachette Book Group authors. Books by Elizabeth McCracken, Tom Early, Kate Atkinson, Laura Miller, Tom Rob Smith, David Sedaris and Michael Connelly, among others, were awarded literary prizes or included in US press selections of the best books of the year.

Book Business Magazine named Hachette Book Group (HBG) the *Best Book Publishing Company to Work For* in 2008.

HBG is also a member of the Green Press Initiative (a NGO devoted to assessing the carbon footprint of the press and publishing sectors) and a member of the Book Industry Environmental Council.

United Kingdom and the Commonwealth: Hachette UK retained its top ranking among UK publishers in 2008 with a market share of 15.9% in general interest publishing. On the youth market, it increased market share from 10.2% to 12.3% putting the Group in second place.

In Literature, Hachette UK published 26 number 1 bestsellers on the Sunday Times lists and an average 25% of all books on those lists, peaking at 35% at Christmas time. *No Time for Goodbye,* by Linwood Barclay, published by Orion, was declared the year s top-selling book (650,000 copies sold). Over 3.7 million copies of Stephenie Meyer s series of novels were sold in the UK and Commonwealth countries.

Hachette UK was also the publisher of two novels shortlisted for the UK s most prestigious literary prize, the *Man Booker* prize: *The Clothes on their Backs* by Linda Grant (Virago) and *The Sea of Poppies* by Amitav Ghosh (John Murray).

2008 was an exceptional year in **Australia,** where sales passed the $100 million mark for the rst time.

In **India,** May saw the birth of Hachette India, a wholly-owned subsidiary of Hachette UK. Hachette India has been set up to publish English-language books owned by the Group that are suitable for the local market, and to create a catalogue of original works by Indian authors who write in English. The new company had two titles at the top of the bestseller lists from its very rst week of trading.

In *Education,* Hachette Livre had mixed results on the textbook market, but this was offset by growth in the trade publishing segment (for higher education and language-learning books).

On the market for *Illustrated Books*, Octopus had another difficult year, particularly in UK trade publishing, while exports increased for co-editions in foreign languages and to the US.

In 2008, Hachette UK was awarded FSC (Forest Stewardship Council) certi cation for all its publishing activities.

In **Spain and Latin America:** 2008 was a good year for Anaya and Bru–o in *General Interest Books*, with strong performances in the literature segment by Algaida and Alianza Editorial, which won an impressive array of literary prizes: the *Ateneo de Sevilla* Prize for *El mapa del tiempo* by Felix J. Palma, the *Ciudad de Logroño* Prize for *Lo que el aire mueve* by Manuel Hidalgo, the *Premio Nacional de Ensayo* for *De provincia a nación* by Justo G. Beramendi, and the *Premio Nacional de Literatura Infantil y Juvenil* for *O unico que queda e o amor* by Augustin Fernandez Paz.

At Anaya, Catedra and Alianza Editorial, books such as *El Lazarillo de Tormes*, *1 080 recetas de cocina*, and literary classics by J.D Salinger, William Golding and Federico Garcia Lorca continued to sell well, with total accumulated sales of hundreds of thousands of copies, even reaching one and a half million in the rst two cases.

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

In *Education*, 2008 was a favourable year for sales of the *Lengua Española* series for primary schools and mathematics textbooks in secondary schools (middle and high schools). The Education Law also led to replacement of textbooks in the *Educación Infantil, 3° & 4° Educación Primaria, 2° & 4° Educación Secundaria Obligatoria*, and *1° Bachillerato* segments. Sales in the education market thus registered remarkable growth of almost 9%.

The Anaya group s web portal was entirely redesigned in 2008.

In Mexico, Larousse enjoyed growth resulting from sales to the public sector and performances on the market for French as a Foreign Language.

Part-works: sales of part-works were lower than in 2007, particularly on the mature markets of France, Italy and Spain. This was partly offset by a good performance in the United Kingdom, where the Art of Knitting and Build the Bismarck collections were particularly successful.

B-3 INVESTMENTS

In December, Hachette Livre bought a majority interest in Editions Albert Ren , which publishes the Asterix books, from the character s co-creator Albert Uderzo and Anne Goscinny, daughter of his co-author Ren Goscinny. Hachette Livre is thus now the publisher of all Asterix books, and also holds all subsidiary rights associated with the characters, including audiovisual rights.

As part of its digital strategy, the Group acquired the French company Numilog, a specialist company that leads the market in sales of books in digital format. Numilog provides services to all publishers across the market, similar to the industrial and commercial division s system for traditional book distribution. A partnership was concluded in October with Sony and the French bookstore chain FNAC guaranteeing that the rst supplies of e-books will be for Sony Readers.

C) OUTLOOK

Hachette Livre achieved many of its self-defined objectives in 2008.

International synergies developed in packaging, marketing, promotion, and web-based promotion in particular, optimised the planetary success of Stephenie Meyer's novels.

The geographical extension strategy was pursued, as reflected in the formation of Hachette India, and an International development division set up to establish Lagardère Publishing in the major emerging markets.

In the digital field, the Group acquired Numilog, the leading French company in storage and marketing of e-books.

Lagardère Publishing anticipates that the economic climate will make 2009 a difficult year, especially on the mass markets in Europe and the United States. The Education markets should be less sensitive to economic fluctuations, although business is slowing on the textbook markets in Spain, and also in France, where the high school reform has been put back to 2010.

The credit crisis and certain investors' rapid financing requirements should however bring Lagardère Publishing opportunities for external growth.

5-2-1-2 LAGARDÈRE ACTIVE

To take advantage of the opportunities offered by the rapid changes in its various business lines, the Lagardère Group's press, audiovisual and digital activities were brought together under the name of Lagardère Active. The legal arrangements for the reorganisation, which was announced at the end of 2006, were completed in the last months of 2007 through a series of contributions, transfers and mergers. The end result was the official formation of a new holding company, named Lagardère Active on 31 December 2007, for the division's various sub-holding companies: Hachette Filipacchi Presse for Press activities, Lagardère Active Broadcast for Radio and Television operations, Lagardère Active Digital for the digital business, etc.

This process of combining the various business activities into the new entities created by Lagardère Active had been finalised by the end of June 2008.

Lagardère Active's goal is to become the leading producer of contents, particularly in digital form, and aggregation of contents across a range of markets in which the Group already operates. The pooling of existing skills, resources, contents and brands will create a broad portfolio of assets, internationally as well as nationally. An ambitious digital strategy is being implemented, comprising internal growth drawing on the large portfolio of contents produced by the Group, and external growth as opportunities arise.

The new division launched a performance improvement scheme in January 2007, called "Active 2009", to streamline the portfolio and optimise costs.

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

Lagardère Active encompasses the Press activities, Licensing, Radio, Special interest television channels, Audiovisual production and distribution, Advertising sales brokerage, digital publishing and digital agency businesses, as well as a 20% share in Canal+ France.

A-1 PRESS

Lagardère Active is the world's largest publisher of magazines for the general public in terms of titles (220 titles published) and international operations (operations in 45 countries, in joint venture form or through licence agreements).

Women's magazines are Lagardère Active's core magazine portfolio, which also covers themes such as Current affairs, Automobile, Interior decor, Youth, Leisure, Celebrities and Television, in France and internationally.

Lagardère Active is in number 1 position in France[1], number 2 in Spain[2], third position in Italy[3] and Russia[4], and fifth in the United Kingdom, and is the leading foreign magazine publisher in the United States[5], Japan[6] and China[7].

(1) Sources: OJD for distribution and TNS-MI for advertising.
(2) Source: Total sales published by INFO ADEX. Total number of copies sold (OJD); Total number of readers (EGM).
(3) Source: Accounts officially published by the publishers (total sales).
(4) Source: Sales, distribution at retail price (distributors).
(5) Sources: Ad Age Top Consumer Magazine Company (total sales); TNS Media Intelligence Report (advertising sales).
(6) Source: Tax office, Tokyo.
(7) Source: Ranking of foreign publishers entitled to "copyright cooperation" with Chinese publishers.

The Press activity includes Magazine publishing in France, including supplements (sold to the Daily Regional Press) and International Magazine Publishing. Lagard•re Active deploys variations of its proprietary brands across the countries it operates in, with agship publications such as *Elle* and its related titles, *Psychologies*, *Car&Driver*, *Woman's Day*, *Red*, *25 ans*, etc.

Lagard•re Active also owns a 42% share in the Marie-Claire group.

Magazine publishing represents 72.9% of Lagard•re Active s total sales, 63% of which are achieved outside France.

In the eld of magazines for the general public, market players are either non-specialist groups present in one or two countries (Time Inc. in the United States and the United Kingdom, Mondadori in Italy and France, EMAP in the United Kingdom, etc.), or groups with global brand policies (Hearst, Cond Nast).

42% of Lagard•re Active s press sales, excluding digital sales, come from the sale of magazines (a quarter of which are sold by subscription), and 58% from the sale of advertising pages.

A-2 RADIO

Radio broadcasting contributes 14.5% of Lagard•re Active s total sales, 50% of which are achieved outside France.

In France, Lagard•re Active is one of the major players in the radio broadcasting market, owning three national networks:

- *Europe 1,* France s benchmark radio station that remains faithful to its tradition of general interest, high-quality output for the general public. Every day, Europe 1 attracts an average 5.1 million listeners aged 13 and over[1];
- *Virgin Radio,* a music channel for 18-to-34-year-olds built on the key values of creativity, ights of fantasy and bold originality. Virgin Radio concentrates on rock music with its roots in the 1990s, and works to foster the emergence of new talent. Virgin Radio attracts 2.8 million listeners every day;
- *RFM,* a music station aimed at the contemporary adult, is positioned as a player of diverse musical styles under the slogan All the best hits . RFM is France s second most popular radio station in the 30-49 age group.

Outside France, Lagard•re Active Radio International (LARI) makes full use of the division s radio broadcasting skills in seven countries (Eastern Europe, Germany and South Africa). Its 25 radio stations, mostly music channels, attract more than 34 million listeners every day.

In almost all the countries it operates in, LARI is the leading group in the private radio station market: number 1 in Russia, Poland, Romania, the Czech Republic, the Saarland region of Germany and South Africa.

In France and abroad, these radio broadcasting activities are subject to national and EU laws and regulations governing the audiovisual and telecommunications industries. In France, radio broadcasters require prior authorisation by the French broadcasting authority (*Conseil Supérieur de l'Audiovisuel* CSA).

Over 90% of these radio stations revenues come from advertising sales, which largely depend on audience ratings and the state of the advertising market.

A-3 TELEVISION CHANNELS

Lagard•re Active is present in two elds of special interest channels, broadcast on Digital Terrestrial Television (DTT) and on cable and satellite:

music, with the free DTT channel Virgin17, and 5 cable and satellite channels (MCM, MCM Top, MCM Pop, MCM Belgium, and Mezzo in which France T l visions owns a 40% share);

children and teenagers, with Canal J (for children aged 7 to 14), on cable and satellite and as a pay channel on DTT, TiJi (for the under sevens), Filles TV (for girls aged 11 to 17), and Gulli, in which France T l visions holds a 34% share, available on free DTT since November 2005.

With this offer, Lagard•re Active occupies the leading position in France for music and children s channels[2]. More speci -cally, Gulli is the third most popular DTT channel for children over four in households equipped with a DTT adapter, with a 3.8% audience share. Including the terrestrial channels, it is in 6th position, ahead of France 5, Canal+ and Arte[3].

These television broadcasting activities are subject to the French and EU laws and regulations governing the audiovisual and telecommunications industries.

Most of the revenues from the cable and satellite channels arise from the fees paid by the broadcasting operators. Virgin 17 and Gulli, which are freeview DTT channels, draw their revenues entirely from advertising, and have the advantage of an extended pool of potential viewers and a dynamic advertising market in this fast-growing medium. In 2008, DTT coverage reached approximately 90% of the French population[4]; the number of people viewing by means

(1) Source: Médiamétrie Survey 126,000 radio 13+ age group, Nov-Dec 2008.
(2) Source: MédiaCabSat survey, December 2007 – June 2008.
(3) Source: Médiamétrie survey, January-December 2008.
(4) Source: CSA.

of a set-top adapter (households equipped with DTT adapters plus households receiving DTT via cable or satellite) can be estimated at 72% of the population[1].

A-4 AUDIOVISUAL PRODUCTION

In the Film and TV production and distribution business, Lagard•re Active supplies all the terrestrial channels with programme archives (drama, documentaries, animation) and programmes for immediate broadcast (features, light entertainment, prime-time access), through its subsidiary Lagard•re Entertainment.

In 2008, Lagard•re Active remained the premier producer of prime-time drama in France[2] (in terms of the number of hours of programmes broadcast) and the third-largest producer of programmes for immediate broadcast[3].

The revenues of these companies include   nancing from the broadcasters or co-producers, along with funding from bodies such as the French national cinema board (CNC). The sales for a given production do not depend directly on audience ratings, which means there is less risk involved than in the production of   lms for viewing in cinemas, for example.

A-5 ADVERTISING SALES BROKERAGE

Lagard•re Publicit   is proud of its diversity, with more than 150 media brands holding leading positions on key target segments:

- it is the leading French magazine advertising sales agency, with a 23% market share[4] ;
- it is number 1 in radio advertising sales, with a commercial audience share of 34% in the 13 plus age group[5];
- it is a powerful web advertising sales agency: Lagard•re Publicit   attracted 22 million unique visitors in December 2008[6], placing it 7th on the market overall and number one advertising sales agency in the   media groups   category.

A-6 DIGITAL

In response to the challenging transition to digital media and the growth of web advertising, Lagard•re Active continued its digital development in 2008. The share of sales through Internet activities rose from 3% in 2007 to over 6% in 2008.

Lagard•re Active achieved further growth in its digital publishing business, its primary ambition being to develop a leadership position on the women s interests segment in each of its strategic areas, complemented by at least one strong position on the Group s key segments: health and wellbeing, interior decor, automobile, and entertainment.

- Overall, Lagard•re Active registered 50 million unique visitors and 745 million pages viewed per month by the end of December 2008, approximately double the results for 2007.
- Capitalising on its strong brands, considerable audience gains have been achieved over the last 18 months: at the end of 2008 the Group had 16 sites/networks compared to only one in September 2006, attracting more than 1 million unique visitors.
- The Elle network now has 10.8 million unique visitors worldwide, 3 times as many as in 2007, in Europe, the United States and Asia, with strong positions in France registering more than 2.2 million unique visitors (Elle.fr is the number two website on the high-end women s interests segment), China, Japan and Russia.
- In France, organic developments were complemented by the acquisition in February 2008 of Doctissimo, a specialist health and wellbeing Internet publisher with the highest scores on the target women s audience. More than 9 million unique visitors each month consult one of Doctissimo s four websites in France. The principal site, doctissimo.fr, was credited by the audience measurement company Nielsen-Mediam   trie with 8 million unique visitors in December 2008. France s most popular health portal is also one of the country s largest community platforms, and its forum is considered the most active French-language forum on the Internet.
- In the United States, the Internet advertising sales company Jumpstart, acquired in May 2007, strengthened Lagard•re Active s commercial portfolio for advertisers in the automobile sector. Jumpstart also brought Lagard•re Active into contact with the American automobile dealers sector, which accounts for some 50% of advertisements in the automobile industry.
- In the United Kingdom, acquisition of Digital Spy in April 2008 put Lagard•re Active in a strong position on the local entertainment market.

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(1) Source: Médiamétrie/ Multimedia equipment survey/ December 2008.
(2) Source: Écran Total.
(3) Source: Écran Total.
(4) Source: TNS MI.
(5) Source: 126,000 Radio - ND 2008 - LàV - 5h/24h.
(6) Source: Médiamétrie/ Netratings; all connection sites, France, December 2008 (excluding Internet applications).

B) OPERATIONS DURING 2008

Contribution to consolidated sales for 2008: €2,111 million

/// Distribution of sales by activity - France

	2008	2007
Press	**75.8%**	**78.2%**
Details: Magazines and Supplements	72.9%	67.9%
Daily Regional Press	0.0%	9.6%
Other	2.9%	0.7%
Audiovisual	**24.2%**	**21.8%**
Details: Radio	14.5%	12.8%
Television	9.7%	9.0%
Total sales	**100.0%**	**100.0%**
Including - Digital	*6.2%*	*3.1%*

/// Distribution of sales by geographic area

	2008	2007
France	49.2%	51.1%
United States	13.8%	14.1%
Asia-Paci c	5.6%	5.2%
Italy	5.6%	5.1%
Spain and Portugal	4.7%	5.2%
Russia	11.0%	9.4%
Other	10.1%	9.9%
Total sales	**100.0%**	**100.0%**

B-1 PERFORMANCE IMPROVEMENT PLAN

A three-year performance improvement plan was initiated in 2007 and continued during 2008.

This plan has several components:

disposal of non-strategic assets: since 2007, the Group has disposed of a certain number of assets considered non-strategic, including the Daily Regional Press division in December 2007, SCPE (March 2008) and certain TV production companies such as Films d Ici (2007) 13 Production (2007) and the radio activity in Hungary. This refocus on core strategic activities will continue in 2009;

rationalisation of the portfolio of countries for magazine publishing, replacing direct operation by local partner licence agreements. This strategy was applied in 2007 for Norway, Sweden, Poland, and Portugal, and in 2008 for Belgium (June), Thailand (June) and Greece (August);

reorganisation of the press investments portfolio through:

discontinuation of under-pro table titles: 22 titles were withdrawn between November 2006 and December 2008, in France (*Match du Monde, l'Écho des Savanes, Elle à Paris, Guides Bonnier, Isa, Top famille, La Libre Match*), Italy (*Quark, Rakam, Tuttomoto, Gente Mese, Musica Jazz*), the United States (*Première, Shock, Home*), Spain (*Así son las Cosas, Teleindiscreta*), Japan (*Vingtaine, Books*), Russia (*IMG Daily*) and Taiwan (*Elle Girl*);

and sale of titles unrelated to strategic priorities: one in France (*Onze Mondial*), one in Italy (*Eva Tremila*), one in Spain (*Que Leer*) and one in the United Kingdom (*Real Homes*). Lagard•re Active also contributed three automobile titles to a joint venture with De Agostini: *Gente Motori, Auto & Fuoristrada*, and *Riders*. Finally, in January 2009, Lagard•re Active s *TV Hebdo* merged with the Figaro group s *TV Mag*.

Cost-cutting programme:

- a worldwide call for tenders on paper and optimisation of speci cations;
- a call for tenders regarding printing services in France and Italy, and revision of specifications throughout the world;
- a workforce reduction of more than 10% in France, excluding the digital sector, following introduction of a voluntary redundancy scheme;
- a workforce reduction outside France.

B-2 OPERATIONS IN 2008 BY BUSINESS SECTOR

B-2-1 Magazines and supplements in France

In terms of business scope, 2008 was marked by:

- acquisition of Finev, the company that publishes Psychologies. Finev has been fully-consolidated since July 1, 2008 (the 50% investment previously held was accounted for by the equity method);
- acquisition of the Massin group, which publishes the magazines *Art & Décoration* and *Maison & Travaux*, consolidated since 1 May 2008;
- sale of SCPE, publisher of the magazines *Entrevue* and *Choc*, which was deconsolidated from 31 March 2008.

Magazine publishing in France registered good results in a dif cult context:

- advertising revenues fell back slightly, although developments differed according to the segment: for *Elle*, *Paris Match*, *Public* and *Le Journal du Dimanche*, advertising revenues increased.
- after exceptional circulation gures in 2007 due to the many newsworthy events, there was a slight decline in worldwide circulation in 2008.

Most weekly magazines nonetheless increased their market share (*Elle, Télé 7 Jours, Public, Ici Paris*). Paid magazine circulation gures for the Group s major titles, as published by the French media circulation observatory OJD, saw the following changes between 2007 and 2008:

- *Télé 7 Jours*: -2.8% in a market that fell -3.3%;
- *Public*: +1.4% in a market that fell -0.6%;
- *Paris Match*: -3.5% in a market that fell -1.8%;
- *Elle*: +4.9% in a market that fell -0.7%.

B-2-2 Magazines outside France

In the United States, effects of the nancial crisis were perceptible from the rst quarter of 2008, particularly in the automobile market. To limit these effects, cost restructuring plans were rolled out, and *Home* was discontinued at the end of the year. Despite exposure to the automobile market, sales by the magazine publishing activity limited the general downturn, due to growth in the digital sector driven by the expansion of Jumpstart, the company acquired in 2007, and automobile websites.

Russia reported strong sales growth in 2008, driven by the domestic market s buoyancy in the early months of the year, good performances by Lagard•re Active s magazines and growth by new titles including *Starhit*, launched in late 2007. In September 2008, *Marie Claire* was launched in Ukraine. However, the market was affected by the international crisis in the latter part of the year, which saw a signi cant slowdown in growth.

In Italy, Lagard•re Active is number one on the high-end women s magazine segment, with *Elle* and *Marie Claire*. Advertising revenues and circulation figures for Italian magazines were slightly lower than in 2007 and to preserve pro tability, a new restructuring plan was introduced and the title *Eva Tremilla* was sold. A joint venture was also formed in late 2008 with De Agostini, pooling the two groups motor and yachting titles in order to achieve synergies.

Spain was the European country worst affected by the crisis, with a signi cant fall in advertising revenues and a smaller decrease in circulation. The women s magazine sector stood up better to the crisis than other segments, helped by *Elle*, but interior decor magazines declined sharply in response to the real estate crisis. Television magazines continued to struggle, and *Teleindiscreta* was withdrawn at the end of the year. In view of the context, *Que Leer* was sold and a new restructuring plan was introduced at the end of the year.

The United Kingdom coped better with falling advertising revenues than other developed countries in 2008 thanks to ef ciently-managed distribution activities. Digital businesses were boosted by acquisition of the Digital Spy celebrity and entertainment news and forum website in the first quarter of 2008. The celebrity segment registered slight growth from 2007, whereas the women s interests segment, which is more dependent on the advertising market, registered a decline.

In Japan, advertising sales and distribution activities declined. Women s magazines were the most seriously affected: *Fujingaho*, *25 ans*, and to a more moderate degree, *Elle*. The rise in custom publishing partly compensated for this trend.

China saw ongoing strong growth in 2008, driven by national economic growth and the launch of a new title in June 2008, the fortnightly *Fémina*.

All in all, Magazines outside France ended the year slightly under 2007 performances.

B-2-3 **Radio**

Europe 1, France s benchmark radio station, introduced a signi cantly reworked programme grid after the 2008 summer break, to strengthen its positioning as a general interest channel. The station increased its audience share[1] in the 13-plus age group by 12% in one year, and achieved an even greater rise on its target commercial sectors (+32% in the 25-49-year-olds, and +17% for the CSP+ occupational group).

Thanks to the new grid introduced in September 2008, Virgin Radio became France s second most popular station with the 25-34 age group[2]. A single musical format, Rock Star Music , and two agship programmes presented by Cauet and Bruno & Camille, underpin Virgin Radio s current success.

RFM is positioned as the number two music station for adults[3], with a new slogan All the best hits , a new morning programme presented by Laurent Petitguillaume and Stefan Caza since September 2008, and continuation of Bruno Robles early evening slot.

On 26 March 2008, the French broadcasting authority (*Conseil Supérieur de l'Audiovisuel* CSA) announced a call for tenders for digital radio licences in 19 major French cities and their suburbs, with combined coverage of 30% of the national population.

Lagard•re Active responded with the following proposals led on 1 October 2008:

- proposals for its existing stations: Europe 1 and Europe 1 Sport, Virgin Radio, RFM (and their local variants 22 separate proposals);
- proposals for two new stations: Europe 1 Info and Virgin Radio 100% Rock Fran•ais.

All proposals were declared admissible in a CSA decision of 5 December 2008. Selection of the successful candidates is to be announced in March 2009, and the licences will be issued at the end of the rst half-year of 2009.

Outside France, Lagard•re Active Radio International (LARI) continued to expand in 2008:

- in Romania, with the launch of Vibe Fm, a 3rd Dance format;
- in Poland, the launch of ChilliZet, a 5th network, in the country s 12 main cities, and reorganisation of its three targeted local networks complementary to RadioZet; relaunch of AntyRadio and Planeta, and consolidation of the Plus network;
- in Russia, the launch in December 2008 of a 5th radio station, Sveeje, in the Dance format, to offer listeners and advertisers a more comprehensive selection of formats and targets;
- in Morocco, submission of a bid for a national radio frequency put up for tender (the decision is to be announced in the rst quarter of 2009).

These developments, combined with high audience ratings in Russia, Romania, Poland and the Czech Republic, enabled LARI to consolidate its positions in all seven countries where it operates.

LARI s radio stations attracted over 17 million listeners daily in Russia[4], 8.5 million in Poland[5], 4 million in Romania[6], 2 million in the Czech Republic[7], almost one and a half million in South Africa[8] and 1 million in Germany[9], a total 33.8 million listeners[10].

In parallel to its editorial content activity, LARI has systematically developed its own advertising brokerage operations with exclusive contracts for a number of external broadcasters such as the Czech Republic leader Radio Impuls and the PN network in Poland, in addition to its own radios.

Through this strategy LARI has reinforced its commercial leadership, becoming the top radio advertiser in Russia, Poland, Romania, the Czech Republic and South Africa.

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(1) Source : Médiamétrie Survey 126,000 radio 13+ age group PDA, Nov-Dec 2007 and Nov-Dec 2008 .
(2) Source: Médiamétrie Survey 126,000 radio 13+ age group, Nov-Dec 2008.
(3) Source: Médiamétrie Survey 126,000 radio 13+ age group, Nov-Dec 2008.
(4) Source: TNS Gallup Media, July/September 2008.
(5) Source: SMG/KRC October/December 2008.
(6) Source: SAR May 2008.
(7) Source: Radio Project April-September 2008.
(8) Source: RAMS July/October 2008.
(9) Source: AS&S MAII 2008.
(10) Sources: TNS Gallup Media Régions October/December 08; MML Sk July/December 2008.

In France, despite a 4.8% decline in the advertising market in 2008, the radio stations operated by Lagard•re Active ended the year slightly above 2007. LARI registered overall growth for 2008, despite a fallback at the end of the year.

In 2009, Lagard•re Active will no longer manage radio advertising sales for the Les Ind pendants network of stations.

B-2-4 Television channels

2008 was marked by the roll-out of Digital Terrestrial Television in France, and audiences grew in line with the increasing number of subscribers and extension of coverage. The audience share for Other TV (i.e. other than traditional terrestrial channels) increased from 20.8% to 26.3%[1], largely due to the expansion of DTT. These audience results are beginning to be re ected in advertising revenue, which more than doubled in 2008.

In an intensely competitive environment, the good audience figures[2] confirm the excellent performance of the Group s channels, both on DTT and on cable and satellite:

Gulli is the 3rd most popular DTT channel, with a 3.8% audience share;

Lagard•re Active s Youth channels represent a 13.9% share of national audience in the 4-10 age group, ahead of France 3 and M6. Canal J and Tiji are respectively in 2nd and 3rd positions on cable and satellite for all audience categories together, with a 1.0% and 0.8% share of audience in the 4+ age group;

Virgin 17 strengthened its position in the 15-24 age group, with an increase of more than 80% in this target audience. It will strengthen its programme grid in 2009 for viewers under 50;

MCM has been the number one music channel on cable and satellite for more than 10 years, with a 1% share of audience in the 15-34 age group;

Mezzo continued to expand internationally: it is watched by 15.4 million subscribers in 39 countries.

Towards the end of 2008, Lagard•re signed a new contract to market two channels belonging to NBC Universal Global Networks France (13e Rue and SciFi).

B-2-5 Audiovisual production and distribution

Through its lm and television production and distribution activities, Lagard•re is a major partner of the terrestrial channels for prime-time drama and programmes for immediate broadcast (features, etc.). Approximately 800 hours of programmes were produced, including 12 of the 100 best prime-time audience ratings obtained in 2008 (all categories)[3], which attracted between 7.7 and 8.8 million viewers each.

Lagard•re Images was the premier producer of prime-time drama in 2008[4] for the seventh year running, with 108 hours of programmes broadcast over the 2007/2008 season.

Lagard•re Entertainment excels in the production of prestigious series and one-off dramas such as *Le gendre idéal* (DEMD Productions for TF1), *Plus tard tu comprendras* (Images et Cie), agship series with a recurrent principal character such as *Julie Lescaut, Diane Femme Flic* and *Famille d'accueil* (GMT Productions for TF1), *Joséphine ange gardien* (DEMD Productions for TF1) and *Père & Maire* (Aubes Productions for TF1). Lagard•re Entertainment is also increasing output in the 52-minute format, for instance with *Merci les enfants vont bien* (DEMD Productions for M6), and *Flics* and *Les Bougon* (GMT for TF1), both newly created in 2008.

Lagard•re Active is also in a leading position in the eld of programmes for immediate broadcast, particularly through Maximal Productions (*C' dans l'air* and *C'est à dire*, daily on France 5, *@ la carte*, daily on France 3), and Image et Cie (*Ripostes* for France 5).

Lagard•re Entertainment saw a decline in business of approximately 5% compared to 2007 (on a like-for-like basis).

B-2-6 Digital

In 2008, a large number of websites were launched or redesigned as part of the deployment of Lagard•re Active s digital business, targeting ve segments in priority:

in France, the entertainment portal Premiere was launched in late 2008, the Psychologies.fr site was redesigned, Dekio, a home and garden decoration search engine, was launched, and new versions of Europe1.fr and youth websites were released;

(1) Source: Médiamat December 2008 vs December 2007, 4+ age group.
(2) Source: MédiaCabSat survey, December 2007 – June 2008, Médiamat, year 2008.
(3) Source: Médiamétrie / Médiamat, 4+ age group.
(4) Source: Ecran Total.

- Doctissimo, which became part of Lagard•re Active in February, continued to expand its audience in its rst year of consolidation, from 6.6 million unique visitors in December 2007 to over 9.6 million one year later. Doctissimo also installed a new software suite, Community Factory, dedicated to community applications such as forums, chatrooms, blogs and social networking. This software was developed in its R&D centre at the Sophia-Antipolis science park near Antibes in the south of France, based on the Mesdiscussions forum software purchased in late 2007;
- thanks to its editorial know-how and expertise in referencing techniques, Newsweb retained its top audience scores for all its traditional themes: the stock market, sports, and the automobile industry;
- the News dimension was expanded via the website leJDD.fr, which gradually built up a significant audience (approximately 1.5 million unique visitors by the end of the year, according to the audience measurement company M diam trie-NNR).

There were also many developments outside France concerning the Group s priority key segments:

- reorganisation of *Elle* in the women s interest sector in China, Japan, Spain and the Netherlands;
- launch of automobile websites by Newsweb in Italy and Spain, with *Car&Driver* (September 2008), complemented by acquisition of theF1.com, incorporated into the Spanish site (mid 2008). Newsweb thus contributed to development of the automobile theme in other European countries where Lagard•re Active already has an editorial asset (generally a magazine). Newsweb operates the technological platform for the Italian and Spanish automobile websites launched this year;
- acquisition of Digital Spy in the United Kingdom in April 2008, establishing a strong position in the UK s entertainment market;
- nally, Jumpstart, the leading US Internet advertising sales company in the automobile sector, registered further growth in 2008 and increased pro tability in an extremely dif cult national automobile market.

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The end of 2008 was marked by tension on the nancial markets and a slowdown in growth across the principal geographic areas, resulting in lower predictability on the corresponding advertising markets.

Lagard•re Active intensi ed its €70 million cost-reduction plan announced in January 2007, revising the target in June 2008 to €86 million of savings by the end of 2009 before in ationary effects, chie y to be made on paper purchases. The surplus savings generated in 2008 offset the impact of paper price increases over the year. In an environment marked by a major economic crisis, Lagard•re Active will continue to intensify its cost-reduction plan in 2009.

C) OUTLOOK

The worldwide economic context has become very unsettled in early 2009 and there can be no doubt that Lagard•re Active, which derives 55% of its revenues from advertising sales, will be greatly affected by the general state of the economy in the countries in which it does business. In the current context, it is particularly unclear how the advertising market will behave for magazines, radio and web media. Trends in advertising over the rst few weeks of 2009 were signi cantly negative in the major countries where Lagard•re Active operates.

Against this background, efforts in 2009 will be more strongly focused than ever on reinforcing the performance improvement plan and streamlining the asset portfolio.

5-2-1-3 LAGARDÈRE SERVICES

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

Lagard•re Services is the world s leading player in press distribution, with the largest international network of stores dedicated to cultural leisure products, duty-free shops and specialist concept outlets (3,900 stores) under international store names (Relay and Virgin in travel zones) or store names with a strong local identity (Payot, Inmedio).

In 2008, Lagard•re Services achieved consolidated sales of €3,500 million, of which 71.7% were earned outside France.

Lagard•re Services continued to develop its retail sales activity in 2008, testing new sales concepts and renewing a large number of concession agreements in travel areas. Lagard•re Services subsidiaries signed new press distribution contracts in Europe and North America, con rming their unique expertise as specialist distributors of communication products. In the course of 2008, Lagard•re Services continued to develop HDS Digital, the platform for downloading magazine publications.

A few key gures:

Lagard•re Services has built up a unique network of 3,900 stores in 19 countries all over the world;

Lagard•re Services is the top international press distributor in Belgium, Canada, Spain, Hungary and the Czech Republic;

Lagard•re Services supplies over 50,000 newsagents daily in Europe and 180,000 in North America;

1,300 sales outlets trade under the Relay name in 15 countries, serving a million customers every day.

Lagard•re Services development focuses on two business lines: (1) retail sales, comprising sales outlets dedicated to travel areas and trade in town centres and shopping malls, and (2) press distribution to the sales outlets.

A-1 RETAIL SALES IN TRAVEL AREAS

Lagard•re Services is the world leader in retail sales dedicated to travellers, with companies such as Relay France, Lagard•re Services Asia-Paci c and Aelia, and has set up new sales outlets in airports and train stations in the 19 countries where its store names are present. With Relay, Lagard•re Services currently runs the largest international network of press retail stores. Taking advantage of new sales outlets opened in Germany, Poland, the Czech Republic, Romania, the United States, Australia, China, and more countries, Relay offers an increasing number of customers a wide range of products for consumption while travelling: newspapers, magazines, books, confectionery, souvenirs and food products, etc.

In airports, in addition to the Relay outlets to be found in around 100 international airports, and the Newslink stores in Australia and Singapore, Lagard•re Services also has duty-free sales and specialist store operations through Aelia, France s number 1 company for retail sales in airports.

Aelia manages over 141 sales outlets in 20 French airports, the United Kingdom (Belfast and Luton) and Poland (Warsaw and Krakow). In addition to operating franchise stores such as Virgin and Herm•s, Aelia possesses a portfolio of its own store names, such as Pure & Rare, Beauty Unlimited, French Days, The Gourmet Shop, Cosmopole, etc. Aelia also handles onboard sales of top of the range products on behalf of certain airlines, particularly Air France.

In train stations and airports, Lagard•re Services also operates a large number of stores selling music, reading materials and small electronic devices under the Virgin name (in France, Australia, China, Germany and the United States). Meanwhile, the D couvrir stores in France, America and Australia sell tourist products that promote local culture and regional produce.

Competition in the eld of press retail outlets in travel areas is mainly from local businesses: Hudson News, Paradies and HMSHost in North America, Valora in Switzerland, Valora and Eckert in Germany, Areas in Spain, Ruch and Kolporter in Poland, etc.

The principal global players in duty-free sales and specialist stores in travel areas are DFS (LVMH Group), TNG (The Nuance Group), Aldeasa, Heinemann and Dufry, while the European market includes players such as Aelia and World Duty Free (Autogrill Group).

Lagard•re Services has launched a plan to diversify its retail business in fast food, coffee shops and specialised concepts. With establishments in 19 countries and expertise acquired on these different markets, Lagard•re Services has entered into partnerships with major retail players such as Paul, Moa, Costa, Bijoux Terner, and LOccitane.

As part of the strategic policy of developing business in travel areas, an agreement was signed in December 2007 for acquisition of a majority investment in the Virgin group by Butler Capital Partners, which took place on 27 February 2008. Lagard•re Services has retained a 19.8% interest and the operating licences for outlets in travel zones at worldwide level.

A-2 NATIONAL PRESS DISTRIBUTION AND PRESS IMPORTS AND EXPORTS

Supplying the sales outlets with newspapers and magazines is a crucial function in press sales, exercised by Lagard•re Services in 12 countries at two levels:

the world s leading national press distributor, Lagard•re Services is the largest distributor in the United States, Belgium, French-speaking Switzerland, Spain and Hungary, and is also active in Poland. In many countries, Lagard•re Services supplies networks of convenience stores: Lapker in Hungary (12,200 sales outlets, 743 of which are operated by the company) and SGEL in Spain (16,000 sales outlets). In North America, the leading national magazine distributor Curtis Circulation Company runs a network of independent wholesalers and manages sales of press titles to the major retail sale chains. Its market share stood at 32%[1] in 2008. Competitors are major local players such as TDS/WPS (Time Warner Group), Kable, and Comag (Hearst/Cond Nast). In Spain, SGEL, the leading national press distributor, holds 20% of the market[2] and its main rival is Logista. Lagard•re Services has no signi -cant competitors in Hungary, Belgium or Switzerland;

(1) Source: internal survey.
(2) Source: internal survey.

Lagard•re Services is also a leading enterprise in the import and export of international press, with operations in ten countries (Belgium, Bulgaria, Canada, the Czech Republic, Hungary, Romania, Serbia-Montenegro, Spain, Switzerland and the United States).

B) OPERATIONS DURING 2008

Contribution to consolidated sales for 2008: €3,500 million

/// Distribution of sales by activity

	2008	2007
Retail	66.3%	68.7%
Distribution	33.7%	31.3%
Total sales	**100.0%**	**100.0%**

/// Distribution of sales by geographic area

	2008	2007
France	28.3%	35.9%
Europe	61.7%	54.9%
North America	5.9%	5.6%
Asia/Paci c	4.1%	3.6%
Total sales	**100.0%**	**100.0%**

In 2008, Lagard•re Services consolidated its positions throughout the world and met its objectives.

Its ambition for retail sales growth was re ected in:

- a 6.9% increase in retail sales based on constant group structure;
- conclusions and renewals of contracts for concessions in travel areas (train stations in France, and airports including Indianapolis, LaGuardia, Detroit, Melbourne, Sydney and Nice);
- acquisition of new companies running sales outlets in travel zones (the Purely Group in Australia, Delstar and NGSI in the United States);
- expansion in new countries (Bulgaria, Serbia, China);
- a plan for diversi cation into new concepts (€11.2 million in sales in 2008);
- growth in electronic sales via the Internet (HDS Digital recorded 1.8 million downloads in 2008).

As decided in its strategic plan, Lagard•re Services withdrew from the shrinking music market by selling 80.2% of its investment in Virgin.

Lagard•re Services also reached its pro t targets, chie y through signi cantly improved pro tability in its Belgian distribution activities.

At the end of 2008, the retail sales and press distribution activities respectively represented 66.3% and 33.7% of Lagard•re Services consolidated sales. The decrease in the proportion of retail sales (which stood at 68.7% in 2007) was due to deconsolidation of Virgin from March 2008. Excluding the effect of Virgin s deconsolidation, the portion of retail sales rose from 65.1% in 2007 to 66.3% in 2008.

The market environment in 2008 was marked by the nancial crisis and the slowdown in air traf c in the last quarter of the year. North America was adversely affected by the weak US economy. The press market also continued to recede in 2008.

B-1 RETAIL SALES IN TRAVEL AREAS

Relais H, renamed Relay France in June 2008, registered a 5.2% increase in business, mainly re ecting the full-year operation of sales outlets opened in 2007 (on the new TGV high-speed train line in Eastern France, in terminal S3 at Roissy Charles de Gaulle airport in Paris and in Saint-Charles train station in Marseille).

The contribution of these new stores was complemented by very good results for non-press products (including tobacco goods (+4%), foodstuffs (+16.5%), books (+2.8%) and souvenirs (+9.2%)) sustained by an innovative sales policy of product diversi cation and the creation of new concepts (such as Kaboom, Glups, and Grand Prix). These increases were nonetheless hindered by the ongoing decline in telephone product sales (-6%), and a slight fallback in press sales (-0.5%). The company also renewed its contract with the national French railway company SNCF.

In the rest of Europe, growth registered varying levels. Business in Germany increased by 5.1% and the network continued to expand with a net addition of three sales outlets over the year, bringing the total to 72 units at the end of 2008. The Frankfurt platform contract was also renewed.

Belgium also experienced a 2.4% rise in sales following modernisation of its sales network and the opening of new sales outlets, which totalled 282 at the end of 2008.

Growth was registered in Switzerland (+5.3% at constant exchange rates). The Naville brand name fared well against a troubled press market (-2.1% against a 2.6% market decline), and progressed thanks to excellent sales of tobacco goods (+7.0%), telephone products (+6.8%), and higher foodstuff sales (+6.6%). At the end of 2008, the network had 189 sales outlets.

In Spain, business declined by 3.4% in 2008 with the downturn in performances by street outlets and stores in shopping malls (-10.6%) and weak growth at travel area sales outlets (+0.5%), affected mainly by the slowdown in airport traffic.

At 31 December 2008, the network had 173 sales outlets, a number that has been declining since 2005 following closures caused by new legal restrictions on tobacco sales.

In Central Europe, Lagardère Services continued to enjoy strong growth, particularly in:

- Poland (where sales increased by 22.8%), with 82 sales outlets added to the network in 2008 (bringing the total to 633);
- the Czech Republic (where sales increased 18.5%): 21 new sales outlets were opened in 2008 (bringing the total to 165);
- Hungary: stability of the network trading under the Relay and Inmedio store names, with 331 sales outlets in total and sales in line with 2007 (-0.2%) despite closures of 105 newsstands (412 newsstands in all);
- Romania (where sales increased by 76.7%): 26 new sales outlets were opened in 2008 (bringing the total to 137).

In North America, retail sales were higher than in 2007 (+7.5% at constant exchange rates):

- based on constant network structure, sales increased by 3.5% due to good performances in airports in both Canada (+7.7%) and the United States (+6.8%), offsetting the decline in town centre sales (-2.6%) which suffered the effects of the weak North American economy;
- the Group was awarded concessions for a large number of new outlets in US airports: two at John F. Kennedy, one at Boston, five at LaGuardia, four at Detroit and six at Indianapolis;
- two companies were acquired during the second half of the year: Delstar (on 3 September), which operates 19 sales outlets at Phoenix airport and in hotels in the region, and NGSI (on 11 December, not consolidated in 2008) which has 40 sales outlets in Texas, Arizona, Colorado and certain US islands (including Porto Rico and St Thomas).

Lagardère now has 146 sales outlets in the United States and 184 in Canada.

In the Asia/Pacific region (Australia, Hong Kong, mainland China, Singapore and Taiwan), sales increased significantly (+12.4% compared to 2007). The key factor was significant growth based on constant network structure (+4% in Australia), plus the acquisition on 1 March 2008 of 51% of Purely Group (which sells gifts/souvenirs/merino wool garments, under the Purely Australian and Purely Merino brands). Purely Group manages 21 airport sales outlets, with annual sales of AU$23 million. Lagardère now has 140 sales outlets in the Asia/Pacific zone (92 in Australia, 15 in Hong Kong, 19 in China, 9 in Singapore and 5 in Taiwan).

In 2008, Aelia achieved growth of 10.7% thanks to brisk business at concessions in French regional airports and the United Kingdom (in Luton and Belfast airports), the recent developments in Poland (outlets opened at Warsaw, Szcezin and Poznan airports, after Krakow airport in 2007), and good performances at Paris airports (expanding business at shops opened during 2007 in terminals S3 and E, and extension of the commercial area at Orly). In Paris, shops are operated by SDA in partnership (50/50) with Aéroports de Paris. SDA now operates the spirits/tobacco/perfumes concessions at the Paris airports of Charles de Gaulle (Terminals 1, 2, and 3), Orly Sud and Orly Ouest, and gourmet shops at certain terminals. Aelia also continued to develop airport business in the fashion sector.

In view of declining press and tobacco sales, Lagardère Services has begun a process to diversify its traditional businesses. Several partnership agreements have already been signed:

- with the bakers Paul in the Czech Republic and Switzerland;
- with Costa Coffee in the Czech Republic and Hungary;
- with the fashion accessories retailer Moa in Romania and Bulgaria;
- with the supermarket chain Casino in France for a local convenience food store project;
- with the florist chain Happy in Germany;
- with confectioners La Cure Gourmande in France and Spain.

In early 2008, Lagard•re Services sold an 80.2% share in Virgin to Butler Capital Partners, and now only operates Virgin shops in travel areas, where the Virgin brand continues to expand, with a total of seven sales outlets in train stations (ve in France and two in Germany) and 31 sales outlets in airports: 15 in France, two in Germany, two in Poland, 9 in North America and three in Australia).

B-2 NATIONAL PRESS DISTRIBUTION AND PRESS IMPORTS AND EXPORTS

The 2008 results for press distribution activities varied according to the countries concerned.

In Spain, sales by the distribution business stagnated in 2008 despite the new activities launched (new titles published by Cond Nast, new distribution contracts with Dispana and Progresa). Excluding these new activities, distribution sales decreased, primarily due to lower sales of magazines (-8.9%) related to negative market trends, a smaller number of part-works collections (-9.0%) and the continuing slowdown in sales of telephone cards (-17%).

In Belgium, AMP distribution activities saw a 1.4% decline in sales in 2008, particularly concerning press and books, while telephone card sales rose signi cantly (+16.4%) following conclusion of the new contract with Delhaize. The action plan for reorganisation launched in 2007 was extended over 2008 (involving signature of a new collective bargaining agreement), creating a favourable environment for improvement of the company s pro tability.

The erosion of press sales also affected Naville s distribution activities in Switzerland, with press sales revenues down by 2.6% despite a considerable rise in the price of Swiss daily newspapers. In contrast, distribution of non-press products and services saw considerable increases, driven by good performances on telephone cards (+21%) and tobacco goods (+18%).

However, there was marked growth in Hungary in 2008 (+3.1%). Press sales were down by 1% from 2007 but non-press sales rose by 10.3%, principally due to a considerable increase in sales of telephone top-up cards.

Consolidated sales in the United States fell by 1.7% on a like-for-like basis, but thanks to the favourable effects of the US dollar/Canadian dollar exchange rate an overall increase of 13.4% was registered.

In Canada, in contrast, the distribution of imported press retreated by 4.2% as the market for part-works collapsed and business was disrupted by several late deliveries from France and England.

C) OUTLOOK

Once again, Lagard•re Services prospects for business expansion in 2009 will partly depend on airport traf c levels, which have been adversely affected by the international nancial crisis, particularly since the second half of 2008. General economic trends will also play a role. Sharp declines in air traf c and the press markets were observed at the beginning of the year.

Nonetheless, Lagard•re Services intends to maintain steady growth in its core businesses throughout 2009 and beyond, while entering new markets through internal growth or, in particularly favourable conditions, acquisitions, systematically seeking out geographic or operational complementarities with existing activities.

Retail business goals will focus on:

- strengthening leadership positions in travel areas;
- development of well-known brand sales outlets in travel areas and shopping malls, and in town centres;
- ongoing implementation of the diversi cation plan;
- continued development of activities in the Asia/Paci c region and Central Europe.

Lagard•re Services, which is reputed for its leadership positions in its business lines, its operational rigour, corporate culture of performance and international brands, has a number of assets in hand to meet its objectives.

5-2-1-4 LAGARDÈRE SPORTS

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

Lagard•re Sports business is carried out through ve companies:

- Sport ve (100% - acquired in 2007);
- IEC In Sports (100% - acquired in 2007);
- Upsolut (100% - acquired in 2008);
- PR Event (100% - acquired in 2008);
- World Sport Group (71% - acquired in 2008).

Business is focused on three main domains: TV Rights and Production, Marketing Rights, and Sports Event Organisation and Merchandising.

A-1 TV RIGHTS AND PRODUCTION

Sports TV and media rights comprise all broadcasting rights, which are bought by television channels and other content distribution platforms (satellite, cable, Internet, mobile telephones, etc.).

The TV and media rights managed are mostly second party and third party rights (rights which do not include the broadcasting of matches in the event s host country).

For example, in football, the range of products that can be marketed extends from qualifying matches to international competitions, including the rights for certain friendly matches.

TV production consists of the implementation and nancing of all the resources necessary to record an event or a programme intended for broadcast on television or any other platform for distribution of content.

In this eld of activity, Lagard•re Sports draws on the expertise of three entities: Sport ve, IEC In Sports, and World Sport Group.

A-1-1 Sportfive

Sport ve operates across all the continents through a network of 11 of ces with the primary focus on football, the most highly developed and popular sports market in the world. Its unique positioning and unrivalled expertise offer clubs, federations and sports events the skills and experience required to draw maximum bene t from their rights.

Sport ve manages a portfolio of over 30 international federations and 250 clubs, marketing the TV and media rights for the major European football leagues to broadcasters in more than 180 countries, and the broadcasting rights to prestigious international sports events such as the Euro 2008 tournament matches and the African Nations Cup.

Sport ve has extended its portfolio of sports broadcasting rights, which today includes a range of popular sports including handball, boxing, rugby, basketball, WRC rallies and ski jumping.

A-1-2 IEC In Sports

IEC In Sports (International Events and Communication in Sports) specialises in the management and negotiation of commercial sports rights, focusing on olympic sports and tennis, athletics, volleyball and gymnastics.

The company markets over 250 sporting events in Europe (a region that represents 75% of IEC s contracts), the United States and Asia, totalling more than 3,500 hours of sports broadcasts annually.

Drawing on its diverse sports rights portfolio, it offers bulk deals encompassing several sporting disciplines, providing customers with a full array of turnkey sports programming solutions. IEC s client base mainly comprises television channels and all other types of multimedia broadcasting platforms from a wide range of geographic areas (Europe, Asia, the United States, etc.).

IEC In Sports also handles sporting event television production and post-production services, offering a wide range of services including live production (host broadcasting), dubbing, editing, commentary, collection of additional data (statistics), television branding and transmission (satellite pools).

IEC In Sports can perform practically the entire range of production operations on behalf of its clients. This high-growth business complements rights marketing services and provides broadcasters via TV or new media with turnkey solutions.

A-1-3 World Sport Group[1]

World Sport Group is a group of companies specialising in the management of broadcasting rights for Asian sporting events. It works closely with the bodies that hold the rights to organisation of major sports events (golf, football and cricket) to help them achieve optimum bene t from their rights.

World Sport Group is very active on the Asian continent, operating in a high-growth sector through prestigious partnerships that give it an excellent position in the most popular sports: football, cricket and golf.

Its portfolio comprises more than 1,000 hours of live sports programming and 600 days of sport annually, spread over more than 30 different countries. World Sport Group is involved in broadcasts of prestigious events such as the Asian Football Cup, the Asian Tour golf tournament, the Indian Premier League cricket competition and qualifying matches for the FIFA 2010 football World Cup.

A-2 MARKETING RIGHTS

The marketing rights to professional sports events enable advertising buyers to communicate across a range of media (shirt sponsoring, stadium advertising, corporate hospitality, etc.).

(1) Accounted for by the equity method.

Sponsoring is an ef cient corporate communication instrument. The main objectives of sponsoring in addition to increasing brand recognition and sales are to enhance brand image, develop the loyalty of existing customers and generate employee motivation.

With the Olympic Games, football is the sport that generates the most interest around the world. It therefore receives a corresponding amount of attention in the media, and the extent of its television presence makes it the largest marketing platform in the world. The television audiences and television market shares of football exceed those of any other sport.

A-2-1 Sportfive

Sport ve is a leading company in the eld of sports marketing rights management. With a strong focus on football, the company handles global rights management for more than 30 European football clubs. These clubs include Juventus Turin, Hamburg SV, Hertha Berlin SC, Olympique Lyonnais and Paris Saint-Germain.

In this con guration, Sport ve acts as exclusive agent for the clubs and manages their rights with the sponsors.

Other examples of the rights Sport ve manages:

- Football:
  - Sport ve holds the marketing rights of the French men s National Football Team, the French U21s National Team and the French women s National Football Team;
  - Sport ve also manages the marketing rights for all French Cup, African Cup of Nations and CAF Champions League matches.
- Rugby:
  - Sportfive holds the marketing rights to the French Rugby Federation s hospitality village for the Six Nations Tournament.

Sport ve is also involved in other sports including tennis, handball and basketball.

A-2-2 World Sport Group[1]

World Sport Group is very rmly established in the Asian football, golf and cricket sectors, and is the partner of choice to assist the bodies that hold the rights to organisation of these sports events on the Asian continent and in each individual country. For example, World Sport Group is marketing advisor to the Asian Football Confederation.

As the Asian market is undergoing strong worldwide growth, its international brands see sports sponsorship as a way to bene t from new opportunities. The fact that World Sport Group is established in high-potential markets such as India and China (where it works with the Chinese Golf Association) is an advantage for brands with an international dimension.

A-3 ORGANISATION OF SPORTS EVENTS AND MERCHANDISING

Acquisition of Upsolut and PR Event in 2008 gave Lagard•re Sports a position not only in distribution but also organisation of events, while simultaneously diversifying its portfolio of activities. Organisation of the *Transorientale* rally in 2008 was another component of this policy to reinforce creation and management of sports events by Lagard•re Sports.

A-3-1 Upsolut

Upsolut specialises in organisation of endurance sports events open to both world-class athletes and amateurs.

Most of its business concerns cycling and triathlon events, thus adding new disciplines to Lagard•re Sports portfolio.

Upsolut organises cycling races in Germany, such as the *Skoda Velothon* (a marathon for cyclists) and the *Vattenfall Cyclassics.* In a different register, it organises the world triathlon championships for the International Triathlon Union.

A-3-2 PR Event

PR Event organises the Swedish Open tennis tournament held in Bastad, which is part of the ATP World Tour 250 series.

A-3-3 The Transorientale rally

This rally is owned by Lagard•re Sports and jointly organised with the company Ren Metge Concept. The rst edition held in 2008 from Saint Petersburg to Beijing was very successful, with 400 participants aboard 150 vehicles. Organisation of the rally occupies a team of 300 people.

The *Transorientale* bene ted from extensive international coverage: more than 180 hours in 150 countries, including the United States (CNN), Asia (ESPN Star Sports), and Europe (France T l visions, RTL).

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(1) Accounted for by the equity method.

B) OPERATIONS DURING 2008

Contribution to consolidated sales for 2008: €444 million

/// Distribution of sales by activity

	2008	2007
TV rights and production	63%	71%
Marketing rights	33%	27%
Other	4%	2%
Total sales	**100%**	**100%**

/// Distribution of sales by geographic area

	2008	2007
Europe	79%	82%
Asia/Paci c	6%	7%
The Americas	1%	4%
Africa	6%	2%
Middle East	8%	5%
Total sales	**100%**	**100%**

/// Distribution of sales by sport

	2008	2007
Football	86%	84%
Other sports	14%	16%
Total sales	**100%**	**100%**

Football is the principal discipline in Lagard•re Sports portfolio, contributing more than 86% of total sales.

Lagard•re continued to consolidate its portfolio of sports rights in 2008 and also expanded its involvement in event organisation. After only two years of existence, Lagard•re Sports has made a name for itself as one of the world leaders on the sports market.

The pace of its strategy for organic growth and acquisitions of companies operating in sports rights and contents marketing and management was stepped up in 2008.

Over the year, Lagard•re Sports developed a portfolio of companies occupying key positions in the sports economy, each one excellently-placed on its market: World Sport Group, the Asian number one in management of sports broadcasting rights, Upsolut, a German company specialising in sports event organisation, and PR Event, the organiser of Swedens ATP tennis tournament.

Lagard•re Sports international position was also consolidated in 2008. After establishing its credentials in Europe and Africa with Sport ve and IEC In Sports, Lagard•re Sports is now well-established in Asia through World Sport Group, which holds an extensive portfolio of major contracts (the AFC Asian football cup, the Indian Premier League cricket competition, the Asian Tour golf tournament, and more).

Finally, 2008 provided Lagard•re Sports with the opportunity to reinforce its positioning along the whole value chain. Acquisition of Upsolut and PR Event enabled Lagard•re to diversify its portfolio of sporting disciplines and control the entire value chain for tennis, triathlon and cycling events. Organisation of the rst-ever *Transorientale* car rally in 2008 established Lagard•re Sports position in the business of sports event organisation.

B-1 TV RIGHTS AND PRODUCTION

B-1-1 *Sportfive*

Sport ve successfully completed the rights marketing cycle for the Euro 2008 cup, having achieved signi cantly higher media revenues for the UEFA than in the previous edition of the tournament.

Sport ve also reinforced its European positioning in football through acquisition of the international rights of the Bundesliga (Germany s highest division) in strategic markets, in Europe (France, Netherlands, Belgium, Turkey, Portugal) and Asia (Japan, South Korea).

Through collaboration with Upsolut and the International Triathlon Union (ITU), Sport ve acquired all broadcasting rights for events in the ITU Triathlon World Championships Series, re ecting a strong partnership between two entities of the Lagard•re Group.

With the signature of an exclusive agreement with the African Football Confederation (CAF) in 2007, Sport ve consolidated its position in African football. This agreement made Sport ve the exclusive agent for all the marketing rights for CAF competitions from 2009 to 2016 (African Nations Cup, African Champions League, Confederations Cup and Africa Juniors Championship). The sales process for these rights continued during 2008, and a contract was concluded with the Brazilian agency Traf c for broadcasting of CAF events in the whole of South America.

B-1-2 *IEC In Sports*

The major event of 2008 for IEC In Sports was renewal of its contract for distribution of Portugal s highest football division (Superliga) events in Europe, Asia and North Africa.

B-2 MARKETING RIGHTS

B-2-1 *Sportfive*

One of Sport ve s key marketing achievements in 2008 was the signature of an agreement with Match Hospitality, engaging Sport ve as exclusive agent for European hospitality programmes for the FIFA 2010 football World Cup.

Consolidation of the football rights portfolio was re ected in a substantial agreement signed in Italy with the Juventus Turin football club for a period of 15 years. Sport ve also renewed and strengthened its contractual relations with a number of European Football Federations and clubs, including Hertha Berlin and Borussia Dortmund.

Sport ve continued to develop its range of services in 2008, offering comprehensive stadium consulting services to assist clubs through every stage from design of their stadium to its funding and commercial operation.

Sport ve also continued to raise its pro le in additional sports. Since 2008, the world triathlon championships organised by Upsolut have had an of cial sponsor, negotiated through the marketing expertise of Sport ve s teams.

B-2-2 *World Sport Group*

Through its acquisition of World Sport Group in 2008, Lagard•re Sports will be involved in a large-scale sports project on the Asian continent begun in 2008: the Singapore Sports Hub, an ultra-modern 55,000-seat complex incorporating a 41,000 m^2 shopping mall and a leisure pool complex with capacity of 6,000 visitors.

This marks the start of development of Lagard•re s Arena management activities in Asia.

B-3 ORGANISATION OF SPORTS EVENTS AND MERCHANDISING

B-3-1 *Upsolut*

2008 marked the first edition of a new international triathlon series replacing the former world championships. Upsolut was involved in reorganisation of the sport s format, and the championship now consists of six events spaced across the year.

Under an arrangement that symbolises the ties between Lagard•re s subsidiaries, combining sports marketing and event organisation services, worldwide marketing and sales of media rights for this new series will be handled by Sport ve.

Upsolut had many successful achievements in 2008, particularly the organisation of the cycling race *Vattenfall Cyclassics*, which is part of the UCI Pro Tour broadcast by ARD in Germany and seven other European countries.

The *Skoda Velothon* cycling marathon in Berlin attracted a record-breaking 10,500 participants and 250,000 spectators in 2008, strengthening Upsolut s credibility in sports events organisation.

B-3-2 PR Event

For the sixth year running, the Swedish Open tennis tournament was elected the players favourite tournament on the ATP circuit.

For development of this tournament, PR Event acquired a WTA licence in 2008 to organise a Womens Swedish Open. The rst edition of this womens competition will take place in 2009 the week before the mens tournament, increasing the overall scale of the event.

C) OUTLOOK

Results for 2008 were in line with all objectives set in 2007.

The rst *Transorientale* rally was held in 2008 as planned. The active external growth policy pursued during the year reinforced Lagard•re Sports positioning, as acquisitions of PR Event, Upsolut and World Sport Group contributed to its business development. PR Event and Upsolut extended Lagard•re Sports portfolio of proprietary events, while World Sport Group gave it a strongly-established position outside Europe in Asia, and diversi ed its portfolio of sports, adding golf and above all cricket.

In 2009, Lagard•re Sports will continue to implement the strategy initiated when the division was formed in 2007:

- reach a market leadership position by 2012;
- reinforce existing market positions by developing professional expertise;
- extend the Groups presence signi cantly in areas outside Europe;
- diversify the portfolio of sports disciplines;
- become a key player in all segments of the value chain.

The objectives for 2009 remain ambitious:

- accelerate growth of the business through further acquisitions, but also through internal growth operations;
- integrate the new entities and adapt the organisation structure to market trends;
- foster and develop a policy of proprietary events to optimise the portfolios risk level.

5-2-2 OTHER BUSINESS ACTIVITIES

5-2-2-1 EADS

A) GOVERNANCE

The governance system at EADS NV results from the reform introduced by its principal shareholders, i.e. the French government, Lagard•re SCA and Daimler, and the management team, implemented at the EADS general shareholders meeting of 22 October 2007.

The principles guiding the 2007 reform are ef ciency, cohesion and simpli cation of the groups management structure, in line with the best governance practices and with full respect for the balance between French and German shareholders.

The resulting amended organisation of the EADS group remains faithful to the founding principles of EADS NV as de ned in 1999 by the French government, Lagard•re SCA, Daimler and the Spanish government (via the holding company SEPI), which are the following:

Principle of parity

- *In the structures of the controlling bodies:* this principle of parity is primarily re ected in the French holding company, the limited partnership Sogeade, in which equal rights are held by the French government and Lagard•re SCA, although today their respective investments are different from the original parity.

  The capital of Sogeade, which until 30 June 2007 was held half by Sogepa (fully-owned by the French government) and half by D sirade (fully-owned by Lagard•re SCA), is now owned 60% by Sogepa and 40% by D sirade after the remittal of EADS shares by Lagard•re SCA to the holder of the Mandatory Exchangeable Bonds (see below) on 25 June 2007 and 25 June 2008. Following redemption of the third and nal tranche of these bonds on 24 March 2009, Sogeade will be owned 1/3 by D sirade and 2/3 by Sogepa.

Sogeade is managed by Sogeade G rance (owned 50% by the French government and 50% by Lagard•re SCA). In application of the reform of 22 October 2007, which also concerned Sogeade s governance system, the Chairman of Sogeade G rance is appointed upon proposal by Lagard•re SCA. Arnaud Lagard•re has been Chairman of Sogeade G rance under this procedure since 25 October 2007.

The principle of parity is also visible in the Dutch Contractual Partnership empowered to exercise the voting rights of Sogeade, Daimler and SEPI at EADS general shareholders meetings, in accordance with the shareholder agreement. Sogeade and Daimler each hold identical percentages in this partnership.

• *At managerial level:* since the 2007 reform, EADS Board of Directors has comprised the following members, appointed at the shareholders meeting of 22 October 2007 for terms of of ce that will terminate at the annual general meeting of 2012. Subsequent terms of of ce will last ve years:

two representatives of Sogeade, appointed upon proposal by Lagard•re SCA - Arnaud Lagard•re and Dominique D Hinnin - and two representatives of Daimler appointed upon proposal by Daimler - Rolf Bartke et Bodo Uebber;

the Chairman of EADS NV - R diger Grube;

its CEO - Louis Gallois;

a representative of SEPI, appointed upon proposal of SEPI - Juan Manuel Eguiagaray Ucelay, and;

four independent directors - Hermann-Josef Lamberti, Lakshmi N. Mittal, Sir John Parker and Michel P bereau - appointed upon joint proposal by the Chairman and CEO of EADS NV to contribute their experience and outside point of view to the group.

Decisions of the Board require a straightforward majority of 6 votes out of 11, except for decisions concerning a limited list of reserved subjects. These include the appointment of the Chairman and the CEO of EADS NV, appointment of the CEO of Airbus and decisions on strategy or major investments, and require the approval of four directors representing Sogeade and Daimler.

In its new simpli ed management structure following the 2007 reform, EADS NV is managed by a single Chairman and a single CEO nominated for appointment by Sogeade and Daimler jointly, currently R diger Grube and Louis Gallois, appointed at the Board of Directors meeting of 22 October 2007.

The Chairman of EADS NV and the CEO of Airbus must be of the same nationality, either French or German, while the CEO of EADS NV and the COO (Chief Operating Of cer) of Airbus must both be of the other nationality. Consequently, when the terms of of ce of R diger Grube and Louis Gallois expire upon the annual general meeting of 2012, the nationality of the holders of these positions will change. The French government, Lagard•re SCA and Daimler have agreed that Arnaud Lagard•re would succeed R diger Grube as Chairman.

The Chairman of EADS NV is in charge of overseeing group strategy teaming up with the CEO for top-level strategic discussions with third parties and relations with principal shareholders. In particular, he chairs the Board s Strategy Committee set up in 2007 (see below). The CEO of EADS NV is more particularly in charge of the management team for execution of group strategy, and handles the company s relations with institutional and private shareholders.

Principle of uniqueness

In compliance with the wishes expressed when the company was founded, EADS NV has only one General Management, one Financial Division, one Strategy Division, etc.

The Executive Committee of the EADS NV group, which is jointly responsible for the executive management of the group along with the CEO, comprises twelve members.

The 2007 governance reform gave the CEO of EADS NV and its Executive Committee greater autonomy in the day-to-day management of the company. In particular, investments under €350 million are the exclusive responsibility of the Executive Committee, as is the appointment of the management teams for the main subsidiaries and operational entities (apart from the CEO of Airbus see below).

The members of EADS Executive Committee are appointed by the EADS NV Board of Directors upon proposal by the CEO of EADS NV and after approval by the Chairman of EADS NV.

Other changes resulting from the 2007 governance reform

Appointments of senior managers in the EADS group aim to select the best man for the job , while maintaining the group s balance and diversity in coherence with its heritage and founding shareholders.

At Airbus, Thomas Enders is the CEO (candidates for this post are now proposed by the CEO of EADS NV and submitted for approval to the Chairman and Board of Directors of EADS NV), and Fabrice Br gier is the COO (candidates for this post are now nominated by the CEO of Airbus and require the approval of CEO and Chairman of EADS NV).

The Audit Committee and Remuneration and Appointments Committee of EADS NV now each consist of one director representing Sogeade, one director representing Daimler and two independent directors, and are both chaired by an independent director.

A Strategy Committee was formed in 2007 to provide support for the Board of Directors. It consists of one director representing Sogeade, one director representing Daimler, one independent director, the CEO of EADS NV and the Chairman of EADS NV, who acts as committee chairman.

***

Changes in the shareholder structure of EADS NV – Partial withdrawal from EADS NV by Lagardère SCA and Daimler in 2006 and 2007

Since 1 July 2003, the controlling shareholders of EADS NV within the Contractual Partnership have been entitled to freely transfer their EADS shares on the market, subject to a reciprocal senior pre-emptive right between Lagard•re SCA and Sogepa, and a reciprocal junior pre-emptive right between Sogeade and Daimler. Lagard•re SCA, Sogepa and Daimler also each have a proportional tag-along right.

On 6 April 2006 Lagard•re SCA concluded a contract with IXIS Corporate & Investment Bank and Nexgen Capital Limited for subscription of Lagard•re bonds exchangeable for EADS NV shares subject to an adjustment mechanism (Mandatory Exchangeable Bonds). Under this contract, on 10 April 2006, Lagard•re SCA issued and IXIS Corporate & Investment Bank (now named Natixis) subscribed bonds with nominal value of €1,992,186,000, exchangeable for a maximum of 61,110,000 existing EADS shares, in three tranches concerning a maximum of 20,370,000 shares each, on 25 June 2007, 2008 and 2009 respectively.

When the bonds are exchanged, Lagard•re SCA is entitled to receive the full bene t of any rise in the EADS share price up to a maximum of 115% of the reference price set at €32.60 per share, by reducing the number of EADS shares to deliver to bondholders to a number no lower than 53,139,130 shares. Conversely, Lagard•re cannot be obliged to deliver more than 61,110,000 EADS shares in the event the share price declines to below the reference price.

61,110 Mandatory Exchangeable Bonds were issued at the price of €32,600 each, paying an annual coupon of 7.7%.

Lagard•re s partial withdrawal took place in parallel to another operation by Daimler, which sold a 7.5% share in EADS NV on the market, immediately reducing its holding in the capital of EADS NV from approximately 30% to 22.5%.

In 2007 and 2008, Lagard•re SCA redeemed the tranches of the Mandatory Exchangeable Bond issue maturing on 25 June 2007 and 25 June 2008 by remitting 20,370,000 EADS shares to Natixis, the sole holder of the bonds, at each of those dates.

In an amendment to the subscription contract signed on 26 January 2009, Lagard•re SCA and Natixis agreed at the initiative of Natixis to bring forward the date of redemption of the bonds, and thereby the date of delivery of the third tranche of EADS shares, from 25 June 2009 to 24 March 2009. In execution of this amendment, on 24 March 2009, Lagard•re SCA is to deliver to Natixis 20,370,000 EADS shares representing 2.5% of EADS share capital and voting rights.

Notwithstanding this change of date from 25 June 2009 to 24 March 2009, Lagard•re SCA continues to bene t from the initial upside exposure mechanism for adjustment to the price of the EADS share until the date and at the price initially agreed, potentially resulting in Lagard•re SCA receiving a balancing payment.

This early redemption will reduce the 2009 coupon payable to Natixis, thereby generating interest expense savings of approximately €1.8 million for Lagard•re SCA.

Meanwhile, on 13 March 2007, Daimler initiated a plan to transfer the equivalent of 7.5% (one third of its current holding) in the capital of EADS NV to German investors, while retaining the attached voting rights. In 2010, if Daimler decides not to renew this arrangement, it will be entitled to sell the 7.5% holding concerned directly to the said investors, and in such a situation Sogeade and the German government would then each bene t from a pre-emptive right, which if exercised would enable them to ensure an equal French-German balance of control in EADS NV. Daimler is expected to continue to exercise the voting rights attached to the EADS shares acquired by the German government, which would only be transferable as stipulated in the EADS NV shareholder agreement.

These partial withdrawal operations had no effect on the balance of powers, which remains unchanged between the French government and Lagard•re SCA in France and between the French and German sides of EADS NV. Lagard•re SCA retains its role as principal shareholder in the control structure of EADS NV.

B) KEY FINANCIAL DATA PUBLISHED BY EADS

	2008	2007	2006
Revenues [1] (millions of euros)	43,265	39,123	39,434
EBIT[1] [2] (millions of euros)	2,830	52	399
Net income (loss) [3] (millions of euros)	1,572	(446)	99
Number of employees	118,349	116,493	116,805
Order intake [1] [4] (millions of euros)	98,648	136,799	69,018
Order backlog [1] [4] (millions of euros)	400,248	339,532	262,810

(1) MBDA has been consolidated on a 37.5% basis since 2007 (50% basis in 2006). The 2006 figures have not been adjusted, and to arrive at a comparable basis the following impacts of changes in the scope of consolidation should be taken into account: -€418 million on 2006 sales, -€30 million on 2006 EBIT, -€249 million on net cash for 2006, -€329 million on 2006 order intake, and -€1,691 million on the order backlog for 2006.

(2) Operating profit before interest, tax, depreciation, goodwill amortization and exceptionals.

(3) EADS continues to use the term "Net income". It is identical with "Profit for the period attributable to equity holders of the parent" as defined by IFRS.

(4) Contributions from commercial aircraft activities to EADS order intake and order book are based on list prices.

C) PRINCIPAL ACTIVITIES AND MAIN MARKETS [1]

With total revenues of €43.3 billion in 2008, EADS is the leading aeronautics, space and defence group in Europe and the second largest in the world. In terms of market share, EADS is one of the world s two leading manufacturers of commercial aircraft, helicopters for the civil and parapublic markets, commercial launch vehicles and missile systems. It also holds leading positions in the eld of military aircraft, satellites and electronic defence systems. In 2008, EADS achieved approximately 74.5% of its sales in the civil sector and 25.5% in the military sector.

Organisation of EADS' activities

The EADS Board of Directors adopted a simpli ed, leaner divisional structure on 12 December 2008 under the Future EADS programme. The decision will lead to further integration of EADS and comprises two major adjustments:

- the Military Transport Aircraft Division (MTA) will be integrated into Airbus, which will simplify management of the A400M programme and allow optimized alignment of resources. This division will become the military centre of Airbus, under the name Airbus Military;
- coordination will be established between the EADS Astrium and EADS Defence & Security (DS) divisions. While EADS Astrium and DS will both remain full- edged divisions, their coordination will ensure a consistent approach towards common customers and foster the development of commercial, technical and strategy synergies.

EADS now comprises four major Divisions: Airbus, Eurocopter, Defence & Security and Astrium.

C-1 AIRBUS

Airbus is one of the world s two leading suppliers of commercial airliners with more than 100 seats. From its foundation in 1970 up to 31 December 2008, Airbus received 9,215 orders for aircraft from more than 300 customers all over the world. In terms of worldwide aircraft deliveries, its market share grew from 15% in 1990 to 54% in 2008.

At 31 December 2008, orders booked (3,715 aircraft) represented 86% of the total worldwide orders received by EADS. Total orders amounted to 900 aircraft and the rm order book net of cancellations stood at 777 aircraft. In 2008, the Airbus division of EADS achieved sales of €27.4 billion, representing 63.5% of total EADS revenues.

C-2 AIRBUS MILITARY

The military arm of Airbus, Airbus Military (formerly Military Transport Aircraft division) is in charge of project development for the A400M high-capacity European military transport aircraft. Airbus Military also manufactures and sells mission aircraft derived from existing aircraft for use in special missions such as marine surveillance, anti-submarine weaponry and in- ight refuelling. Airbus Military manufactures and sells small and medium capacity military transport aircraft. In 2008, it achieved sales of €2.8 billion, representing 6.4% of total EADS revenues.

(1) Detailed information on EADS' activities and main markets is available from the company's website (www.eads.net).

C-3 EUROCOPTER

Eurocopter is the world s largest manufacturer of civil and parapublic helicopters, with one of the most comprehensive, modern ranges of helicopters and associated services. In 2008, Eurocopter con rmed its leading position with an above 50% share in the world market for civil and parapublic helicopters, and a steep rise in orders booked in the military sector.

Eurocopter has an extensive international presence through 18 subsidiaries located on all ve continents, backed up by a dense network of distributors, certi ed agents and maintenance centres. More than 10,000 Eurocopter helicopters are currently in use by approximately 2,800 customers in a total of 142 countries.

85% of the Division s customers have a eet of between one and four helicopters. The Division s main Military customers are the Ministries of Defence of EU member states, but also Asian countries and the United States. Eurocopter is the civil and parapublic market leader in Europe, the United States and Canada.

In 2008, Eurocopter had a 53% share of the world civil helicopter market. The Eurocopter division achieved sales of €4.5 billion, or 10.4% of total EADS revenues.

C-4 DEFENCE & SECURITY

The Defence and Security division (the DS division) operates in the field of integrated solutions for defence and security, particularly missile systems, combat aircraft, defence electronics, military communications and interior security. Its customers are the armed forces and police forces of countries all over the world. In addition to active involvement in the production of drones, its Military Aircraft Operating Unit is a major player in the Euro ghter consortium. The DS division is also a key player in the European defence electronics market and plays a major role in the market for secure and encrypted military communications.

In 2008, the DS division achieved sales of €5.7 billion, or 13.1% of total EADS revenues.

C-5 ASTRIUM

Astrium is the third-largest supplier of space systems in the world, behind Boeing and Lockheed Martin, and the leading European supplier of satellites, orbital infrastructures, launch vehicles and related services. The Astrium division comprises three main Operating Units: Astrium Satellites, Astrium Space Transportation and Astrium Services, through which it designs, develops and manufactures satellites, orbital infrastructures and launch systems, and provides space services. Astrium also provides launch services via its shareholdings in Arianespace, Starsem and Eurockot, as well as satellite telecommunications and earth observation services.

In 2008, Astrium achieved sales of €4.3 billion, or 10% of total EADS revenues.

D) OPERATIONS DURING 2008 [1]

EADS achieved satisfactory results in 2008 but faced challenges in its key programmes. The company con rmed the robustness of its operational performance and was able to take advantage of a buoyant market. Orders for all of EADS activities taken together, along with the aircraft deliveries of Airbus and Eurocopter, reached unprecedented levels. In addition to a record order book, in excess of €400 billion, available cash (€2.8 billion) and the excellent net cash position (€9.2 billion) at 31 December 2008 put EADS in a strong position to withstand the nancial crisis.

EADS paid very close attention to economic trends, with air traf c receding and access to funding particularly dif cult. The market for commercial aircraft is expected to slow down, involving an increased risk of orders being postponed or even cancelled. Various measures were taken to minimise the effects of further deterioration in the economic situation. Airbus restricted the production ramp-up of the A320 family of aircraft which will be frozen at 34 aircraft a month from October 2009. Airbus and Eurocopter remain on the alert, ready to adapt to changes in the market, and thanks to the transformation process initiated in 2006 following production delays in the A380, EADS is better-placed to cope with the crisis. The *Power8* restructuring plan enabled Airbus to signi cantly reduce its cost structure. For the second year running, this plan has exceeded expectations with €1.3 billion in savings, or just over half the target of a €2.1 billion reduction in costs by 2010. To complement this effort, EADS launched the *Power8+* programme applicable to the entire group, with the objective of making a €1 billion contribution to consolidated EBIT by 2011-2012. Airbus contribution is expected to reach €650 million. EADS Corporate Headquarters and the Eurocopter, Astrium, Defence & Security and Airbus Military (formerly Military Transport Aircraft) divisions are expected to contribute €350 million.

Alongside *Power8+*, EADS is working on a cost-cutting and integration plan called ÛFuture EADS . It is designed to improve integration and enhance decision-making processes and interaction between Corporate Headquarters and the Divisions. This plan will generate a minimum of €200 million in savings by 2011-2012 at headquarters and in the Divisions.

(1) Detailed information concerning EADS' business activities and principal markets is available from the company's website (www.eads.net)

In 2008, EADS and Airbus demonstrated their capacity to refocus on their core business. The group implemented its asset disposal strategy for the sale of Airbus Aerostructures business, and the sites at Laupheim in Germany and Filton in the United Kingdom were sold.

The process of carving out the former German Airbus sites at Nordenham and Varel and the former EADS site at Augsburg, in order to create the subsidiary Premium Aerotec GmbH, was   nalised. A similar process took place in France, where the M aulte and Saint-Nazaire sites were merged to form Aerolia. The two EADS-owned companies - Premium Aerotec and Aerolia - have been fully-operational since 1 January 2009 and are well-positioned to become major players in the global market, particularly for composite aerostructures made of carbon   bre reinforced plastic (CFRP).

EADS and DAHER also signed an agreement for DAHER to acquire 70% of EADS Socata, with a commitment from EADS to remain a 30% shareholder over the coming years.

In parallel, Airbus extended its global industrial presence with the inauguration of its   rst   nal assembly line outside Europe, in Tianjin, China. This plant should secure Airbus access to the Chinese market.

2008 was also a year of challenges for EADS in some of its key development programmes. Delays were experienced with the A400M military transport aircraft, while Airbus was still confronted with the complexities of increasing the pace of industrial production of the A380. To simplify management of the A400M programme and optimise resources, in December 2008 EADS announced that the Military Transport Aircraft Division was to be integrated into Airbus. At the same time, EADS proposed a new contractual approach to the European launch nations represented by OCCAR, in order to find a solution after delays were announced in 2007 and 2008. In particular, EADS proposed entering discussions to rede ne the programme schedule, along with other items including certain technical speci cations, suggesting that series production should only be resumed when a suf cient level of maturity is reached. Under this new approach, the   rst delivery would only take place three years after the initial   ight. EADS is currently still trying to establish a date for the initial   ight with the help of the engine manufacturers consortium. The company will only be in a position to reliably assess the   nancial implications once it has obtained a commitment to a   xed delivery schedule for critical engine systems and OCCAR s response to EADS proposal is known.

EADS sales increased by 11% to €43.3 billion (compared to €39.1 billion in 2007). All the Divisions contributed to this growth.

EBIT[1] increased to €2.8 billion in 2008. It stood at €52 million in 2007, particularly due to Airbus EBIT which was burdened by higher exceptional charges (Power 8, A400M, the launch of the A350).

D-1 AIRBUS

In 2008, Airbus delivered a record number of aircraft while simultaneously rising to meet several challenges. Deliveries totalled 483 aircraft, or 30 more than in 2007, including twelve A380s. Showing remarkable commercial dynamism in a deteriorating economic environment, Airbus attracted 900 orders (777   rm orders), bringing orders booked to 3,715 aircraft. 163   rm orders were booked for the A350XWB; total orders booked for this aircraft amounted to 478 units, representing a record pace of sales since its launch at the end of 2006.

D-2 AIRBUS MILITARY (MILITARY TRANSPORT AIRCRAFT)

Airbus Military experienced delays on its   agship A400M transport aircraft programme. These dif culties masked the successes of the other programmes and had a strong negative impact on results. In September 2008, EADS announced the postponement of the first flight. In the refuelling aircraft sector, several contracts were signed, including the eagerly-awaited British Future Strategic Tanker Aircraft (FSTA) contract for the supply of 14 A330 Multi Role Tanker Transport (MRTT) aircraft. The A330 MRTT was also chosen by the American Air Force in February for its KC-30 refuelling programme, but the contract was cancelled in the summer of 2008.

D-3 EUROCOPTER

Sales at Eurocopter increased by 7.5% in 2008. Demand remained at a high level in 2008 as re ected in the 715 orders received, bringing the total order book to more than €14 billion (1,515 helicopters), two-thirds of which are for military helicopters. Eurocopter delivered a record 588 helicopters in 2008, achieving a 20% increase in production.

The Tiger combat helicopter obtained final qualification for its French HAP (*Hélicoptère d'Appui Protection*) and German UHT (*UnterstützungsHubschrauber Tiger*) versions.

Eurocopter started production of the   rst prototype of the EC175, its new 7-tonne helicopter developed in cooperation with China. The inaugural   ight is scheduled for 2009.

Eurocopter and its Brazilian subsidiary Helibras signed a historic contract with the Brazilian government for the supply of 50 EC725 to the Brazilian Air Force.

Eurocopter also delivered the 50th UH-72A Lakota to the American Army, a helicopter also ordered by the US Navy.

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(1) Operating profit before interest, tax, depreciation, goodwill, amortization and exceptionals.

D-4 DEFENCE & SECURITY

The Defence & Security division was boosted by increased contributions from Defence Electronics, service and support solutions for airborne military systems and consolidation of PlantCML, a Californian company providing emergency response systems which was acquired in April 2008. The Division enjoyed continued success in the field of drones, and, confirming its capacities in the field of defence in the United States, delivered a system of target drones to the American Army. The first flight for the SIDM system (*Système Intérimaire de Drone* Medium Altitude Long Endurance) for the French Army has been validated. A first batch of 25 Drac/Tracker systems was delivered to the French Ministry of Defence, which ordered a second batch of 35 mini-drones of this type. EADS also successfully delivered the largest secure urban radio communications network for the Beijing Olympic Games. The Division was again very successful in its defence electronics business: in particular, it was awarded contracts for naval radar systems for the US Coast Guard and the German Navy. MBDA also signed a contract for air defence missiles for the United Kingdom.

D-5 ASTRIUM

The success of two major programmes – the space cargo ship Jules Verne and the Columbus space laboratory – and Europe's contributions to the International Space Station for which Astrium was the prime contractor, confirmed the Division's position as a pillar of European space policy. Ariane won 13 launch contracts in 2008, representing a 50% share of the market, and completed its 28th consecutive successful launch since 2003. Astrium proceeded to the third test of the M51 ballistic missile for the French Nuclear arsenal, reporting a successful outcome. 23 orders were received for satellites and the services sector continued to grow, with deployment of the third Skynet5 satellite supplying secure communications to the British Ministry of Defence. In July 2008, Astrium became the majority shareholder in Spot Image through acquisition of an 81% interest.

5-2-2-2 NMPP (1)

The strategic *Défi 2010* modernisation plan presented by General Management of Nouvelles Messageries de la Presse Parisienne (NMPP) in 2007, which was designed to reverse the trend of the past few years, covered four dimensions:

- a policy to reconquer sales, through development of the network and strengthening network motivation;
- achievement of significant savings through in-depth reorganisation of the distribution structure;
- capitalising on the skills and know-how of NMPP in terms of logistics, through diversification;
- matching the product offer and pricing.

The press distribution entities, Hachette, the French government and the publishers have all contributed to funding for the *Défi 2010* plan:

- as the operator, Hachette is entitled to a fee which has a fixed and a variable component, but has decided to forego the variable component for the duration of this plan;
- the public authorities have increased their financial assistance for the distribution of daily newspapers from €8 million to €12 million starting in 2008;
- the publishers have absorbed a recurring increase in distributors' fees, amounting to €19 million starting from 2008.

The proactive policy of developing the sales network began to bear fruit in 2007 with a total net increase of 574 sales outlets, and was continued in 2008 with the opening of 100 new outlets. This network strategy was, however, unable to offset the downturn in business in an unfavourable economic situation, and sales fell by 4.4% in 2008 compared to 2007.

Regarding the industrial and social dimensions of the plan, the process of informing and consulting personnel was completed at the end of 2008, within the stipulated timeline. This resulted in closure of the Combs-la-Ville centre at the beginning of 2009 and implementation of the early retirement scheme, with the first departures scheduled for the beginning of 2009. The implementation of the industrial plan will generate more than €30 million in savings over a full year.

NMPP's operating result was -€12 million in 2008 compared to -€11 million in 2007.

Including financial income, State aid and exceptional items, NMPP achieved net income of €2.4 million in 2008.

In January 2009, the French Competition Authority fined NMPP and SAEM Transports Presse €3.05 million for abuse of a dominant market position by using loyalty pricing practices, but alleged discriminatory practices were not considered proven. It should, however, be noted that the practices concerned ceased in 2004.

(1) Non-consolidated.

5-2-2-3 MATRA MANUFACTURING & SERVICES (FORMERLY MATRA AUTOMOBILE) [1]

In the course of 2008, Matra Manufacturing & Services continued to implement the strategy for industrial reconversion of its automobile spare parts business to the design, manufacture and distribution of light electric vehicles, particularly electric bicycles and quadricycles.

The spare parts business for Renault customers experienced a further decline as anticipated, with sales amounting to €38 million.

The light electric vehicles business continued to expand, increasing its distribution network to more than 350 sales outlets, including some outside France (Switzerland, the Benelux countries), resulting in sales doubling compared to 2007.

The company s net cash position remained at a high level (€55 million), such that it was able to fully self- nance the development of its new activities.

5-2-2-4 LE MONDE [1]

Lagard•re s share in the capital of Le Monde SA has remained the same as at 27 October 2005, 17.27%.

Le Monde SA heads a group that owns the publishers of titles such as *Le Monde*, *Télérama* and *Courrier International*.

Control of the company continues to be exclusively in the hands of Le Monde & Partenaires Associ s (itself controlled by in-house shareholders, in particular the Soci t des R dacteurs du Monde), thereby ensuring the newspaper s continued editorial independence.

Despite achieving an operating pro t (+€1.1 million) for sales of close to €465 million, Le Monde group s net pro t in 2008 is expected to be negative by over -€30 million including impairment recognised on intangible assets.

The subsidiary Le Monde Interactif (publisher of the website lemonde.fr), in which Lagard•re holds a direct investment of 34%, registered revenues of approximately €17.8 million in 2008 for net income of €0.543 million.

In 2008, a certain number of changes had a signi cant effect on the membership of Le Monde group s governance and control structures. Lagard•re has monitored these changes attentively and is open to all possible options regarding the group s recapitalisation, which is necessary both to improve results and to protect the economic and nancial balance.

5-2-2-5 CANAL+ FRANCE [2]

A) *CANAL+ FRANCE SHAREHOLDER AGREEMENT*

Since 4 January 2007, the Lagard•re Group has a 20% interest in Canal+ France following the merger operations involving certain production, broadcasting and pay television services of TF1, M6, Vivendi and Lagard•re, and Lagard•re s contribution to Canal+ France of its 34% share in the capital and voting rights of CanalSatellite.

A shareholder agreement was signed on 4 January 2007 between Vivendi, Canal+ Group, Lagard•re and Lagard•re Active. This shareholder agreement gives Vivendi rights excluding rights of joint control over Canal+ France, even if Lagard•re exercises its call option. Lagard•re s rights are intended to preserve its economic interests, and depend on its level of investment in Canal+ France. The main provisions of the agreement are as follows:

The Chairman, and all the members of the Canal+ France Executive Board, are appointed by the Supervisory Board, whose members are mostly appointed by Canal+ Group. Canal+ Group and Lagard•re have, respectively, seven and two representatives on the Supervisory Board, which consists of eleven members and also includes an independent member and an employee representative. The number of Lagard•re representatives on the Board will be raised to three in the event Lagard•re s investment is increased to 34%.

Lagard•re holds rights to veto certain operations (IPO of Canal+ France, external investments in Canal+ France or its principal subsidiaries in certain circumstances), and certain rights (tag-along rights and anti-dilution rights) designed to protect its economic interests.

In the event control of Canal+ France is transferred to a third party, Lagard•re would hold a pre-emptive bid right entitling it to acquire Canal+ France if Lagard•re is the highest bidder.

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(1) Non-consolidated.
(2) Accounted for by the equity method.

Vivendi has a pre-emptive right exercisable in the event Lagardère sells its shares in Canal+ France, and a drag-along right that could force Lagardère to sell its investment in Canal+ France should Vivendi accept an outside offer for acquisition of at least 95% of the capital of Canal+ France (subject to prior application of Lagardère's pre-emptive bid right).

Between 2008 and 2014, as long as Lagardère holds 10% at least and 20% at most in the capital or voting rights of Canal+ France, and has waived its right to exercise the call option enabling it to raise its investment in Canal+ France to 34% (or the option has expired), Lagardère will have a liquidity right exercisable between 15 March and 15 April of each calendar year. Under this liquidity right, Lagardère will be able to request an IPO for Canal+ France. In this event Vivendi/Canal+ Group would be entitled to acquire all of Lagardère's investment in the company.

The financing of Canal+ France has been structured through a mechanism which includes shareholder loans and the delivery of parent company guarantees. This mechanism gives Lagardère the option to participate in such financing and guarantee arrangements in proportion to its level of ownership in Canal+ France. From 2011, after the reimbursement of any shareholder loans to which Lagardère has not contributed in proportion to its ownership level, and subject to compliance with certain indebtedness ratios, Canal+ France will distribute a dividend equal to its available cash flow not required for the financing of its operations, provided that Lagardère owns at least 34% of the share capital of Canal+ France.

Vivendi and Canal+ Group, and Lagardère and Lagardère Active, have not entered into any non-competition commitments to each other or to Canal+ France.

B) CONSOLIDATED KEY FIGURES

(in millions of euros)	2008	2007	2006
Sales	3,858	3,750	3,001
EBITA (1) (2)	451	311	(32)
Net result	262	151	(160)

(1) Adjusted operating income (EBITA) corresponds to operating income (EBIT) before depreciation and amortization and impairment of intangible assets arising from business combinations.

(2) Including non-recurring transition costs related to the merger with TPS: €69 million in 2008, €88 million in 2007 and €177 million in 2006.

C) DESCRIPTION OF ACTIVITIES

Canal+ France is a key player in the delivery of premium television, special interest channels and the broadcasting of pay television in France and other French-speaking countries. The company is also a pioneer in the field of new television services.

At 31 December 2008, its range of offers attracted more than 10.6 million subscribers.

C-1 PRODUCTION ACTIVITIES

Canal+ / TPS Star channels

Canal+ France produces five premium channels showing exclusive, original, innovative programmes.

Launched in 1984, Canal+ proposes a unique format of general interest channels with films, sports, news, drama, documentaries and entertainment programmes.

Around Canal+, Canal+ France has created four high value-added channels, each with their own programmes and brand identity: Canal+ Cinéma, Canal+ Sport, Canal+ Family and Canal+Décalé. This offering is marketed under the brand name Les Chaînes Canal+.

At 31 December 2008, Canal+ had 5.3 million subscribers (individual and group subscribers in mainland France and in the overseas *départements* and territories), 81% of which were for digital television.

TPS Star complements the Canal+ France premium offer. It broadcasts exclusive first television showings, mainly of films (French and American) and sports events (football matches, boxing and basketball).

Special interest channels

Canal+ France produces around twenty special interest channels covering the most sought-after subjects on television: films (Ciné Cinéma), sports (Sport+, Infosport), documentaries (Planète channels), entertainment (Comédie !), lifestyle (Cuisine TV, Seasons), series (Jimmy) and youth (Piwi, Télétoon).

C-2 BROADCASTING ACTIVITIES

CanalSat

Canal+ France assembles and markets the widest range of quality special interest channels in a single package: CanalSat.

Available on satellite, broadband and DTT, CanalSat offers almost 300 channels, 55 of which can only be accessed through CanalSat.

At the end of 2008, CanalSat had 5.3 million subscribers. Over the year, CanalSat signed up 680,000 new subscribers. The rate of cancellation at the end of December was 16.6%.

Following the merger of CanalSat and TPS in January 2007, Canal+ France began the technical migration of TPS subscribers to CanalSat. This large-scale operation required redirection of satellite dishes pointed at the Eutelsat satellite to Astra, selected as sole partner. By December 2008, almost a million former TPS subscribers had been migrated to CanalSat.

Canal Overseas

Canal Overseas (formerly Media Overseas) operates Canal+ and CanalSat in the French overseas territories and *départements* and in Sub-Saharan Africa. Canal Overseas develops French-language channel packages for direct satellite reception, and had 952,000 subscribers at the end of 2008.

Broadband television

Canal+ France has been broadcasting its channels via broadband since 2004 in order to reach new households, particularly in large cities. Les Cha”nes Canal+ and CanalSat are available from all the broadband ISPs.

Digital Terrestrial Television (DTT)

Canal+ France has broadcast two pay television packages on DTT since November 2005. The rst, comprising Canal+, Canal+ Cin ma and Canal+ Sport, is the only premium multiple-channel package that is immediately available in plug & play form. The second, comprising Plan•te, Canal J, Eurosport, TF6 and Paris Premi•re, forms a complementary, low-cost special interest package. Alongside these paid packages the Canal+ group offers continuous uncoded broadcast of i>T l , a general news channel.

In June 2007, Canal+ France launched TNTSat. This free DTT by satellite package offers 18 free channels, along with France ï and the 24 regional variations of France 3, to 100% of the French population all over mainland France. TNTSat is available via the Astra satellite and does not require a subscription or rental of a decoder. In December 2008, TNTSat passed the 1 million mark for households equipped.

In August 2008, on the occasion of the Beijing Olympic Games, Canal+ became the rst French channel to be broadcast in High-De nition on DTT. By the end of 2008, coverage had spread to almost 90% of the French population.

C-3 NEW SERVICES

As a pioneer in digital and new television services in Europe, Canal+ France is the leader for on-demand and high-de nition television.

+Le Cube

In November 2008, Canal+ France launched *+le Cube,* its new set top box which is an HD satellite terminal with an internet connection. *+Le Cube* has an extra large capacity hard disk for hours of programme recordings and control of live TV.

High Definition (HD) Television

Canal+ France was a groundbreaking operator of satellite HD in France, and proposes the fullest and most diversi ed package on the market with 13 channels: Canal+, TF1, France 2, M6, Arte, National Geographic HD, Cin Cin ma Premier, Disney Cin magic HD, 13•me Rue HD, Sci-Fi HD, Ushu•a TV HD, Eurosport HD and MTV HD.

Catch-up TV

Canal+ A La Demande is the catch-up TV service run by Canal+. The service is included in the subscription package and allows viewers to watch their favourite programmes at their convenience. It is available directly on the television set via satellite or broadband, or on PC. Used by an increasing number of subscribers (approximately half of eligible subscribers at the end of 2008), almost 70% of programmes were available on Canal+ A La Demande at the end of

December and there were 1 million downloads each month. A similar service was launched on CanalSat in December 2008.

Legal video download

Canal+ France s legal video download service, CanalPlay, is available on PC or television via cable or broadband, and proposes almost 6,000 programme titles, including over 3,500 lms, some in high de nition. In June 2008, CanalPlay became the rst video on demand service available on PSP, Sony s portable games console.

CanalPlay has supplied more than nine million downloads since it was launched at the end of 2005. The service will soon be available via satellite on the new set top box + Le Cube.

Mobile phone television

Canal+ France pioneered mobile phone television in France, conducting experiments as early as 2005 on the DVB-H standard specially designed to tune into television channels while on the move, with sound and picture quality comparable to DTT.

In May 2008, Canal+ obtained two mobile phone television broadcasting authorisations from the French broadcasting authority (*Conseil Supérieur de l'Audiovisuel* CSA) for the channels Canal+ and i>T l .

D) SALES AND SUBSCRIBER PORTFOLIO IN 2008

Sales for Canal+ France in 2008 amounted to €3.858 million, an increase of approximately 3% compared to 2007. This increase is mainly due to higher revenue from Canal+ and CanalSat subscriptions and a rise in advertising revenue.

At 31 December 2008, the global portfolio of Canal+ France subscribers stood at 10.6 million for pay television (individuals and group subscriptions; gures for France including overseas territories and Africa; total gures exclude Poland), standing equally at 5.3 million for Canal+ and 5.3 million for CanalSat.

The net growth of approximately 50,000 in the portfolio of subscribers in one year takes into account real growth of approximately 175,000 and an adjustment estimated at approximately 125,000 related to discontinuation of certain short-lived formulas and the nal shutdown of the TPS signal.

5 - 3 CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE CITIZENSHIP – ETHICS

Making action meaningful. Fostering personal ful lment at work. Combining excellence with ecological awareness. Harmonising respect for targets with respect for the planet. These issues are also the core concerns of the Lagard•re Group.

Lagard•re has implemented a policy of Corporate Social Responsibility (CSR) which meets both legal requirements and the company s own aspirations.

As a listed Company, Lagard•re abides by the rules set forth in the legislation, particularly the new French reporting requirements embodied in Article 116 of *Les Nouvelles Régulations Économiques* (NRE) law of 2001, requiring rms listed on the French stock exchange to measure their social and environmental impacts and disclose this information in their annual reports. The Company also adheres to the principles and recommendations of the various national and international bodies which supervise the role companies play in this sector.

As a media corporation, Lagard•re is aware of its special responsibility to audiences and society as a whole in a continuously evolving environment. As a creator of cultural bonds of solidarity and a multiple-channel vector for Sustainable Development values, the Lagard•re Group intends to apply its environmental awareness, long demonstrated in the eld of paper, to the world of digital products.

5-3-1 THE COMMITMENT OF A LISTED CORPORATION SUBJECT TO FORMAL OBLIGATIONS

In compliance with the French NRE law of 2001, the Group has implemented a corporate social responsibility (**CSR**) policy. The issues involved and the objectives are revised and ne-tuned annually.

For its employees, the Group endeavours to create a stimulating, appealing internal environment that encourages them to be creative, independent, motivated and imaginative.

Regarding society at large, it strives to meet the changing expectations of readers, viewers and listeners by providing them with quality contents; (it also develops actions through the Jean-Luc Lagard•re Foundation. These actions re ect Lagard•re s commitment to promoting talent and forging links in the fabric of society, while respecting the founding values of independence, daring and creativity).

Concerning the environment, the Lagard•re Group is aware of the necessity to reconcile business expansion with respect for the environment. While taking the requisite organisational steps to control the environmental impact of its business activities, Lagard•re also continues to promote a corporate culture of Sustainable Development. The Group also wishes to be a responsible media corporation in an age when public opinion seeks reliable information on this major challenge.

5-3-1-1 IMPLEMENTATION OF THE CSR (CORPORATE SOCIAL RESPONSIBILITY) POLICY

In order to integrate CSR concepts and instruments into the daily life of the Group s various companies, the operating units and their respective managements are responsible for de ning labour, social and environmental policies.

In 2004, a Steering Committee (the CSR committee) was set up by the Managing Partners to formally define the Group s position on labour, social and environmental responsibilities, initiate discussions and implement the resulting actions in cooperation with the divisions.

A) THE MEN AND WOMEN ENGAGED IN THE CSR PROCESS

A-1 THE STEERING COMMITTEE

The Steering Committee was set up in 2004 under the aegis of the Group s Legal Department. Since September 2008, it has been run by a new Sustainable Development Department reporting to the Group Human Resources and Communication Vice President. Represented on the committee are the operating units and the functional divisions (nance, legal, procurement, etc.), of the Group. The committee s mission is to:

- Provide information, raise awareness and motivate a network of divisional correspondents on matters relative to the Group s labour, social and environmental responsibilities.
- Oversee continuous improvement of the Group s actions in this respect, particularly:
  - Promote and organise sharing of tried-and-tested best practices;
  - Re ect on ways of improving existing actions;
  - Act as a source of proposals for launching new initiatives;
  - Encourage the creation of working parties for speci c themes or situations;

Implement, coordinate and improve internal reporting.

Communicate with the CSR ratings organisations and respond to their queries regarding CSR issues.

A-2 SUSTAINABLE DEVELOPMENT AT DIVISION LEVEL

In addition to the creation of a Sustainable Development Division at Group level, in 2008 the Sustainable Development bodies within the various activities were strengthened.

At *Lagardère Active*, the Sustainable Development Division was created in 2008 in response to the issues facing the Press, Radio, Television and Digital business activities. 2008 was essentially marked by the launch of a Carbon audit process (*Bilan-Carbone®*) in all of the division s business sectors.

Creation of Lagardère Active's Sustainable Development Division

Sustainable Development is an extraordinary opportunity for a Group such as ours to bring its teams to work together on a matter of public interest, a genuine challenge to citizenship with repercussions far beyond the boundaries of the Company. As an international multi-media corporation, Sustainable Development issues concern Lagard•re Active in numerous ways:

As responsible media, our Press, Radio, Television and Digital channels play an essential role in the distribution of high-quality information, offering the public interpretation and analyses, discussions, testimonials, good practices, etc.

As an economic actor, the Group must integrate the essential elements of Sustainable Development into its strategy and everyday, responsible management of its companies: in relations with suppliers, advertising buyers, partners, readers, listeners, viewers, web surfers, etc.

Anne Chéret – Director of Lagardère Active's Sustainable Development Division

At *Lagardère Publishing*, a steering committee was set up in spring 2008. Similar committees have also been organised at national level in the countries where the Group operates, as the United States and the United Kingdom.

At *Lagardère Services*, the new Strategy, Innovation and Sustainable Development Division began operation in June 2008, by setting up two workgroups, one on the distribution business and the other on travel retail. The remit of these two international groups, comprising around fteen people with highly diverse pro les, is to draw up action plans to be implemented from 2009.

A-3 THE COMPETENT DIVISIONS

The Human Resources Department

The Human Resources Departments of the different entities and their teams are responsible for human resources policies and reporting. The Group Human Relations Division and the Human Resources Directors of each division discuss labour-related issues at bimonthly meetings; corporate strategy is broached in relation to various workforce aspects and formalised under the authority of the operating managers of each division.

The Procurement Department

The Group Procurement Department implements environmental actions, in particular through Procurement Coordination, which involves all of the divisions.

Sustainable Development criteria are also being progressively incorporated into contracts with suppliers.

More globally, Sustainable Development is becoming an increasingly important cross-functional preoccupation in the application of the Group s procurement policy, which has included it as one of the eight fundamental principles.

General secretaries and technical departments

In collaboration with the CSR Steering Committee, the General secretaries and technical departments are in charge of the ongoing improvement of environmental actions, and play an active role in environmental reporting.

A-4 GROUP EMPLOYEES

Sustainable Development is also a state of mind, an awareness shared by a large number of employees at individual level and within their companies. Some of the Group s entities have drawn up their own guides or good practices independently, fostering a state of mind likely to spread within the Group.

B) THE CSR REFERENCE FRAMEWORK

In addition to the corporate values on which Lagard•re has built its legitimacy and reputation, the Group endeavours to respect a certain number of rules: the rules established by national and international bodies regarding business enterprises and the rules Lagard•re has chosen to draw up internally for application to its employees and partners.

B-1 THE UNIVERSAL PRINCIPLES UNDERLYING ACTION BY THE COMPANY

Both in France and internationally, the Lagard•re Group attaches great importance to:

- the **principles of the Universal Declaration of Human Rights;**
- the **Declaration of Fundamental Principles and Rights at Work** issued by the **International Labour Organisation** (ILO), and its eight fundamental conventions;
- the **OECD guidelines** for multinational corporations.

The Group s Code of Conduct af rms the Group s commitment to applying these international standards by defending principles such as:

- Freedom of association,
- Prohibition of forced labour, compulsory labour and child labour,
- Recognition of the right to negotiate enterprise agreements,
- Equitable employment practices and equal treatment, which presupposes, among other things, the avoidance of (i) all forms of discrimination for reasons of an individual s race, lifestyle, age, gender, political or religious opinions, union membership or disability, and (ii) all forms of harassment,
- Respect for privacy,
- Prohibition of corruption.

- the **United Nations Global Compact**.

Lagard•re joined the United Nations **Global Compact** in 2003, marking its attachment to universal values. In so doing, the Group undertook to promote the respect of the Compact s ten principles of good governance, taken from the Universal Declaration of Human Rights, the ILO fundamental principles on labour rights, the Rio Principles on the environment and development, and the United Nations Convention against Corruption.

B-2 LAGARDÈRE REGULATIONS APPLICABLE INTERNALLY AND TO BUSINESS PARTNERS

In addition to the principles stipulated in the Code of Conduct and various charters drawn up internally by certain subsidiaries, the Group also conducts **an active awareness-raising and performance monitoring operation for business partners,** details of which are presented in section 5-3-1-2 - B-1 Respecting the French NRE law, relations with subcontractors .

The Lagardère Group's Code of Conduct

The Code of Conduct in force within the Group draws its inspiration from the fundamental values on which Lagard•re has built its legitimacy and reputation independence, daring and creativity. This Code is intended to serve as a reference for the business practices of each member of the Group. It de nes a certain number of fundamental principles concerning the Group s relations with employees, outside partners and competitors, customers, shareholders and the community at large.

- Concerning the Group s relations with employees, the Code addresses the following issues in particular:
  - working conditions, health and safety conditions;
  - respect for fundamental rights and equitable practices in terms of employment (particularly, avoidance of all types of discrimination and harassment);
  - respect for employees privacy.

The Group intends to foster the development of professional skills through training and promotion.

- Concerning relations with non-Group partners and competitors, the Group reaf rms the principle of respect for fair business practices and free competition; it prohibits all forms of corruption in France and elsewhere, and forbids contributions to political parties by or on behalf of Group companies. Its Code of Conduct contains rules regarding the giving and acceptance of business gifts. The principle of strict compliance with the code of conduct for relations with suppliers is repeated in the procurement policy (see section 5-3-1-1 - A-3) the Group implemented in 2008.
- Concerning customer relations, the Group reaf rms the principles of honouring commitments to customers and the con dentiality of customer information; its objective is to provide customers with high-performance products and services appropriate to their needs and expectations, and information that is as accurate and fair as possible.

The Group intends to act in the interests and in consideration of its shareholders and, in this respect, the Code states that Lagard•re will strive:

Not only to achieve an optimum level of asset valuation but also to protect assets to the best of its ability.

To provide shareholders with information that is intelligible, relevant and reliable, and to be attentive to shareholders, particularly through the intermediary of the Shareholders Committee.

Concerning Group relations with the community at large, the Code stipulates the principle of strict application of the laws and regulations in force and its determination to contribute to Sustainable Development.

The Sustainable Development Charter

In 2005, Lagard•re drew up a Sustainable Development Charter to **convey the Group's social, ethical and environmental principles to its partners,** who undertake to defend and respect them. This Charter is now incorporated into calls for tender and contracts, via the Procurement Policy (see 5-3-1-2 - B-1) implemented in 2008. The criteria will be described fully in the section Respecting the French NRE law, relations with sub-contractors .

Codes specific to certain entities

At **Lagardère Publishing,** a new charter was drawn up in 2007, covering the three components of Sustainable Development (social, environmental and economic); this charter has already been signed by around twenty of the division s printers (see 5-3-1-2 - B-1).

At Hachette Collections, a speci c code has also been developed. The criteria and details of this charter and code are given in the section Respecting the French NRE law, relations with sub-contractors .

Charters applicable to employees

In addition to the provisions of the Code of Conduct concerning employees, the Group has implemented several **charters** that employees undertake to respect.

A **Charter for Transactions carried out on Lagardère SCA shares by employees of the Lagardère Group** contains a detailed description of the legal obligations incumbent on company employees in possession of Inside Information (they may not undertake transactions involving the shares concerned or disclose the corresponding information) as well as the corresponding administrative and/or criminal sanctions applied in the event of infringement of these obligations. The charter also sets forth the additional restrictions intended to reduce the risk of such misdemeanours being committed; Group employees who have regular access to Inside Information concerning Lagard•re SCA by virtue of their position may only undertake transactions in Group listed shares three times per year: during the four-week periods following the presentation of annual results and half-yearly results, and the Annual General Meeting of Shareholders, naturally on condition that they are not in possession of Inside Information; employees of the Group who, by virtue of their position, may have occasional access to Inside Information, and the bene ciaries of Lagard•re SCA stock options, may only carry out such transactions during the forty- ve day period preceding the publication of the annual and half-yearly results and during the thirty-day period preceding the Annual General Meeting.

In compliance with the applicable stock market legislation, a procedure was introduced to establish the list of persons with regular or occasional access to Inside Information concerning Lagard•re SCA. At the same time, the Managing Partners set up an Insider Committee comprising a representative from their ranks, the Group s Legal Director, the Group s Finance Director and the Group s Human Resources and Communication Director. This Committee is responsible for compiling and updating the lists of persons with access, and proposing measures to reduce the risks of misdemeanours or failure to comply with the relevant legislation.

A **code of ethics** given to each journalist upon arrival at Lagard•re Active asserts the fundamental values of the profession: critical thinking, impartiality, fairness, independence, respect of the public, honesty and an open mind.

A **code of "good corporate relations for the companies of the Lagardère Active group** was drawn up during 2008 and distributed to all employees.

An **IT charter** specifying the rules governing the use of computer tools; this charter applies to all Group employees.

The principle of strict compliance with the laws and regulations in force is repeated in the procurement policy (see section 5-3-1-1 - A-3) the Group implemented in 2008.

C) CSR METHODOLOGY AND INDICATORS

The labour and social information presented in this Reference Document is collected by means of a speci c reporting system, with environmental data items concerning water and energy consumption integrated into the Group s nan-cial data consolidation system since 2006.

C-1 REPORTING SCOPE

The reporting system used to collect **labour and social information** is deployed in all the consolidated subsidiaries which are operationally managed by the Group, with the exception of:

- entities that were disposed of or deconsolidated during the nancial year,
- certain entities acquired during the year, for which the reporting system will be implemented gradually as they are integrated into the Group, and
- certain entities which have fewer than ve salaried employees.

The labour and social data presented below (with the exception of data pertaining to changes concerning the total number of Lagard•re employees) therefore covers 179 Group companies, representing more than 95% of Lagard•re s total workforce. The coverage rate is almost 80% for Lagard•re Services, 99% for Lagard•re Publishing, 99% for Lagard•re Active (Press, audiovisual) and 95% for Lagard•re Sports. Geographic coverage varies from 90% to 100% of employees depending on the area.

Environmental information concerning water and energy consumption is integrated into the Group s nancial data consolidation system. The corresponding data covers 100% of Lagard•re s consolidated subsidiaries, representing about 550 companies. The full list is appended to the consolidated nancial statements.

Variations in scope

Changes in the scope of **labour and social reporting** are related to the expansion in the Group s business activities over the past few years, principally through external acquisitions, and internal legal reorganisation. Variations in scope between 2007 and 2008 resulted from:

- mergers of certain activities which led to legal reorganisation within the Group,
- disposal of the company Axelis, part of Other Activities.

As **water and energy consumption** indicators have been incorporated into the nancial reporting system, changes in the scope of this system are identical to changes in the nancial reporting scope. Companies acquired in the course of the year are included in the scope for the entire year in which the acquisition took place, and companies disposed of are removed from the scope from the date of disposal, the relevant data being taken into account up to the actual disposal date.

C-2 CHOICE OF INDICATORS AND REFERENCE BASE USED FOR REPORTING

Labour and social reporting follows the Group s Human Resources policy, while taking into account the speci c needs of each business line and geographic area. In 2006, driven by a concern for continuous progress, the Group improved the indicators used by re ning the range of selected indicators in order to obtain a greater level of detail and precision. Certain parameters were also rede ned for application across the board of Lagard•re s global scope. Since then, the Group has decided to stabilise the reference base to facilitate monitoring. The reference base for labour and social reporting can be accessed through the Intranet by the 148 staff contributors. It specifies the procedures for data collection and reporting, de ning the selected indicators and the calculation formulas used, to ensure satisfactory, uniform comprehension by all contributors. The data is entered for each Group subsidiary in the reporting scope, and then validated either by the Human Resources Director, where relevant, or by the subsidiary s management; a second level of validation exists in each division. Consistency checks are run on the data entered, including comparison with the data for previous periods and a systematic alert requiring explanation when the vari-ances are deemed signi cant. These consistency checks guarantee data integrity and therefore contribute to the reliability of the information system. At each level of contribution or validation, operators can extract consolidated reports on the data entered in order to make use of the data for the operational management within their particular scope.

For reporting in France, Lagard•re continues to apply the classi cation distinguishing between executives/manag-ers and other employees/non managers rather than the statutory reference of *cadre/non-cadre* used for local labour reporting. The workforce of Lagard•re is therefore divided into four occupational groups: Executives (*Cadres Dirigeants*), Managers (*Cadres*), Journalists (including photographers) and Other Employees.

- The **instructions for reporting on water, energy and paper consumption** de ne the selected indicators and the procedures relative to data collection and reporting. This reference base is sent to all the employees involved in reporting such information. Data is input by a contributor in each of the Group s consolidated subsidiaries. A data presence check is run and a consistency check is implemented (the data is compared to data from previous periods, with a systematic alert whenever a variance is deemed signi cant, requiring explanations from the contributor).

  The **other environmental indicators selected** correspond to the speci c environmental issues of each business division; the corresponding data is consolidated and veri ed at the level of the business divisions, on the basis of the information communicated by their subsidiaries.

  The methodologies relative to certain labour and environmental indicators may present limitations due to:

  difficulties in interpreting the data by some contributors, due to the absence of internationally-recognised de nitions;

  the necessary use of estimations, or the practicalities of data collection and entry.

The Group is also considering the possibility of basing its reporting on Global Reporting Initiative guidelines, which would enable progress to be made in de ning and respecting these indicators.

5-3-1-2 RESPECTING THE FRENCH NRE LAW

The fourth paragraph of Article 116 of the NRE Law of 2001, incorporated as the fth paragraph in Article L-225-102-1 of the *Code de Commerce*, has been developed further and lists the information to be disclosed in the annual report. All these texts constitute the NRE disclosure requirements for the purposes of this Reference Document.

A) LABOUR INFORMATION

The high performance levels of the Lagard•re Group owe much to the skills of its staff. For optimum deployment of human resources that takes into consideration the speci c features of the Group s various business lines, the operating units manage human resources independently.

Nonetheless, **the principal human resources concerns** have been de ned and formalised by Lagard•re, in agreement with the Human Resources Directors of the divisions. The result is six commitments:

to preserve balance in the workforce, in a fair environment based on the principle of equitable employment practices,

to promote equal opportunities and diversity by combating all forms of discrimination,

to provide an attractive remuneration package that is fair, based on the recognition and reward of merit and performance,

to foster personal fulfilment and employee motivation, particularly through skills development and internal career plans,

to promote dialogue between the workforce and management,

to protect health and safety at work.

A-1 PRESERVING BALANCE IN THE WORKFORCE

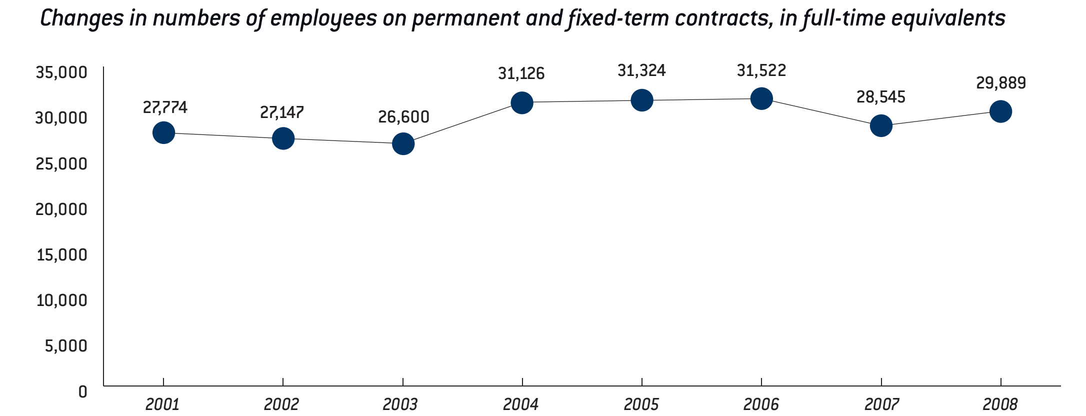
Information regarding this issue meets the NRE disclosure requirements concerning employee numbers and the organisation of working hours.

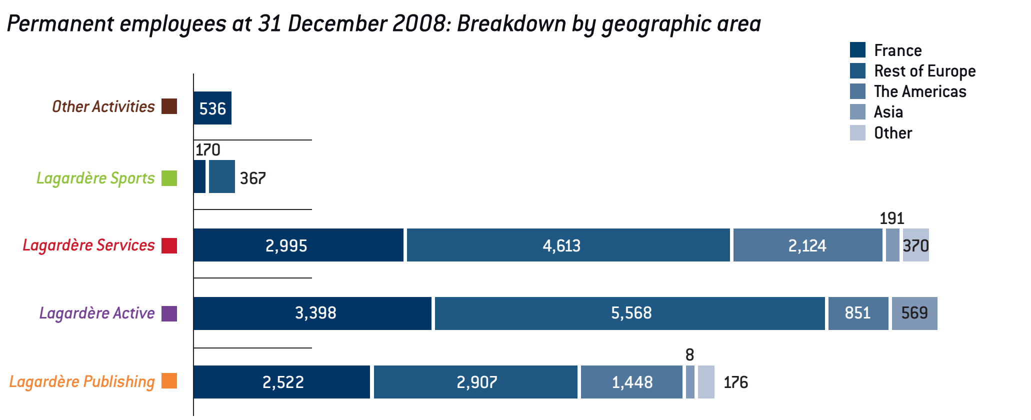
Employee numbers appropriate to the needs of the business line

Changes in the workforce under NRE

In 2008, the average workforce[1] for the whole Group including Lagard•re Media and Other Activities totalled 29,889 compared to 28,545 in 2007. This increase is mainly due to new company acquisitions at Lagard•re Active, in the Sports and Book sectors. However, it also re ects a new recruitment drive, particularly in the digital eld, to smooth the transition towards these new business lines.

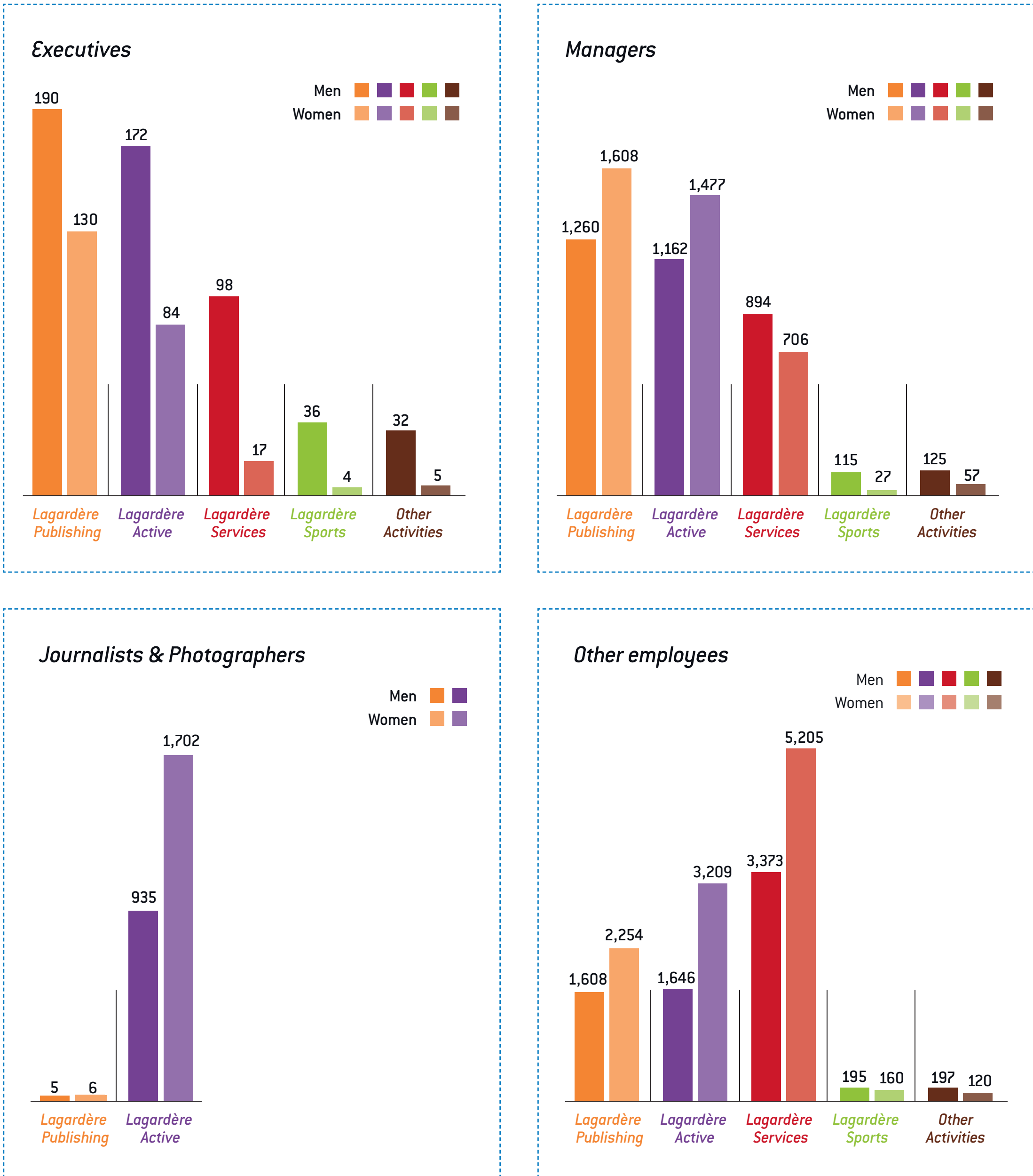
(1) Employees on permanent and fixed-term contracts.





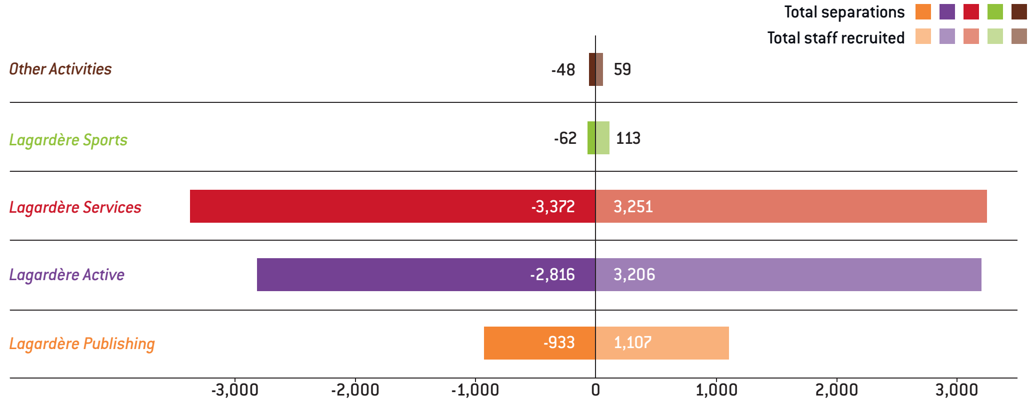
The international expansion of the Group, with operations in 30 countries, is re ected in employee numbers: from 66% at the end of 2007, at the end of 2008 67% of the workforce was based outside France. The Group remains predominantly French-based, however, with 33% of the total workforce in mainland France. After France, the next two principal countries in terms of employee numbers are the same as last year: Russia and Spain.

Breakdown of workforce by occupational group



The breakdown of the workforce by occupational group varies from one division to another, and re ects the diversity of the Group s activities and business lines. At Lagard•re Services, for instance, the proportion of managers is 16.7% which can be explained by the large number of unskilled positions inherent to retail trade; in the other divisions, this proportion is between 34% and 53%, due in particular to the nature of editorial content publishing: journalists and photographers at Lagard•re Active, editors at Lagard•re Publishing, etc. This distribution remains stable from year to year.

Recruitment and separation of permanent workforce by division



The numbers of staff recruitments and separations were relatively balanced, as in previous years, with 7,736 people hired in 2008 (5,488 in 2007 and 5,870 in 2006) and 7,231 separations in 2008 (5,688 in 2007 and 6,189 in 2006).

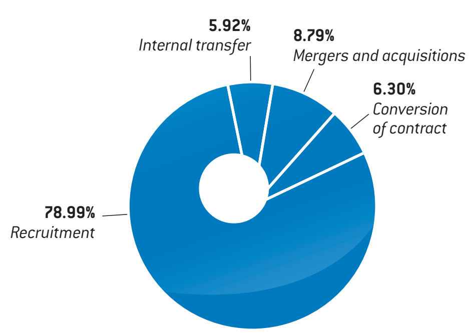
The restructuring of the Lagard•re Active division (see section entitled Dialogue between employees and management) started to produce visible effects, with an increase of almost 2% in separations in the form of economic redundancy and 1% in internal transfers compared to previous years. The resignation rate also rose in this same division: this is a typical effect observed when major structural changes take place in a company.

Meanwhile, there was a logical increase in recruitment   gures due to the share of internal transfers.

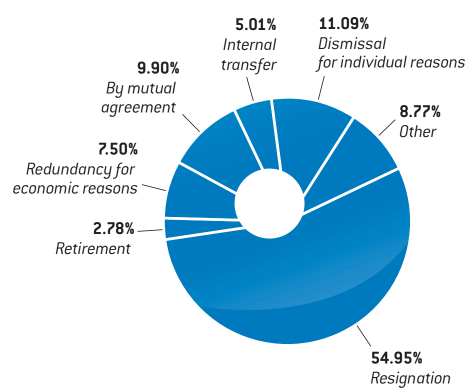
Staff unexpected turnover increased from 14% to 16% in 2008, a reasonable   gure given the nature of the business. This re ects the effect of changes at Lagard•re Active and the turnover rate among sales staff.

With an excellent reputation and strong brand names, Lagard•re has the bene t of tangible staff loyalty (27% of the Group s total workforce have more than ten years seniority, a   gure that rises to almost 35% in France) and has great appeal to potential applicants (180,000 job applications were received in 2008, 165,000 in 2007 and 170,000 in 2006 compared to 150,000 in 2005). Once again in 2008 the Group encountered no dif culties in terms of recruitment, even in highly sought-after   elds such as the digital business, which was a strong area of recruitment for the Group throughout the year.

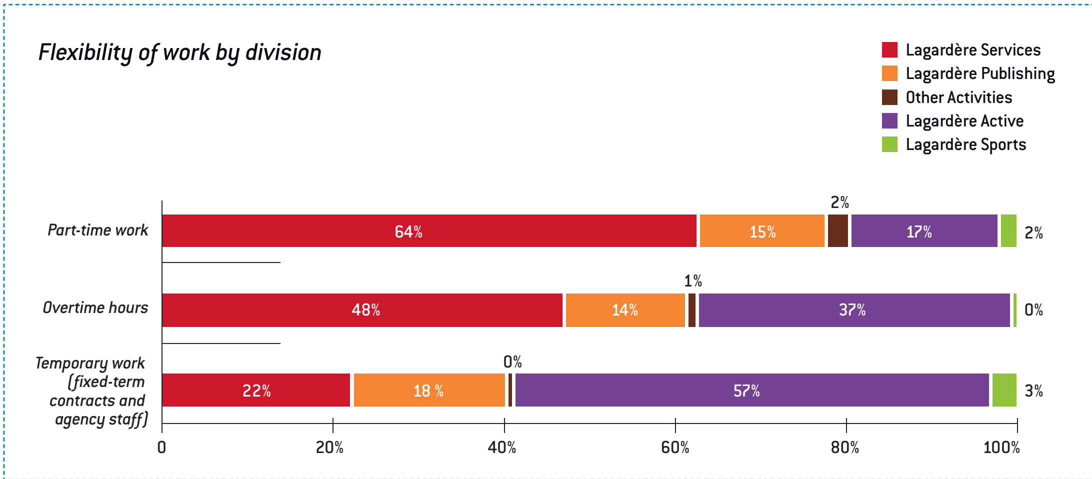
Typology of staff recruitment



Typology of staff separation



Organisation of working hours under NRE



Number of overtime hours worked and part-time employee numbers

/// Number of hours overtime worked in the year by division and geographic area

	2006	2007	2008
Lagardère Publishing			
France	23,624	39,427	34,577
Rest of Europe	19,655	21,438	24,965
The Americas	2		25,139
Asia			0
Other areas		2	0
Total	**43,281**	**60,867**	**84,681**
Lagardère Active			
France	34,568	3,495	2,470
Rest of Europe	23,077	21,990	131,457
The Americas	38,798		37,869
Asia			49,615
Other areas		38,862	0
Total	**96,443**	**64,347**	**221,411**
Lagardère Services			
France	6,190	53,819	62,945
Rest of Europe	98,190	157,291	88,903
The Americas	1,583		90,025
Asia		10,984	10,217
Other areas	119,436	51,380	33,384
Total	**225,399**	**273,474**	**285,474**
Lagardère Sports			
France	,		0
Rest of Europe	,	779	2,055
The Americas	,		0
Asia	,		0
Other areas	,	,	0
Total	**0**	**779**	**2,055**
Other Activities			
France	539	5,249	4,854
Rest of Europe			0
The Americas			0
Asia			0
Other areas			0
Total	**65,460**	**107,239**	**109,701**
Total France	**64,921**	**101,990**	**104,846**
Total Rest of Europe	**140,922**	**201,498**	**247,380**
Total Americas	**40,383**	**0**	**153,033**
Total Asia	**0**	**10,984**	**59,832**
Total Other areas	**119,436**	**90,244**	**33,384**

/// Permanent workforce at 31 December in part-time work

	2006	2007	2008
Lagardère Publishing			
Permanent workforce, male, in part-time work	68	72	64
% permanent workforce, male	2.29%	2.50%	2.09%
Permanent workforce, female, in part-time work	443	467	456
% permanent workforce, female	11.54%	12.28%	11.41%
% permanent workforce	7.51%	8.06%	7.36%
Total	**511**	**539**	**520**
Lagardère Active			
Permanent workforce, male, in part-time work	102	96	161
% permanent workforce, male	2.19%	2.66%	4.11%
Permanent workforce, female, in part-time work	548	436	450
% permanent workforce, female	8.02%	6.86%	6.95%
% permanent workforce	5.66%	5.34%	5.88%
Total	**650**	**532**	**611**
Lagardère Services			
Permanent workforce, male, in part-time work	915	642	604
% permanent workforce, male	18.10%	14.82%	13.84%
Permanent workforce, female, in part-time work	2,397	1,695	1,634
% permanent workforce, female	35.74%	29.93%	27.56%
% permanent workforce	28.16%	23.38%	21.74%
Total	**3,312**	**2,337**	**2,238**
Lagardère Sports			
Permanent workforce, male, in part-time work		7	18
% permanent workforce, male		2.98%	5.20%
Permanent workforce, female, in part-time work		19	46
% permanent workforce, female		14.07%	24.08%
% permanent workforce		7.03%	11.92%
Total		**26**	**64**
Other Activities			
Permanent workforce, male, in part-time work	5	36	51
% permanent workforce, male	1.71%	8.96%	14.41%
Permanent workforce, female, in part-time work	9	22	32
% permanent workforce, female	6.08%	11.83%	17.58%
% permanent workforce	3.17%	9.86%	15.49%
Total	**14**	**58**	**83**

The Group takes care to respect the legal regulations speci c to each country, both in terms of working hours and the management of overtime. Group entities have implemented a work organisation scheme that provides the exibility to meet the speci c requirements of business lines while taking into account the aspirations of the workforce and the use of replacement staff in the event of sick leave or maternity leave. This scheme includes part-time work, overtime hours and temporary work contracts.

Employment of temporary staff (on xed-term work contracts or through temporary staf ng agencies) is an inherent part of the speci c nature of certain business lines. This is particularly true for seasonal peaks in business at Lagard•re Publishing (the publication of new works of literature, generally scheduled from September to November in France, school textbook orders and the Christmas season). Other factors include the constraints related to distribution activities and the organisation of sports events.

The Group has invested considerable efforts into optimising the use of temporary staff (who represent 9% of the total workforce, on a full time equivalent basis), leading to relative stability in the number of xed-term work contracts: 2,338 in 2008 compared to 2,219 in 2007. Lagard•re aims to preserve the degree of exibility and responsiveness required for the management of its business activities, while maintaining the proportion of staff on such contracts at a reasonable level of around 12% of the global workforce.

As exibility and the optimisation of labour costs are essential to the distribution activities, Lagard•re Services makes considerable use of overtime and part-time work, mainly in America and Asia. This type of organisation is also to be found, to a lesser degree, in the distribution activities of the Book Publishing division, which faces the same needs.

The signi cant increase in the proportion of part-time contracts at Lagard•re Active compared to previous years is partially explained by the implementation of the restructuring plan, as the possibility of a transition to part-time work was one of the supporting measures put in place. This voluntary redundancy plan is described in detail in section A-5 below.

While the proportion of outsourced labour is relatively low in the Group as a whole, in France, due to the nature of its press and audiovisual businesses, Lagard•re calls on the services of speci c types of employees: freelance journalists and seasonal entertainment workers. Aware of the special status of these categories, the Group is involved in global discussions of changes affecting them, participating in the various sector-speci c negotiations regarding social security coverage, unemployment bene ts and occupational training.

/// Number of staff from temporary staffing agencies, in FTE, compared to average permanent and fixed-term workforce in FTE, by division

2008	France	Rest of Europe	The Americas	Asia	Other	Total
Lagard•re Publishing	0.10	0.07	0.08	0.05	0.00	0.08
Lagard•re Active	0.01	0.31	0.00	0.02	0.00	0.18
Lagard•re Services	0.00	0.06	0.00	0.00	0.00	0.03
Lagard•re Sport	0.01	0.11	0.00	0.00	0.00	0.08
Other Activities	0.01					0.01
Total	0.03	0.17	0.03	0.02	0.00	0.10

/// Rate of absenteeism

	Sick leave, men (days/person)	Sick leave, women (days/person)	Sick leave, men and women (days/person)	Paternity leave, men (days/person)	Maternity leave, women (days/person)	Maternity/paternity leave, men and women (days/person)	Accidents, men (days/person)	Accidents, women (days/person)
Lagard•re Publishing	4.41	5.81	5.20	0.14	5.36	3.09	0.99	0.56
Lagard•re Active	2.40	5.90	4.38	0.10	7.35	4.21	0.18	0.12
Lagard•re Services	5.79	6.71	6.30	0.14	4.17	2.39	0.74	0.40
Lagard•re Sports	2.31	6.01	3.62	0.03	3.56	1.28	0.94	0.20
Other Activities	4.41	5.61	4.81	0.07	4.86	1.68	0.14	0.01
Divisions	**4.08**	**6.15**	**5.23**	**0.12**	**5.69**	**3.22**	**0.59**	**0.33**

/// Minimum working hours by geographic area

	Minimum number of hours per year	Corresponding number of days worked	Corresponding number of hours' work per day
France	1,061.69	151.67	7.00
Rest of Europe			
The Americas	1,631.00	233.00	7.00
Asia	1,659.00	237.00	7.00
Other	1,786.00	235.00	7.60

/// Maximum working hours by geographic area

	Maximum number of hours per year	Corresponding number of days worked	Corresponding number of hours' work per day
France	1,778.40	228.00	7.80
Rest of Europe	2,200.00	220.00	10.00
The Americas	2,268.00	252.00	9.00
Asia	2,640.00	264.00	10.00
Other	2,288.00	286.00	8.00

A-2 PROMOTING EQUAL OPPORTUNITIES AND DIVERSITY AND COMBATING ALL FORMS OF DISCRIMINATION

Some of the information regarding this commitment meets the NRE disclosure requirements concerning equal opportunities for men and women and the employment and integration of handicapped employees.

Guaranteeing equal opportunities and treating all individuals objectively is Lagard•re s philosophy. With its diverse activities and business lines and skilled staff, the Group as a media operator has an even greater obligation to re ect the society to which it belongs, and encourages diversity in the divisions.

It endeavours to promote and develop cross-divisional actions for diversity, particularly by identifying good practices in the different entities and sharing them throughout the Group.

In 2006 the Lagard•re Human Resources Division initiated a meeting of the business divisions Human Resources teams to consider the subject of equal opportunities and their implementation within the Group. This led to organisation of a seminar devoted to the subject of Diversity in October 2008, attended by all the Human Resources managers from the various divisions.

It was decided at this seminar to focus on three aspects:

- the disabled,
- integration of young people from sensitive urban areas,
- the place of women in the company.

Encouraging integration of disabled employees

The level of integration of disabled people into the Group is still too low and has in fact decreased over the past three years. In order to reverse this trend, in 2008 the human resources departments decided to step up both in-house and external campaigns (particularly in schools, which would accept more disabled students if they knew companies would be willing to employ them after their studies). It was proposed to draw on the work carried out at Lagard•re Active over the past few years under the banner of the **Je suis Handicap** (**I am disabled**) mission, to spread these good practices throughout the Group, and improve the integration of disabled people in the various corporate entities.

/// Proportion of disabled employees for one thousand permanent employees at 31 December

	France	Rest of Europe	The Americas	Asia	Other	Total
Lagard•re Services	6.01	19.73	0.94	0.00	2.70	**10.88**
Lagard•re Publishing	12.29	9.63	0.00	0.00	0.00	**8.36**
Other Activities	20.52					**20.52**
Lagard•re Active	9.42	2.51	2.35	5.27	0.00	**4.91**
Lagard•re Sports	0.00	8.17	0.00	0.00	0.00	**5.59**
Total	9.56	10.11	0.90	3.91	1.83	**8.19**

DISABILITY TEAM

The Disability team [*] really came into its own in 2008 with the implementation of the agreement for integration of disabled people into Lagardère Active's press/magazine business in 2007-2009. The first steering committee meeting was held in February, many operations were initiated in the course of the year and discussions took place on extending the next agreement to include a further fifteen Lagardère Active companies.

In terms of recruitment, three temporary contracts, one permanent contract and eight alternate work/study contracts (5 apprenticeship contracts and three professional training contracts) were signed. In all, seventeen trainees with disabled worker status joined the company in 2007 and 2008.

Here is a selection of action implemented in 2008:

- as part of the job security plan, coverage of the cost of interface hours needed for translation of course materials into sign language for employees with hearing difficulties on alternate work/study contracts;
- an audit of building accessibility by an ergonomics consultancy: the work undertaken in the wake of this audit to improve access to the company cafeteria was paid for by the Disability team. The buildings will receive further enhancements and adaptations in 2009;
- purchase of several emergency evacuation chairs for employees with reduced mobility;
- in partnership with the "Creative handicap" association, an art exhibition and a group sculpture workshop were organised for employees. This event provided an opportunity for disabled artists and the Group's employees to meet;
- organisation of nine breakfast meetings for awareness-raising and information about the Disability team in the departments and editorial offices. Among other things, these meetings resulted in a list of 23 new "relay correspondents" in the different departments and editorial offices;
- whenever a disabled person is recruited, there are actions to raise awareness about disability in the relevant departments. Such actions took place in the mock-up department of *Télé 7 Jours* and *Elle*, to welcome two young girls with hearing difficulties and in the IT department to welcome a young man with reduced mobility;
- organisation of weekly sign language lessons from January to May 2008 for employees who expressed an interest in lessons following awareness-raising actions on hearing disabilities;
- extension of the procedure for the specialist recycling of computing and electronic equipment to companies in Lagardère Active which are not covered by the integration agreement;
- design of a logo, an Intranet site and a poster campaign on the company's premises.

(*) Note: the team acts within the framework of the Law of 11 February 2005 which obliges companies in France with more than twenty employees to have at least 6% of disabled employees or be liable for a levy to Agefiph, or to use this levy through an agreement to finance operations in favour of the disabled.

Outreach to young people in sensitive urban areas

In 2008, the Lagard•re Group continued its partnership with the non-profit organisation *Nos quartiers ont des talents* (Our housing estates have talent) in Seine Saint-Denis.

The aim of the organisation, which receives an annual subsidy from the Group, is to help young graduates (with a minimum of 4 years higher education) from working class areas, who tend to nd it more dif cult than other graduates to obtain job interviews. A mentoring system involving company employees has been set up to support them in their quest for work.

NOS QUARTIERS ONT DES TALENTS. TESTIMONIALS FROM TWO MENTORS

“Nos Quartiers ont des Talents *is a refreshing story: a story of open-mindedness, getting to know each other, mirroring and help," explains Christian, at Lagardère Ressources. “The Lagardère Group is fortunate to be involved in the action of this organisation: both through mentoring by our employees from all the business lines - publishing, distribution, media and sport - and through recruitment whenever possible.*

Being a mentor is an excellent opportunity for me. An opportunity to meet young people who have made the effort to go through higher education and who need our help: not only for our network, but simply to make them feel less alone and give them advice on how to go about finding a job. The talents are there, all they need is a chance to blossom. We are delighted to be able to make a contribution"

“Mentoring has been a very enriching experience for me, on both a professional and personal level", explains Anne-Flore, a manager at Lagardère Publicité. A young human resources manager, she agreed to mentor a graduate through regular monthly contact and follow her progress on the job market. The aim is not to recruit the young person for the company (although that remains a possibility) but to give advice and share experience. “I met her; we gradually got to know each other. I helped to boost her self-confidence, as she was quite shy. I explained to her how to write an application letter, how to obtain interviews, how to answer ads. I allowed her to meet our marketing director to see if what she wanted to do matched the reality in the field. I set goals for her, within time-frames", continues Anne-Flore, who has agreed to mentor a new candidate proposed by the organisation Nos quartiers ont des talents *in 2009.*

Furthermore, as part of the Gateways to excellence operation (see C.1) via the Jean-Luc Lagard•re Foundation, the Lagard•re Group also tries to give talented young people from underprivileged areas a chance to succeed by offering them industrial placements.

Guaranteeing women's career development in the company

Women account for 58% percent of the total workforce, making the debate on sex equality at work is a slightly atypical question for the Lagard•re Group. The nature of the company s business lines largely explains this strong female presence, although this should not obscure the progress that remains to be made in terms of equal opportunities and career development.

The fact there is a woman member of the Supervisory Board (who has also been a union representative on the Group Employees Committee for many years) is a sign of the company s determination to remain open, but the Lagard•re Group is well aware that the eld of senior responsibilities for women is the area where further progress must be made. Making access to the highest levels a possibility for women who seek responsibility is one of the goals the Group intends to set itself over the coming years.

Women are in the majority in the total Lagard•re workforce at slightly more than 58% in 2008, representing 61% of total recruitments. Women account for 31% of executive job positions, 53% of managers and 65% of journalists, and the proportion of women among other employees is 61%. All of these gures are stable compared to 2007.

Lagard•re rmly intends to encourage equal pay for women and men, under equal conditions of employment and quali cations. The differences observed in the table below are due essentially to disparities in the nature of the positions and responsibilities held, as well as differences in age, seniority and level of quali cations between the two groups. The salary scales implemented in some of the Group s subsidiaries are one means of achieving this equality. 61% of all employees work in an entity which has de ned salary ranges for each level.

The companies in the Group with the most remarkable female presence include the following:

Hachette Livre SA - Management and Other, with 477 women in a total 700 employees, or 68.14% of the workforce,

Aelia, which employs 1,266 women in a total workforce of 1,788 employees, or 70.81%,

Lagard•re Publicit with 328 women in a total 404 employees, or 81.19%.

/// Recruitment

Recruitment: % women	Internal transfer: % women	Mergers and acquisitions: % women	Conversion of fixed-term contracts into permanent contracts: % women
62.80%	62.88%	38.38%	62.45%

/// Separation

Resignations: % women	By mutual agreement: % women	Dismissal for individual reasons: % women	Redundancy for economic reasons: % women	Retirement: % women	Internal transfer: % women	Other reasons: % women
58.56%	56.01%	51.75%	57.20%	35.32%	55.52%	50.95%

/// Women's salary increases

Female executives	Female managers (excluding executives)	Female journalists & photographers	Other female employees	Total
84.58%	79.33%	74.41%	78.47%	78.35%

/// Women's average annual salary in euros

Female executives, permanent contracts	Female managers, permanent contracts	Female journalists & photographers, permanent contracts	Other female employees, permanent contracts
125,048.42	46,740.58	54,655.33	21,389.12

/// Proportion of the permanent workforce at 31 December, by occupational group and gender, who attended at least one training course

Female executives	Female managers (excluding executives)	Female journalists & photographers	Other female employees
58.75%	66.71%	42.21%	43.03%

A-3 PROVIDING AN ATTRACTIVE REMUNERATION PACKAGE

Information regarding this issue meets the NRE disclosure requirements concerning pay and changes in pay.

In a highly competitive environment, the Group s approach to salaries consists of offering attractive packages in tune with prevailing market practices (in terms of business activity and the economic and labour conditions in each country concerned). Lagard•re s determination to maintain employees purchasing power and its aim to encourage commitment and performance is unaffected by its concern to control labour costs. The Group also has the medium-term objective of promoting the notion of global remuneration (salaries, variable salary components, social security, savings schemes, etc.).

Payroll and changes in pay

Lagard•re s salary policy follows fair, equitable and consistent practices. Salary practices comply with local legislation and are also attuned to the economic and labour conditions prevailing in each country, and, where relevant, to agreements negotiated with the employee representative bodies of the business sector concerned (particularly in terms of minimum salary and general salary increase scales). In France, for example, the existence of a minimum wage is the result of national legislation applicable to the entire workforce. In certain other countries where the notion of a minimum wage may sometimes be purely symbolic, or there is no minimum wage, salary practices are de ned according to the practices of the local labour market.

The average annual salary worldwide (including bonuses and variable remuneration) for all occupational groups taken together was approximately €35,568 in 2008 (compared to €39,260 in 2007).

/// Average annual salary, by occupational group and division, in euros

	Executives, permanent contracts		Managers, permanent contracts		Journalists & photographers, permanent contracts		Other employees, permanent contracts	
	Male	Female	Male	Female	Male	Female	Male	Female
Lagard•reP ublishing	137,372	134,896	47,393	42,619	38,589	15,226	23,751	24,113
Lagard•reAc tive	179,549	114,823	66,894	53,583	29,239	54,827	21,731	22,209
Lagard•reS ervices	135,880	85,398	49,087	37,161			22,425	18,621
Lagard•reS ports	209,154	216,557	124,547	105,346			51,226	40,340
OtherAc tivities	224,729	169,671	69,975	69,075			30,047	29,124
Divisions	163,979	125,048	57,476	46,741	29,276	54,655	23,592	21,389

These averages are given as an indication only, and should be interpreted with care: they correspond to a wide diversity of situations due to the very nature of the activities and geographic locations, with the cost of living and the euro exchange rate varying greatly from country to country.

Salary increases

The Group s policy is to encourage salary increases that reward individual performance levels, assessed on quantitative and qualitative criteria de ned by the subsidiaries. To take into account employees levels of skills, training and responsibility, and the speci c nature of the sectors they are working in, individualised pay rises are therefore increasingly common. Here again, each business entity is largely free to award individual and/or collective salary increases appropriate to its business line and the environment.

/// Proportion of permanent workforce, by occupational group and gender, who received a salary increase, by division

	Executives		Managers (excluding executives)		Journalists & photographers		Other employees		Total		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Total
Lagard•re Publishing	86.84%	96.92%	94.92%	87.94%	20.00%	33.33%	86.38%	84.96%	**89.81%**	**86.47%**	**87.92%**
Lagard•re Active	58.06%	73.81%	64.4%	73.26%	63.64%	74.56%	48.37%	67.34%	**57.20%**	**70.67%**	**65.60%**
Lagard•re Services	83.67%	70.59%	70.25%	74.36%	0.00%	0.00%	86.54%	83.37%	**83.14%**	**82.26%**	**82.63%**
Lagard•re Sports	25.00%	0.00%	56.52%	55.56%	0.00%	0.00%	48.21%	41.25%	**48.55%**	**42.41%**	**46.37%**
Other Activities	53.12%	60.00%	58.4%	66.67%	0.00%	0.00%	103.55%	91.67%	**83.05%**	**82.97%**	**83.02%**
Divisions	70.61%	84.58%	76.22%	79.33%	63.40%	74.41%	76.97%	78.47%	**75.41%**	**78.35%**	**77.12%**

Variable salary components

In addition to basic salary, most of the Group s entities make use of individual and collective performance incentives (such as bonuses or a variable component of pay). These practices make it possible to link an employee s remuneration to the achievement of personal targets and collective objectives at the level of the subsidiary concerned. More than 46% of the Group s workforce has a variable component of pay (there is a certain disparity between different geographic areas, particularly due to different local market practices, with salary policy remaining the prerogative of local management).

/// Proportion of permanent workforce by occupational group and by gender, who received a variable component of pay

	Executives		Managers (excluding executives)		Journalists & photographers		Other employees		Total		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Total
Lagard•re Publishing	89.00%	100.00%	66.00%	54.00%	0.00%	0.00%	61.00%	49.00%	**65.00%**	**53.00%**	**58.00%**
Lagard•re Active	70.00%	83.00%	55.00%	58.00%	30.00%	31.00%	30.00%	29.00%	**39.00%**	**37.00%**	**38.00%**
Lagard•re Services	91.00%	100.00%	93.00%	95.00%	0.00%	0.00%	37.00%	39.00%	**49.00%**	**46.00%**	**47.00%**
Lagard•re Sports	58.00%	50.00%	100.00%	56.00%	0.00%	0.00%	91.00%	78.00%	**93.00%**	**74.00%**	**86.00%**
Other Activities	91.00%	80.00%	34.00%	23.00%	0.00%	0.00%	3.00%	1.00%	**22.00%**	**10.00%**	**18.00%**
Divisions	81.21%	93.75%	69.44%	62.71%	29.68%	31.38%	41.03%	38.59%	**50.30%**	**44.22%**	**46.76%**

The existence of this variable component of pay, notably in occupations with a strong commercial dimension, partially explains the differences in total salary observed between the major occupational categories (table above).

Incentives, profit sharing, employee savings schemes and other employee benefits

Schemes that allow employees to share in the nancial results of their company are common within the Group; they mainly take the form of pro t sharing and employee savings schemes.

35% of employees in France belong to an employee savings scheme.

1.75% of the shares issued by the Group are held by employees, including 0.59% held through mutual funds.

/// Permanent workforce at 31 December in an entity that has an employee savings scheme, by division

2008	Proportion of the workforce in an entity with an employee savings scheme
Lagard•re Services	4.00%
Lagard•re Publishing	32.00%
Other Activities	62.00%
Lagard•re Active	36.00%
Lagard•re Sports	0.00%
Divisions	22.00%

Furthermore, the Group implements a specific policy of profit sharing with employees according to their level of responsibility, performance and results, and encourages the development of a certain degree of loyalty in high potential employees. Shares in Group companies may be allocated to employees: until 2006, this allocation took the form of stock options and in 2007 a free share allocation plan was set up. In 2007, 594,350 free shares were allocated to 387 employees. In 2008, no shares were allocated.

Other benefits

In France, Group employees also bene t from complementary health and social welfare plans partially funded by the employers. Certain companies also have a special pension scheme for one or more speci c categories of employees, in addition to the general pension scheme.

Welfare instruments are also set up or proposed to employees in other countries, depending on the state systems in place and local practices.

Each entity thus pays social welfare contributions depending on the obligations and practices in force in each country in which it operates.

Outside France, depending on the state systems in place and local practices, welfare instruments are also set up or proposed to employees.

/// Employee benefit expenses, in thousands of €

By division	2008	2007	Variation
Lagad•re Publishing	75,432	74,682	750
Lagard•re Active	144,236	172,259	(28,023)
Lagard•re Services	65,357	77,670	(12,313)
Lagard•re Sports	8,807	4,584	4,223
Other Activities	14,138	14,362	(224)
Total	**307,970**	**343,557**	**(35,587)**

By geographic area	2008	2007	Variation
France	217,412	259,253	(41,841)
Rest of Europe	67,923	61,273	6,650
The Americas	18,576	18,903	(327)
Asia	3,826	3,702	124
Other areas	233	426	(193)
Total	**307,970**	**343,557**	**(35,587)**

A-4 FOSTERING PERSONAL FULFILMENT AND EMPLOYEE MOTIVATION

Encouraging skill development through training

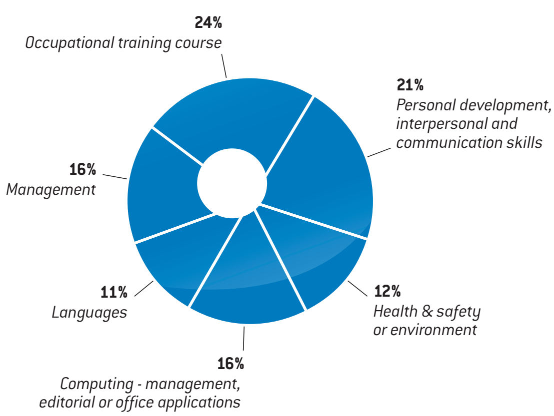
In compliance with the principle of autonomy of the Group s individual divisions, measures for skill development and internal mobility are undertaken at the level of each entity. This illustrates Lagard•re s commitment to investing in development of the professional skills and individual responsibilities of staff, and fostering ful lling career development through increased internal mobility.

In 2008, as in 2007, the Group s main concerns revolved around:

Acquiring the skills related to digital technologies, and in particular, their use in combination with traditional media, and

Improving the management of talents on a cross-business line basis, as well as between the divisions.

Training courses by type



In terms of training, each division endeavours to foster and develop the skills of its employees. Training programmes have been drawn up at every level and training efforts in 2008 were sustained: 47% of the Group s permanent workforce attended at least one training course, for a slightly lower average investment of €1,137 per employee trained in France (€724 for the Group as a whole) over an average duration of 2.28 days.

Furthermore, the Group strives to build a corporate culture in its managers, and foster development of the key values of creativity, independence, daring and entrepreneurship. These values are conveyed through the in-house university Media Campus , which offers training designed for managers in the Group. Three programmes - Leadership , Integration and Young Managers provide support to managers and serve to strengthen their management skills. In 2008, manager training increased once more to represent 15.5% of the Group s training budget compared to 11% in 2007.

The Group also takes measures to enable managers to adapt to and keep abreast of the digital revolution. In 2008 around twenty managers attended Netexplorateur, a new world digital culture forum partly sponsored by the Group. In June 2008, over a hundred young managers watched a presentation on the major digital trends as part of the Media Campus Club .

/// Average expenditure on training (in euros) for permanent employees, by division and by geographic area

2008	France	Rest of Europe	The Americas	Asia	Other	Total
Lagard•re Services	1,294.63	449.15	15.88	680.00	0.54	**568.45**
Lagard•re Publishing	1,695.10	394.40	140.00	2,305.00	531.20	**884.34**
Other Activities	2,119.90					**2,119.90**
Lagard•re Active	721.00	788.30	204.60	694.80	0.00	**706.20**
Lagard•re Sports	56.10	3,941.00	0.00	0.00	0.00	**2,837.89**
Total	1,136.90	581.00	56.90	697.70	82.70	**724.17**

/// Proportion of the permanent workforce at 31 December, by occupational group and by division, who attended at least one training course

	2006	2007	2008
Lagardère Publishing			
Executives	5%	5%	5%
Managers (excluding executives)	49%	47%	43%
Journalists & photographers	0%	0%	0%
Other employees	46%	48%	52%
Total	**50%**	**42%**	**42%**
Lagardère Active			
Executives	3%	2%	3%
Managers (excluding executives)	37%	41%	44%
Journalists & photographers	21%	22%	24%
Other employees	43%	35%	30%
Total	**35%**	**45%**	**46%**
Lagardère Services			
Executives	1%	2%	1%
Managers (excluding executives)	16%	21%	20%
Journalists & photographers	0%	0%	0%
Other employees	82%	78%	79%
Total	**53%**	**40%**	**55%**
Lagardère Sports			
Executives		5%	1%
Managers (excluding executives)		29%	36%
Journalists & photographers		0%	0%
Other employees		65%	63%
Total		**15%**	**15%**
Other Activities			
Executives	7%	15%	10%
Managers (excluding executives)	39%	31%	35%
Journalists & photographers	0%	0%	0%
Other employees	54%	53%	55%
Total	**46%**	**32%**	**42%**

/// Proportion of the permanent workforce at 31 December, by occupational group and by geographic area, who attended at least one training course

	2006	2007	2008
France			
Executives	1%	2%	2%
Managers (excluding executives)	34%	52%	49%
Journalists & photographers	9%	8%	12%
Other employees	56%	67%	37%
Total	**57%**	**44%**	**62%**
Rest of Europe			
Executives	4%	3%	5%
Managers (excluding executives)	27%	21%	24%
Journalists & photographers	2%	8%	8%
Other employees	67%	67%	63%
Total	**48%**	**44%**	**34%**
The Americas			
Executives	4%	5%	1%
Managers (excluding executives)	38%	43%	19%
Journalists & photographers	3%	7%	3%
Other employees	55%	45%	77%
Total	**25%**	**18%**	**51%**
Asia			
Executives	2%	3%	3%
Managers (excluding executives)	14%	14%	17%
Journalists & photographers	0%	0%	2%
Other employees	84%	83%	79%
Total	**51%**	**55%**	**59%**
Other areas			
Executives	4%	5%	5%
Managers (excluding executives)	18%	16%	19%
Journalists & photographers	0%	0%	0%
Other employees	78%	80%	77%
Total	**75%**	**72%**	**80%**

Encouraging integration of young people in the Group

The Group s age pyramid re ects the balance between a youthful workforce, with almost 60% of employees aged under 40 and 30% under 30, and experience acquired through seniority, which is a requisite in the eld of the traditional media.

Each entity has a signi cant policy for exchanges with schools and universities, particularly through work placements. In 2008, Lagard•re welcomed some 1,561 placement students. The number of alternate work/study contracts reached 359 in 2008.

Promoting internal mobility

Managed essentially by each of the business divisions, career management, internal promotion and internal career opportunities involve each entity s management and human resources teams. For example, annual interviews for assessment and promotion are gradually being introduced systematically throughout the Group.

The Group s Intranet contains tools with information on mobility which employees can use to help de ne and facilitate their plans. The Intranet also provides access to positions available within the Group, with the possibility of setting up personalised alert messages for noti cation when new vacancies of potential interest are published on line.

Internal transfers represented 14% of recruitment in 2008 compared to 9% in previous years, and vary from one division to another. Although it is an important issue for the Group, mobility between divisions is hindered by the speci c nature of the different entities, their business activity and distant geographic locations. The signi cant improvement in 2008 must be continued and the Group intends to take further action to organise and amplify the trend, especially for support positions.

Incentives to stimulate employee motivation

Employee motivation is also managed autonomously by the different entities, some of which have developed personalised programmes to involve employees in the life of the company and its expansion in innovative, creative ways.

IMAGINACTIONS

The percentage of ideas approved by the idea management programme *ImaginActions* increased in 2008. Designed and implemented by Aelia in 2007, mainly intended for the 1,600 sales staff and managers of the airport boutiques, This programme introduced by the Lagard•re Services subsidiary has the dual aim of initiating new dialogue between managers and teams, and placing employees at the heart of corporate life explains Violaine Bazil, head of the programme. For Jean-Baptiste Morin, Chairman of Aelia, This innovation programme also allows each employee to contribute to improving the quality of service in our boutiques. The principle is both simple and rigorous: the idea creator submits a sheet explaining how the idea arose, the proposed solution and the expected result to his or her manager. The manager enters the idea in a software programme that handles routing and processing until the idea reaches the decision-maker, who may be a single expert, the ImaginActions committee (several experts) or even the executive committee. One of the main differences from a conventional suggestion box is that the employee is sure to receive feedback on the idea, which, if approved, will then be applied - in the sales outlets if it is a local idea, at company level if it is a strategic idea, or at other levels, such as product referencing, for a complex idea. Of the 541 ideas submitted since the launch of the operation (257 of which were put forward in 2008) 119 have been approved, including 57 in 2008. Each year, the best three ideas are rewarded with an ImaginActions trophy, which is given to the most creative and imaginative employees. The winning ideas in 2008 mainly concerned Aelia boutiques and, among other things, brought about improvements in merchandising and communication through changes concerning the sales staff, whose specialist areas are more easily identi ed thanks to a speci c occupational colour code. In summer 2008 the ImaginActions committee also launched an idea challenge on the theme of Sustainable Development, which generated around forty proposals.

A-5 PROMOTING DIALOGUE BETWEEN THE WORKFORCE AND MANAGEMENT

Information regarding this issue meets the NRE disclosure requirements concerning reductions in the workforce, industrial relations and collective agreement audits.

Dialogue between employee representative bodies and management is an essential component of Lagard•re s human resources policy, based on the clear principle of seeking a continuous balance between economic and labour issues, at **all levels of the organisation** (entities, divisions and Group).

Group Employees' Committee and European Works Committee

Beyond the principle of the autonomy of the divisions, the Group aims to promote cooperation and dialogue with employee representative bodies and between the various subsidiaries, in France and the rest of the world. Two Works Committees have been set up to this end: the European Works Committee, set up in 1996, and the Group Employees Committee, set up in 1993. These two bodies have regular exchanges with the Management about the key issues and transformations necessary for the Group s business activities.

The Group Employees Committee comprises 30 members representing Lagard•re Group employees and ve observers representing the EADS[1] group (one for each nationwide union). The European Works Committee also comprises 30 members who are employees of the Lagard•re Group in Europe (France holds 15 seats, and the remaining 15 are held by representatives from six other European countries - Spain, Belgium, Hungary, United Kingdom, Italy and Germany; Poland and the Czech Republic could also have been represented, but, as the Group s companies in those countries have no employee representatives, no seats could be allocated to them).

The articles of association of the Group Employees Committee and the European Works Committee stipulate that each of these bodies must hold an annual meeting. In addition to the plenary sessions, meetings of the members of the *Bureau* and the Union Representatives may be held if required by the current situation. In 2008, the *Bureau* of the Group Employees committee met twice. These meetings were the occasion for discussions of the measures to accompany the voluntary redundancy schemes at Lagard•re Active, and the company s organisation and strategy.

The rst meeting of the Group Employees Committee, whose membership was renewed at the end of 2007, was held in April 2008. This renewal took account of changes in structure and, for the rst time, included representatives from the audiovisual sector and the world of Sport that had not participated in the past. The symbolic decision was also taken to discontinue membership of EADS representatives, marking a permanent refocus on the media business. The European Works Committee was also renewed during 2008.

Implementation of employee representation, collective agreements

In 2008, employee representation concerned 68.79% of Lagard•re s total workforce. In France, the rate was over 94%. Employees not covered work in very small entities with only a few employees.

112 collective agreements were signed in the course of 2008, generally concerning pay, working hours, social welfare coverage, etc.

Percentage of the workforce covered by a collective agreement, by type:

75.83% of the workforce is covered by an agreement concerning working hours;

62.07% of the workforce is covered by an agreement concerning health & safety and working conditions;

75.32% of the workforce is covered by an agreement concerning pay;

54.29% of the workforce is covered by an agreement concerning social welfare;

24.92% of the workforce is covered by an agreement concerning training.

/// Collective agreements, by geographic area

Areas	Existing collective agreements in force at 31 December	Collective agreements signed during the year
France	376	76
Rest of Europe	51	27
The Americas	7	2
Asia	18	7
Other	0	0
Total	**452**	**112**

(1) Until 2008.

In conformity with the applicable provisions, Group entities with a Works Committee have a budget allocated to social welfare actions.

Management of the voluntary redundancy scheme

The information below meets the NRE disclosure requirements concerning voluntary redundancy schemes and the territorial impact of business activities.

Lagardère Active's voluntary redundancy scheme (the result of merging the Audiovisual and Press divisions of Lagard•re Media to form Lagard•re Active) endeavoured to promote strong dialogue between the workforce and management. The scheme concerned Hachette Filipacchi Associ s and Interd co for the Press activity, and Lagard•re Active Management, Europe 1 and Lagard•re Active Publicit for the Audiovisual activity. In all, 246 people were affected by this scheme which encouraged around fty internal transfers within and between companies. The objectives pursued, to preserve the competitiveness of each of the sectors concerned, were twofold:

- streamlining and merging of general functions common to the different business units (Finance, Legal, Human Resources, Procurement, General services, Technology, Communication, etc.);
- rationalisation and recovery of the portfolio of Audiovisual and Press activities.

The Employees Committees of each legal entity concerned were informed and consulted on the basis of a rst economic document explaining the reasons for the merger, in accordance with Book IV of the French Labour Code and a second document, regarding the consequences for employment and the measures to accompany redundancies, in accordance with Book III of the Labour Code[*].

The sequence of events was as follows:

- Negotiations of human resource forecasting and planning (GPEC) agreements in all the entities included in the future group, in preparation for negotiations on the implementation of the restructuring plan related to the merger between the entities: February to April 2007.
- Book IV and Book III documents submitted: May 2007.
- Three Book IV meetings: between June and October 2007.
- Three Book III meetings: between July and October 2007.
- Advisory opinion issued by each Works Committee following the Book IV and Book III meetings, in July 2007 for advertising entities, September 2007 for the Press and October 2007 for Audiovisual activities.

Sequence of VRS (voluntary redundancy scheme) events

In each entity concerned, the duration of the call for volunteers was between 1 and 2 months. Depending on service constraints, the voluntary redundancies were taken between August 2007 and December 2008. Notice periods were 2 or 3 months, depending on the occupational category, and were mostly not worked.

Territorial impact

Within the framework of the Voluntary Redundancy Plan initiated in 2008, Hachette Filipacchi Associ s (HFA), headquartered in Levallois-Perret in the *Hauts de Seine département* near Paris, was asked by the local French Labour Authorities (DDTEFP) to take part in two actions to revitalise local employment:

1) Funding to organise a forum for young jobseekers with graduate or equivalent qualifications (at least 3 years higher education) originating from underprivileged suburbs in the *Hauts de Seine département*. Called DIVERS CITES , the forum was organised in La D fense on 20 October 2008, under the auspices of the local *Préfecture*. HFA offered to take part, along with around 15 other companies established in the area. Two representatives of the HR department held around 30 pre-recruitment interviews as part of the operation.

2) The funding of a GPEC action conducted by an HR consulting rm for the bene t of a small business located in the *Hauts de Seine*.

HFA offered to coach this business on the GPEC actions to be engaged after the diagnostic study.

(*) Book III and IV of the French Labour Code specify the lay off negotiation process with employee representatives.

The Group also belongs to a large number of representative bodies in the media, such as the Press and Book publishing unions. In this capacity, it plays an active part in negotiations between management structures and employee representative bodies in France (particularly concerning freelance journalists, entertainment workers and home workers).

In publishing, Lagard•re Publishing is actively involved in joint negotiations between the French national Publisher s Union and the trade union organisations.

In press-related occupations, Lagard•re Active was one of the rst in 2008 to set an example on the subject of intellectual property in the written press and digital media, by signing a dual-media agreement.

A-6 PROTECTING HEALTH AND SAFETY AT WORK

Information regarding this issue meets the NRE disclosure requirements concerning health and safety conditions.

The Group s business activities are mainly concentrated in the services sector, **where health and safety issues are of relatively limited importance**. The entities which comprise logistics and distribution activities have a relatively greater safety culture .

Nonetheless, in each of its divisions, Lagard•re implements a policy of reducing health and occupational risks through preventive action and training. The topics covered include the prevention of stress-related risks, and more generally malaise in the workplace. Awareness-raising programmes on this subject began in November 2006 and have continued ever since. In summer 2007, a questionnaire was sent to the employees of Lagard•re Ressources to assess the stress factor, and identify any at-risk populations and the main causes related to the work environment.

Three lines for action were then determined in 2008, at organisational, individual and managerial level. Training days run by a specialist organisation targeted managers in particular, teaching them to manage their own stress without generating more, and to identify stress in employees in order to help them.

To reduce the frequency and severity rates of work accidents[1], Lagard•re s various divisions conduct continuous prevention campaigns as appropriate to the specific nature and constraints of their business lines. In 2008, the frequency rate for the Group was 9.85 compared to 9.68 in 2007, and in France 16.82 compared to 13.34 in 2007. The severity rate of work accidents remained stable at 0.32 in 2008 for the Group compared to 0.31 in 2007 and 0.7 in France compared to 0.51 in 2007. Similarly, training in hygiene and safety is organised within the individual Group entities.

/// Frequency rate of work accidents, by division and by geographic area

1 per million	France	Rest of Europe	The Americas	Asia	Other	Total
Lagard•re Publishing	29.23	10.84	11.41	0.00	2.73	**16.49**
Lagard•re Active	5.24	1.77	0.63	0.00		**2.5**
Lagard•re Services	20.82	11.98	5.89	9.31	21.54	**13.52**
Lagard•re Sports	11.25	1.55				**4.39**
Other Activities	6.92					**6.92**
Total	16.82	6.95	6.82	2.6	14.75	**9.85**

/// Severity rate of work accidents, by division and by geographic area

1 per thousand	France	Rest of Europe	The Americas	Asia	Other	Total
Lagard•re Publishing	1.16	0.28	0.11	0.00	0.12	**0.51**
Lagard•re Active	0.14	0.04	0.00	0.00		**0.06**
Lagard•re Services	0.99	0.32	0.16	0.28	0.34	**0.47**
Lagard•re Sports	1.24	0.05				**0.40**
Other Activities	0.06					**0.06**
Total	0.70	0.18	0.11	0.08	0.26	**0.32**

(1) Frequency rate = (number of work accidents resulting in sick leave x 10^6): number of hours worked.
Severity rate = (number of days sick leave x 1,000): number of hours worked.

B) EXTERNAL RELATIONS

B-1 RELATIONS WITH SUBCONTRACTORS

This information meets the NRE disclosure requirements concerning relations with subcontractors.

The Group, which maintains close relations with its numerous subcontractors, responds to these issues in two ways.

First of all, for some time it has incorporated ethical, social and environmental criteria into relations with partners, in particular by drawing up a certain number of charters or codes of conduct speci c to its business entities.

Secondly, it conducts awareness-raising programmes for partners, and monitors their performance levels.

Incorporating the Group's ethical, social and environmental criteria into relations with our partners.

The criteria in the Sustainable Development Charter (see section I-A-2) concern, in particular:

- respect of the principles defended by the International Labour Organisation (including the prohibition of child labour and all forms of forced or compulsory labour);
- prohibition of illegal employment;
- anti-corruption measures;
- compliance with applicable social welfare regulations;
- existence of risk prevention measures for work safety;
- implementation of a labour policy based on a quality approach;
- respect of the fundamental principles of environmental protection;
- compliance with the environmental legislation in force;
- control of the environmental impact of business activities through the implementation of an environmental policy based on the principle of continuous improvement;
- promotion of the above principles to business partners;
- acceptance that Lagard•re may conduct audits in order to verify the application of the principles of this charter, by its own means or through the services of a third party.

At Lagard•re Publishing, a new charter (or code of conduct) was drawn up in 2007, covering the three components of Sustainable Development (labour, environmental and economic). As regards labour, this charter sets forth the respect of children s rights (in particular, the prohibition of child labour) and human rights (prohibition of all forms of forced labour and discrimination); it guarantees decent remuneration and satisfactory work conditions with respect to health and safety. As regards the environment, the charter obliges providers to respect the provisions of the environmental laws and regulations in force, in particular by prohibiting the use of dangerous or toxic products, adopting a responsible waste management policy and encouraging the use of recyclable paper. Lastly, the charter obliges all suppliers to measure the quality of their products or services, the integrity of their business practices and independence vis-ˆ-vis the employees and representatives of Lagard•re Publishing.

The publishers of Hachette Collections have issued a speci c code of conduct reaf rming the fundamental principles of human rights and children s rights to all suppliers and sub-contractors directly or indirectly involved in the book production processes. To this end, contracts signed with external service providers espressly state the enforceability of this code, so that the principles are binding on the suppliers and sub-contractors.

The Hachette Collections code stipulates that the publishing houses are entitled to verify that these principles are applied by their suppliers and subcontractors, and consequently may initiate compliance audits during the term of the contracts on the premises of suppliers and sub-contractors or on any of the suppliers and sub-contractors production sites. In the event of failure to respect the provisions of the code, sanctions including cancellation of the contract and nancial penalties may be applied against the defaulting party.

In Asia, audits were carried out by independent third parties, and follow-up inspections performed in 2006 led to ve suppliers being excluded. In 2007, four further follow-up inspections were performed, and a large number of initial audits were carried out in 2008. A third of these audits revealed compliance problems and required a follow-up inspection to verify that they had been dealt with effectively. The follow-up inspections of 2008 con rmed that problems had been corrected.

At Lagard•re Services, certain speci c Asian manufacturers supplying products sold in Europe also signed a charter undertaking to respect the same constraints. Audits are carried out each month to check that these requirements are met.

Supplier/partner awareness-raising and the monitoring of performance levels

The Press division regularly requires all its paper suppliers and printers to report their policy and environmental performances by means of questionnaires.

Paper suppliers are questioned about issues relating to environmental management, sustainable forest resource management, traceability of supplies, use of chlorine-free technology and production of paper incorporating recycled bres.

The printers are questioned on subjects such as health & safety policy, use of hazardous substances, emission of pollutants (particularly volatile organic compounds resulting from the evaporation of the solvents contained in certain inks) and waste management. Up until 2006, only French printers were questioned about their environmental performances; in 2007, the Press division extended printer performance monitoring to its principal subcontractors (in Italy, Spain, the United Kingdom, the USA and Russia), which represent approximately 65% of printing expenditure outside France.

Lagard•re Publishing conducts a policy of **promoting environmental and labour issues** to its paper suppliers and printers, in France and abroad, through a certi cation incentive scheme.

Lagard•re Publishing requires its partners to initiate action to obtain ISO 14001 environmental certi cation; to date, more than 95% of Lagard•re Publishing s paper suppliers are ISO 14001-certi ed (compared to 90% in 2006 and 80% in 2005).

In terms of **raising supplier awareness on employee issues,** Lagard•re Publishing s efforts initially focused on subcontractors operating in countries where social and environmental legislation is less strict than in Europe.

Outside Europe, 75% of Lagard•re Publishing s printers in Asia have already obtained OHSAS 18001 certification (a standard that is recognised worldwide for health, safety and working conditions) or have signed a framework agreement including a labour clause. These awareness-raising operations will be continued not only towards subcontractors outside Europe, but also with Lagard•re Publishing s European printers which currently handle 85% of the division s printing work. This fosters the continuous improvement of the environmental performances of printers working for Lagard•re Publishing, which regularly monitors subcontractors certi cation status. As a result of these awareness-raising operations, an increasing number of the Group s French and European printers have signed framework agreements comprising a labour clause, or have obtained labour-related certi cation: working conditions, health and safety, OHSAS 18001.

B-2 RELATIONS WITH SOCIETY IN GENERAL

Information regarding this issue meets the NRE disclosure requirements concerning vocational integration organisations, educational establishments, environmental protection organisations, consumer organisations and local populations. Some of the information is detailed in section 5-3-1-2 - A and other items are detailed in section 5-3-2-2 - B.

Regarding **vocational integration organisations**, one of the examples discussed elsewhere is *Nos quartiers ont des Talents*, (see 5-3-1-2 - A-3) which helps young people from dif cult areas to gain an initial foothold in the job market; another is the partnership concluded with the French Urban Ministry as part of the *Passerelle vers l'excellence* (Gateways to excellence) operation. (see 5-3-2-2 - C).

Regarding **educational establishments**, the Lagard•re Group works in partnership with several Universities to hire young people on alternate work/study contracts, and maintains close relations with the *Institut de Sciences Politiques* in Paris, with which it has run a number of joint programmes for several years (see 5-3-2-2 - C).

At Lagard•re Publishing, Hachette and Hatier are involved in *Savoir Livre*, an organisation which works with the French National Education authority and the Books and Reading Division of the Ministry of Culture, to encourage access to reading.

Regarding **environmental protection organisations**, in 2008 Lagard•re Services conducted a project in partnership with the WWF, which is also described in detail in section 5-3-2-3 - B.

The children s television channel Gulli, as part of the development of the *Gulli Ma planète* label (5-3-2-2 - B), has also established a partnership with an organisation called *Planète Urgence* (Planet Emergency).

C) ENVIRONMENTAL INFORMATION

C-1 MEASURING ONGOING ENVIRONMENTAL IMPACT

Lagard•re is a media corporation, with a highly diversi ed range of business activities mainly in the services sector, which tends to moderate the direct industrial and environmental risks[1]. Accordingly, certain NRE environmental disclosure requirements are more speci cally aimed at industry (disclosures on discharge into the air, water and soil , for example, or noise and smell pollution), and do not apply directly to the Group.

However, Lagard•re is well aware that its status as a media corporation in no way exempts it from sound environmental awareness, particularly related to its business sector and to the electronic equipment used by its readers, listeners, viewers and web surfers. These environmental concerns extend to all of the subsidiaries outside France. Lagard•re s long experience with paper, in particular, in partnership with suppliers and subcontractors who have also long been aware of the ecological impact of this raw material, has reinforced its vigilance - which it exercises for the bene t of its digital development (see section 5-3-2-3).

The Lagard•re Group uses paper, but also makes considerable use of transport, mainly due to its press distribution business activities. While the principal environmental issues for Lagard•re are essentially related to the lifecycles of the Group s publications (books, magazines and newspapers), streamlining of transport, monitoring of consumption levels and waste management are important constant concerns.

Carbon audits

Carbon audits are carried out to meet the NRE requirements concerning discharges.

In conformity with the commitments made in 2007, the Group has undertaken to measure its greenhouse gas emissions. Two subsidiaries, Lagard•re Active and Lagard•re Publishing, have launched a Carbon audit operation.

The results of these audits are currently being analysed.

In the last quarter of 2008, Lagard•re Active conducted a Carbon audit across its entire scope (in France and internationally) and for each of its media - Press, Radio, Television and Digital. Lagard•re Publishing also conducted an audit of its French-speaking scope, making Hachette Livre the rst French publisher to instigate the Carbon audit process.

These Carbon audits take an inventory of the carbon dioxide emissions generated by the Group s business activities, forming a benchmark for action to be undertaken from 2009 to improve the Group s carbon footprint. The exercises commenced at Lagard•re Services and Lagard•re Sports in 2008, which will be continued in 2009, have already been perceived as a very positive step by the employees of the different divisions. Sustainable Development is a subject that brings people together, particularly the young generation.

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*(1) A presentation of the **management of industrial and environmental risks** related to the Group's business activities is given in Chapter 3, section 3-3.*

LAGARDÈRE ACTIVE'S CARBON AUDIT

At the end of 2008, Lagard•re Active conducted a carbon audit across the full spectrum of its activities (Press, Radio, Television and Digital) in France and in the rest of the world, using the proprietary Bilan Carbone¨ method. The method, de ned by the French Environment and Energy Management Agency ADEME and applied with the assistance of the company Carbone 4, includes all actors involved in the production and consumption process. The results of the study are analysed medium by medium:

The carbon audit of the Press division examines carbon emissions from our own activity as publishers and advertising sales brokers, but also emissions by the paper mills, printers, binders and transporters for the magazines and newspapers manufactured, as well as those related to the publications end-of-life cycle. The study showed that greenhouse gas emissions for a magazine sold in France range from 500 to 600g CO_2 equivalent, approximately half of which is generated by the manufacturing process.

In terms of emission volumes, broadcasting-reception for television activity is markedly more emissive than programme production. One hour of television broadcasting-reception in France produces approximately 100 g CO_2 equivalent, approximately 2/3 of which are attributable to the television set (the TV activities scope comprises: Gulli, Canal J, TiJi, Filles TV, MCM, MCM POP, MCM TOP, Virgin 17 and Mezzo).

On the same principle as television, one hour of radio broadcasting-reception on a radio receiver in France emits approximately 35 g CO_2 equivalent, 75% of which is generated by the receiver.

The distribution and reception of one page viewed on the Internet in France generates emissions of approximately 7 g CO_2 equivalent, almost 75% of which is from the computers used.

In addition to the actual gures, the advantage of the Bilan Carbone¨ method lies in the volume of information gathered, which constitutes an initial benchmark. Lagard•re Active will be able to use this base to de ne areas for progress, pursue the action already initiated, particularly in the Press sector, and schedule new improvement plans. It will be possible for us to monitor and measure the effects produced by the actions taken over time, with a view to reducing the carbon emissions generated by our business activities.

HACHETTE LIVRE FRANCE'S CARBON AUDIT

The rst conclusions of Hachette Livre s carbon audit in France, conducted by the company Carbone 4, shows a global figure of **178,000 tonnes CO_2 equivalent per annum**. This figure, as a ratio to turnover, places Hachette Livre in the middle of the table in terms of emissivity, half-way between the service industry (lawyers, banking, etc.) and heavy industry (chemicals, metallurgy, etc.).

Lawyers, banking, etc.: 40 g CO_2 equivalent/€ of turnover
Equipment services, telecoms, luxury goods: 100 g
Hachette Livre: 235 g
Wine-growing: 285 g
Road transport, civil engineering, public works: 500 g
Heavy industry, chemicals: > 1,000 g

The CO_2 cost of a book emerges at around **1 kg CO_2 equivalent per copy sold**, which can be itemised as follows:
Paper: 435 g
Printing: 185 g
Freight: 265 g
Design/administration: 100 g

Note that the carbon audit of the book publishing sector in the United States, conducted by Green Press Initiative at the request of the publishers union, shows a carbon cost in the USA of 4 kg per book published. It should be observed that this audit includes emissions from retail distribution, which is not the case for the audit of Hachette Livre France.

Note also than an electronic book (e-book) would only become competitive in ecological terms if downloaded at least 80 times a year.

Phase II of Hachette Livre France s Sustainable Development approach will consist of identifying a priority area for improvement for each of these elds of investigation, xing quantitative objectives and a timetable for execution.

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Lagard•re Active and Lagard•re Publishing were therefore the first divisions of the Group to carry out a carbon audit. These operations were a fascinating experience for both divisions, involving a large number of employees. The carbon audit de nes a new benchmark for analysis and measurement, in which the unit of measurement is no longer the economic cost of each activity expressed in euros, but its ecological cost expressed in tonnes of carbon dioxide equivalent. This raises a whole series of concerns, calling into question the existing schemas, with the trade-offs between economic and environmental considerations that are the logical result of any sustainable development policy.

A carbon audit is evidently unsettling, for it forces us to ask questions we would otherwise never have asked and would have preferred not to ask. For precisely the same reason, it is a healthy exercise...

Anne Chéret – Director of the Sustainable Development Division of Lagardère Active
Ronald Blunden – Director of Communication and Chairman of the Sustainable Development Committee of Lagardère Publishing

The different certification processes

Information regarding this issue meets the NRE disclosure requirements concerning the environmental evaluation and certi cation of companies.

Lagard•re Publishing continued its efforts to encourage its partners to initiate action to obtain ISO 14001 environmental certi cation (see also section 5-3-1-2 - C-1 above). In 2007, more than 95% of Lagard•re Publishing s paper suppliers were already ISO 14001-certi ed (compared to 90% in 2006 and 80% in 2005).

The Group initiated action in 2007 to obtain ISO 14001 certi cation for operation of the La Croix Catelan site, which forms part of the premises of Lagard•re Paris Racing. This process continued in 2008, conducted by a steering committee (comprising the site, sports and technical services managers and the tennis and swimming coordinator) and with the support of control organisation APAVE.

In conformity with the norm s requirements, an environmental analysis was rst carried out. Eleven elds of activity were identi ed (catering, tennis courts, swimming pool, changing rooms, technical services, of ces, boiler house, park & garden maintenance, sanitation system, car park and roads). In these eleven elds, around sixty signi cant environmental impacts were noted. A more global analysis was also conducted on the sensitivity of the surrounding milieus: water, soil, noise, integration into the landscape, etc.

At the same time, an examination of the legal constraints applicable to the site was carried out, and it emerged that approximately 158 provisions of French environmental legislation could concern the site.

Once this work is completed, the management will define the environmental policy for the site, and establish an Environmental Management System (EMS) with several objectives:

- implementation of waste sorting and recycling,
- achievement of water and power savings,
- recycling of swimming pool water to water the parks and gardens,
- connecting the technical workshops to the sanitation networks,
- increasing wooded areas,
- thermal coverage of the 50m swimming pool,
- employee training,
- introduction of procedures.

An audit by a certi cation organisation is scheduled for the rst half of 2009.

Ecological initiatives for non-media activities

In addition to the policies aimed at enhancing control and reducing the environmental impact of its business activities, through its subsidiary Matra Manufacturing & Services, the Group became involved in 2006 in the development, manufacture and European distribution of electrically-driven vehicles (light electric bicycles and quadricycles). With the launch of STEP (*Système de Transport Électrique de Proximité*), an engine-driven system with an energy yield of 90%, almost double that of a thermal engine, the company has gone straight to the heart of ecological mobility, along three criteria: reliability, silence and respect of the environment. These electric bicycle, people carrier and light utility vehicle solutions change user behaviour and meet the needs of companies, local authorities, administrations and private individuals aware of the issues at stake for the planet.

C-2 COMMITMENTS THROUGHOUT PRODUCT LIFECYCLES

Lagard•re s environmental policy illustrates the Group s determination to take into account the impact of its business activities at all stages of product or service lifecycle. Lagard•re has introduced environmental concerns into discussions with paper manufacturers and printers, and as part of the same process, also monitors their environmental performance levels.

The commitments, objectives and concrete achievements in terms of the environment therefore concern:

1) Responsible paper management in production of the Group's magazines and books.

2) Streamlining the transport of books, magazines and newspapers.

3) Monitoring consumption levels and waste management.

Some of the information below meets the NRE disclosure requirements concerning the consumption of raw material resources, measures taken to limit damage to biological balance, natural milieus and protected animal and plant species.

C-2-1 Responsible paper management

This responsibility is effective from purchase of the paper through to management of returns, via all the manufacturing phases of the books, newspapers and magazines.

Responsible management of supplies

Increasing the supplies of paper originating from certified forests is an objective pursued by the book and magazine publishing sectors.

At Lagard•re Publishing, the proportion of paper manufactured with pulp made from wood taken from FSC or PEFC-certi ed sustainably managed forests has continued to increase, from 35% in 2005 to 50% in 2006, reaching 65% in 2007.

Similarly, 65% of the wood used by Lagard•re Active s suppliers comes from certi ed forests. It is interesting to compare the rates observed in the Group with those of certi ed forests on a global level (8%) or in Europe (55%).

CERTIFIED FORESTS

FSC (Forest Stewardship Council) forestry certi cation is a means of guaranteeing that the wood used in paper manufacture comes from responsibly managed forests. It aims to ensure that the manner and intensity of forest use will maintain their biological diversity, capacity for regeneration, vitality and ability to satisfy current and future ecological, economic and social needs that are relevant at local, national and global level. Certi cation also aims to ensure that the forests do not cause damage to other ecosystems.

The other benchmark forest certification programme is the PEFC (Program for Endorsement of Forest Certi cation); its endorsement is only authorised on condition that the printer is also certi ed. Printers who wish to take advantage of this label are inspected by an independent organisation which issues PEFC certi cation according to criteria concerning the traceability of the primary bre throughout the paper control chain, from the forester to the printer.

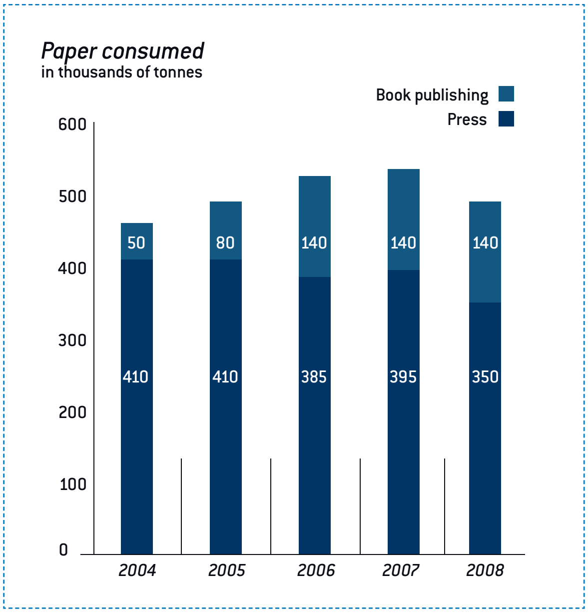
Lagard•re Active s main printer, which prints more than 50% of the paper for the magazines, obtained PEFC certi cation in 2008.

Furthermore, whenever possible the Lagard•re Group gives priority to the use of recycled bres for paper manufacture, in varying proportions depending on the quality of paper and type of printing required. Newsprint, which is a product with a relatively short life cycle, can be manufactured wholly from recycled bres. *Le Journal du Dimanche*, for example, will be printed on 100% recycled paper starting in 2009.

In the production of magazines and books, however, use of papers incorporating a large proportion of recycled bres is more dif cult, due to considerable disparities in recycled paper s capacity to withstand the thermal and mechanical constraints of industrial printing and, more generally, the intrinsic characteristics of this type of paper (longevity, surface nish, colour). Use of recycled paper thus remains low (approximately 2% in 2008).

Optimising paper use

In 2008, Lagard•re Active used 350 thousand tonnes of paper. The decline compared to the tonnage consumed in 2007 can be explained by the deconsolidation of the volumes of newsprint in France for the Daily Regional Press newspapers (*La Provence, Nice/Var Matin*), and the natural erosion of volumes consumed by the magazine press, particularly in the United States, Japan and Europe, a phenomenon that is not offset by the rise in consumption in Russia and China.



The Group has de ned a paper management policy for the manufacture of its books, magazines and newspapers, aimed at:

- reducing formats and grammages and converting certain titles to electronic format,
- limiting paper wastage during the manufacturing process,
- improving management of returns.

Reducing formats and grammages and converting certain titles to electronic format

In 2008, the Group s policy for reducing paper consumption in magazine publishing in France focused on the reduction of grammages rather than other techniques. Thanks to the continuous technological progress made by the paper industry, the magazine publishing division aims to use paper with lower grammages whenever quality allows. The grammage of the paper used for printing *Télé 7 Jours*, for instance, was reduced from 52 to 49 grammes between 2006 and 2007. In 2008, the decision was made to reduce it further from 49 to 45 grammes in January 2009. This reduction will bring down paper consumption and weight transported (from the paper mills to the subscriber, via the production/printing and binding processes) by approximately 700 tonnes annually and 30 lorries.

In addition to these efforts, from April 2009 the printing of the *Télé 7 Jours* advertising insert is being brought back to Corbeil in the Paris region from Mulhouse in eastern France, which means that each week, 60 tonnes (or 3,000 tonnes annually in 120 lorries) will no longer have to be transported 450 kilometres.

In total, incorporating the measures taken for 2009, the equivalent of 400 lorries over long distances will no longer be needed, and 900 tonnes of paper will be saved for the same volume of production.

To monitor the results of these policies, the Press division analyses the average weight per thousand pages indicator for a representative sample of titles[1]. In 2006, the list of titles in the sample was updated to incorporate changes in the representative value of the titles initially chosen. Based on this new sample of titles, under the combined effects of reducing paper grammages, downsizing formats and converting certain titles to electronic format only, paper consumption was reduced by approximately 1.8% between 2005 and 2007 based on identical print runs.

Because book and magazine readers have different expectations, this policy of smaller formats or reduced grammage cannot easily be applied in book publishing.

Limiting paper wastage during the manufacturing process

Within the Group, production and editorial management teams work in close collaboration with the printers to keep paper wastage to a strict minimum when printing. The rate of wastage corresponds to the percentage of paper lost in the course of the manufacturing process. It is calculated by comparing the quantity of paper used in the printing process with the quantity of paper delivered in the form of books or magazines, as the case may be.

(1) This sample represents almost 2/3 of the quantities of paper used by Hachette Filipacchi Associés, the company which prints the magazines produced in France by Lagardère Active.

These losses are inherent to the manufacturing process, and correspond particularly to paper discarded during the printing phase, when the machines are calibrated : (adjustment of the inks, alignment, etc.), or when the books or magazines are shaped, through trimming in the nal formatting of the work, or during binding and assembly. The rate of wastage varies greatly depending on the printing technology used (types of machine, colours) and on the number of books or magazines manufactured (print run).

Action taken by Lagardère Publishing

As part of the policy of optimising paper wastage in the division, the teams at Lagard•re Publishing determine the optimal technical choices and precisely calculate the quantity of paper to be allocated to the printer. Reducing wastage is one of the objectives set out in the guidelines and checklists of Lagard•re Publishing s Technical departments in France. Outside France, paper consumption is also subject to regular monitoring.

Regular reviews of material consumption and rates of wastage provide a basis for:

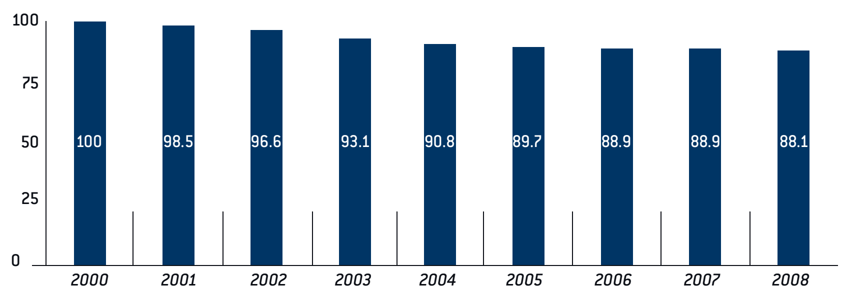
- validating selection of printers, printing techniques, types of paper, etc.,
- identi cation of new technologies that can be used,
- informing the editorial managers of more economical formats, thus allowing them to respond to market demands in the best possible conditions.

For France, an examination of changes in the global wastage rate shows the gains obtained by systematic tracking of paper consumption and the choice of more ef cient means of printing.

The rate of paper wastage during manufacture had already been reduced by more than 11% between 2000 and 2007 at Lagard•re Publishing in France, and the action undertaken in 2008 made it possible to continue the improvements achieved over the past seven years and achieve a reduction of almost 12%. This represents a decrease in paper wastage of several thousand tonnes a year compared to the situation in 2000, despite the reduction in average print runs designed to lower the number of unsold copies.

Outside France, this wastage rate indicator has not yet been consolidated via an information system.

Wastage rate for Hachette Livre France



The downward trend in book print runs could have an unfavourable impact on the rate of paper wastage, by increasing the calibrations required, but conversely, it is expected to have a favourable impact on the rate of returns, by limiting the initial number of copies printed. In response to these issues, whenever possible, Lagard•re Publishing uses digital printing methods for small print runs to eliminate wastage during calibration.

Action taken by Lagardère Active

As part of its policy to limit the rate of paper wastage, Lagard•re Active has taken a certain number of measures. For example:

- improving the rate of wastage, for the Production and Procurement Divisions of the Press sector in France, is a key factor in negotiations with the printers;
- for each magazine print run, in order to keep the rate of wastage to a minimum during the printing phase, the Press division determines the optimal choice of techniques and calculates the number of copies to be printed depending on sales statistics. On the basis of this data, precise print run instructions are given to the printer. A major success factor in this paper waste limiting policy is extensive printing press control procedures and optimisation of machine calibration (inking, size of paper cuts, unwrapping the paper reels on the unwinders, etc.);
- Lagard•re Active performs regular monitoring of consumption and new technical possibilities in order to provide editorial management with format optimisations, thus enabling them to meet market demands in the best possible conditions.

These measures have successfully reduced the global rate of wastage from magazine manufacture in France by more than 11.4% over the past seven years.

In 2008, Lagard•re Active achieved a reduction of some 2% in the wastage rate on the three titles acquired in 2008: *Psychologies*, *Art & Décoration* and *Maison & Travaux*, representing 100 tonnes of paper saved, and a further 0.3% reduction in the wastage rate for the printing of *Télé 7 jours*, the equivalent of 80 tonnes of paper saved.

Improving management of returns

The Group operates a two-level policy regarding returns:

- upstream, effective management of the rate of returns can reduce the number of copies manufactured, thereby reducing the consumption of paper and the number of copies to be destroyed;
- downstream, as copies returned are composed principally of paper, they should be suitable for reprocessing or recycling.

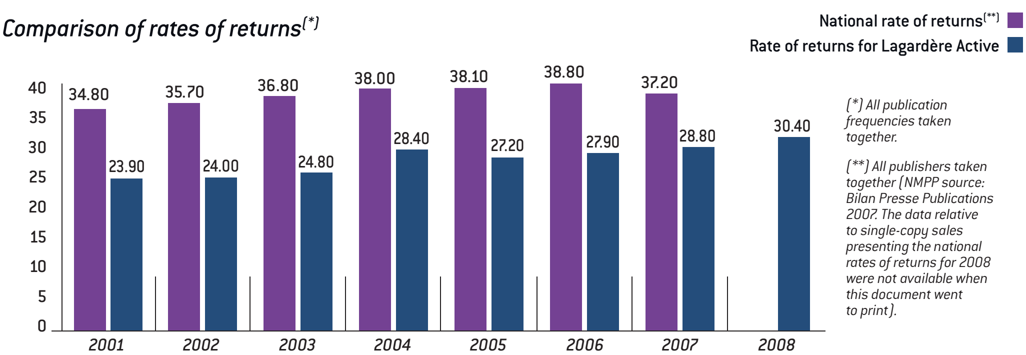
The Group's prevention policy

Proper adjustment of its returns is considered very important by Lagard•re Active. The management of sales and, consequently, of returns depends on how newspaper and magazine distribution is organised in each country. The action and performance levels of the Press division in France must therefore be analysed in view of the speci c characteristics of each system.

Optimising the adjustment (allocation of quantities of magazines to the sales outlets) in order to reduce the number of unsold copies is also central to Lagard•re Services distribution strategy.

To improve the management of returns, which are an inherent part of the sale-per-copy system, the French Press division makes regular adjustments to the volumes printed and delivered by means of specialised software used by the Sales Directors. Through these operations, the Press division in France (the location for half of its sales) has achieved rates of return well below national rates for more than ve years.

Comparison of rates of returns(*)



A comparison of the average rate of returns for each of the titles published by the division with the national rates of returns in the relevant press group or sub-group[1] shows that over the past ve years and for more than three quarters of titles, the adjustments operated by Lagard•re Active achieved average rates of returns that were signi cantly lower than the national average in their category. For the period from October 2007 to September 2008, almost 81.5% of the French Press division s publications had rates of returns lower than the national average in their category.

For books, it is much more dif cult to adjust quantities to be printed and delivered: each work is completely new and there is no reference base for estimating the number of copies which will be sold.

An awareness-raising programme for Lagard•re Publishing s publishers on the issues of optimising print runs was nonetheless implemented in 2007 and continued in 2008. A training session on ow management (prints-reprints) is also planned, to take place at a Hachette seminar in 2009.

(1) NMPP source: NMPP survey November 2008. Rates of returns for sale-per-copy vary significantly depending on the press group or sub-group. For example, the national rates of returns for the period between October 2007 and September 2008 were:
- *36.7% for the news and current affairs press,*
- *24.9% for women's weekly magazines,*
- *52.5% for the "Home" category,*
- *32.0% for the "automobile" category,*
- *19.5% for television magazines,*
- *59.6% for "parenting" magazines.*

The division's publishers must balance three factors, (the cost of "an extra thousand", the estimated rate of sale of the new copies or reprints, and the time required for reprinting), and continuously strive to optimise workflows.

Recycling of returns

In the press returns processing cycle, the press distributors collect the returns from the points of sale. Some publishers reclaim some or all of their returns, and the remaining unsold copies are destroyed. In France, on average, 90% of the returns generated by the press distribution system for newsstand sales are destroyed, and the remaining 10% are returned to the publishers at their request. Outside France, 100% of the unsold copies not returned to the publishers by Lagardère Services' distribution companies are recycled.

The express service company NMPP (the principal distributor for the Group's titles) hands over returns to collection firms throughout France, which undertake to recycle them.

The Group implements the same policy for processing returns outside France: the subsidiaries of Lagardère Services who work in non-French press distribution businesses send all returns to recycling companies for destruction. In 2007, these unsold copies represented an annual volume of 90,330 tonnes: 28,006 tonnes for SGEL, 15,231 tonnes for Lapker, 39,424 tonnes for AMP and 7,669 tonnes for Naville.

C-2-2 *Streamlining the transport of books, magazines and newspapers*

CO_2 emissions generated by transport activities contribute to global warming.

The Lagardère Group's policy includes discussion with subcontractors on how to reduce the environmental impact of transport for its books, magazines and newspapers, while at the same time meeting customers' demands in terms of deadlines. The Group directly influences the transport operations it manages, particularly through its activities as a wholesale distributor.

Rationalisation of transport during magazine manufacturing

The French Press division has defined a policy to rationalise the magazine production transport chain, with a view to reducing its economic and environmental impact.

Under this policy, the Press division requires that all its printers directly store the paper to be used in the manufacturing process rather than making use of a dedicated warehouse. This avoids the need to transport reels of paper between the storage warehouses and the printing workshops. The Press division also conducts regular discussions with subcontractors (particularly printers, express delivery services and the national post office) concerning rationalisation of the transport chain related to printing, binding, dispatching and distribution activities. For instance, one of the stated objectives is to concentrate a maximum number of magazine manufacturing operations on the same site, to limit the transport required between subcontractors.

Furthermore, as mentioned above in relation to the reduction of grammages, this leads to a reduction in the weight of paper to be transported, generating a considerable saving in the number of lorries required and therefore kilometres covered in the course of 2008. This trend should be significantly amplified in 2009.

Rationalisation of transport during distribution

A rigorous transport optimisation policy aimed at reducing the number of delivery rounds, and therefore the kilometres covered, has been implemented both in and outside France.

In France, in compliance with the regulations governing the magazine print media distribution system (the "Bichet law"), magazines are distributed either by the publisher, or by the express delivery cooperatives (Nouvelles Messageries de la Presse Parisienne or NMPP, Transport Presse, MLP). The significant reduction in the number of newsagents, the diversification of print media products and the drive to optimise costs all led NMPP (the principal distributor of the Group's magazines in France) to reform its distribution logistics a few years ago. This reorganisation made it possible to reduce the number of kilometres covered, thereby reducing fuel consumption and wear on vehicles. NMPP intends to repeat this optimisation process regularly.

Similarly, Lagardère Publishing outsources the distribution of books to transport firms which optimise the delivery rounds - and therefore the kilometres covered - in accordance with the constraints imposed by customers.

Outside France, although newspaper and magazine distribution is specific to each country, the Lagardère Group is actively involved in setting up a common approach to transport rationalisation. Certain Group subsidiaries act as wholesale press distributors (particularly SGEL in Spain, AMP in Belgium, Lapker in Hungary and Naville in Switzerland), and Lagardère Services regularly conducts studies to optimise delivery rounds. These optimisation studies have made it possible to reduce the number of kilometres covered. Their continued application is necessary: this ensures that all sales outlets can be supplied on time, with no significant variances from the optimum figures for kilometres covered and minimum transport time, even though the external environment is constantly changing.

TRANSPORT IS A MAJOR CONCERN FOR LAGARDÈRE SERVICES

The four principal wholesale distribution companies (MPA, SGEL, Lapker and Naville) together cover some 50 million kilometres a year to transport magazines from the printers to the sales outlets, mainly in lorries and vans.

Our companies are constantly striving to reduce the number of kilometres covered, through three types of action:

Optimisation of the delivery rounds to sales outlets from regional distribution centres (tertiary transport): speci c software programmes have been developed to draw up the best possible delivery schedules, taking into account the many constraints involved (opening hours, weight, stoppage time, average speed, etc.). Reductions in the number of kilometres of up to 10% have been achieved in this way.

Optimisation of the lorry load rate: centralisation of ows is used to reduce the number of lorries required for primary transport (from the printer to the national distribution centre) and secondary transport (from the national distribution centre to the regional distribution centre).

Optimisation of processing centre location: this also results in a reduction in the number of kilometres for secondary transport.

This work, by its very nature, requires repeated, continual application the parameters vary constantly over time and is absolutely necessary in order to keep Lagard•re Services carbon footprint to a minimum.

Frédéric Chevalier, Director of Strategy, Innovation and Sustainable Development - Lagardère Services

C-3 REDUCING CONSUMPTION LEVELS AND REVIEWING WASTE MANAGEMENT

The sites occupied by the Group s companies consume power and water and generate waste; some of Lagard•re s campaigns are aimed at controlling the impacts these sites have on the environment.

Monitoring the Group's consumption

The information contained in this section meets the NRE disclosure requirements concerning water and power consumption, the measures taken to improve energy ef ciency and the use made of renewable energy sources.

In 2006, the Group incorporated certain environmental data items concerning **water and energy consumption** into its nancial data consolidation system.

The data below for 2008 covers 100% of Lagard•re s consolidated subsidiaries, totalling almost 550 companies.

Consumption included in certain site overheads (representing a relatively small number compared to the number of companies consolidated) and not itemised is estimated according to the type of premises and the number of occupants concerned; to ensure consistency in the consolidated data, internal reinvoicing between consolidated companies has not been taken into account: the relevant data is entered once only, by the business unit that receives the invoice from the service company.

These units are distributed as follows:

for Lagard•re Services ______ on 18 sites
for Lagard•re Publishing ______ on 23 sites
for Lagard•re Active ______ on 27 sites
for Lagard•re Sports ______ on 1 site
for Lagard•re Ressources ______ on 2 sites
for Other Activities ______ on 5 sites

In 2008, the total electricity, gas, oil and water consumed by the Group amounted to approximately 183 GWh, 55.4 GWh, 2.4 million litres of oil and 700,934 m^3 of water respectively.

The notable increase in water consumption from 2007 can be explained by the integration of Lagard•re Paris Racing into the reporting scope.

		Lagardère Distribution	Lagardère Publishing	Lagardère Active	Lagardère Sports	Other Activities	Total
Electricity (KWh)	**2007**	117,413,576	39,981,922	62,970,027	787,500	4,544,042	**225,697,067**
	2008	92,223,016	42,758,875	41,269,705	514,536	6,140,698	**182,906,830**
Gas (KWh)	**2007**	20,533,435	22,623,687	5,804,301	NA	4,178,063	**53,139,486**
	2008	18,725,738	25,233,397	3,035,398	NA	8,419,294	**55,413,827**
Oil (litres)	**2007**	1,328,664	714,817	455,500	NA	22,738	**2,521,719**
	2008	1,341,838	692,674	405,239	NA	1,336	**2,441,087**
Water (m^3)	**2007**	405,239	91,160	86,161	3,750	5,559	**591,869**
	2008	377,632	71,202	61,491	NA	190,609	**700,934**

For 2008, the CO_2 emissions associated with the energy consumption levels presented above are the following[1]:

		Lagardère Distribution	Lagardère Publishing	Lagardère Active	Lagardère Sports	Other Activities	Total
CO_2 emissions in 2008	CO_2 from electricity (t)	32,554	15,003	14,582	181	2,334	**64,654**
	CO_2 from gas (t)	3,467	4,672	562	NA	42	**8,743**
	CO_2 from oil (t)	3,549	1,832	1,072	NA	1,559	**8,012**
	Total	**39,570**	**21,507**	**16,216**	**181**	**3,935**	**81,409**
Green energy (KWh)	**2007**	398,897	2,290,539	1,685,000	744,000	462,200	**5,580,636**
	2008	368,265	2,480,844	1,958,000	NA	2,475,100	**7,282,209**

The Group s consumption of energy generated by recycling of domestic waste and/or combined heat and power production (cogeneration) (Green energy table) amounted to almost 7.2 GWh in 2008 (5.6 GWh in 2007). This increase can be explained by the integration of Lagard•re Paris Racing.

As part of a **process of using renewable energy sources**, the premises housing the head of ces of the French Press division and Lagard•re Publishing, among the largest in the Group, are heated by Compagnie Parisienne de Chauffage Urbain (CPCU). 75% of the energy supplied by CPCU is produced through procedures that respect the environment: recycling of domestic waste and cogeneration, which are among the procedures that respect the environment most.

Hachette Livre s guidelines for heating and air-conditioning its Paris headquarters have been reviewed in order to reduce energy consumption. The programming of air conditioning units has also been adjusted to reduce water consumption.

Given the concern to reduce and/or optimise energy consumption, a global approach to Controlling Energy Expenditure (CEE) has been instigated in partnership with the Group s electricity supplier, with the aim of identifying all potential sources of energy savings, assessing the potential gains and implementing the corresponding action.

These audits were used to identify speci c areas for progress, and improvement operations have been (and will continue to be) implemented on the sites concerned. The majority of measures applied relate to:

- Lighting, chie y the use of low-energy consumption light bulbs or metal iodide lamps to replace existing lamps.
- Air conditioning or ventilation and heating, particularly the implementation of processes designed to reduce heat exchanges, as the Group s sites are principally tertiary service sites.

An example of this is the reduction of energy consumption at sales outlets through the implementation of a certain number of measures by Relais H and Aelia.

(1) The sources of the data used in the calculations are the following:
– International Energy Agency Data Services. 2006. "CO_2 Emissions from Fuel Combustion (2006 Edition)" for electricity emission factors.
– Decree dated 28 July 2005 relative to the verification and quantification of emissions declared within the framework of the greenhouse gas emissions quota exchange system (0.185t CO_2/MWh Higherheating value) and oil (3.15 t CO_2/t oil).

In 2008, initiatives continued to design the most eco-ef cient Relay stores possible, in particular reducing energy consumption, in three ways:

- by working on better insulation of the premises,
- by installing LEDs and T5 lightbulbs and promoting rational use of lighting,
- by installing new air conditioning systems and recycling the air.

Waste management

Information regarding this issue meets the NRE disclosure requirements concerning waste management.

The wide disparity in situations and local constraints leads the divisions to conduct local improvement operations, while making use of the Group s exchanges of best practices. The objectives pursued remain the same:

- reinforce volume tracking and waste sorting by type,
- improve downstream traceability, particularly with respect to the selected subcontractors, and
- reduce volumes and management costs, where possible.

As an example of this, as part of its environmental policy, Relais H has implemented a number of operations to handle the waste it produces: it reprocesses all items suitable for reuse in the network, in particular, certain items of metal furniture. In addition, since the end of 2006, Relais H has been giving out biodegradable carrier bags (excluding bags with an advertising message) made of cornstarch. This is a considerable environmental advance, since an average of more than 12 million bags of this kind are handed out to consumers each year.

- At Hachette Books Group, Green Teams exist, set up to suggest local initiatives to reduce energy consumption or the production of waste.
- At Hachette Livre in France, the contents of office wastepaper baskets is retrieved by a specialist company (*La Corbeille Bleue*) which processes and recycles waste. PCs, printers and computer screens from head of ce and the French subsidiaries are recovered by a company called *Atelier Bocage*, a subsidiary of the NGO Emma s, which recycles them.

Lastly, at Lagard•re Ressources in Paris, a programme of Sustainable Development initiatives (waste sorting, insulation, energy savings, etc.) has been instigated.

5-3-2 LAGARDERE, A MEDIA CORPORATION ENGAGED IN RESPONSIBLE CITIZENSHIP

Beyond compliance with the NRE provisions, which principally concern companies internal operations, Lagard•re is aware of the particular responsibility it has as a media corporation. It knows that the messages and information conveyed through its magazines, books, audiovisual productions, radio and television channels and websites have a strong intangible impact on society as a whole. Given this responsibility, the Lagard•re Group is committed to creating cultural and social bonds, promoting the values of Sustainable Development and harmonising digital innovation with ecological concerns.

5-3-2-1 COMMITTMENT TO CREATING SOCIAL AND CULTURAL BONDS

The business activities of Lagard•re constitute an essential vehicle for conveying ideas and cultural diversity. Given its extremely diverse customer base, Lagard•re SCA s principal commitment is to propose **responsible editorial contents** that satisfy society s expectations. The Group takes care to ensure that this content is also accessible to all audiences and that readers, listeners, viewers and web surfers can interact with the content producers.

Over and above this commitment, the Group intends to play an active role in advancing all debates on the constantly changing world of the media.

Finally, the Group intends to weave a **social fabric imbued with solidarity** with society as a whole, and more particularly with those who need it most.

This aim is principally reflected in the work of the Jean-Luc Lagard•re Foundation, Lagard•re Paris Racing and TeamLagard•re, but also through campaigns conducted by the Group s divisions.

A) COMMITMENT TO THE CUSTOMER: PROVIDING RESPONSIBLE CONTENT

As a global media player intent on satisfying expectations and curiosity, Lagard•re strives to **provide the public with a wide variety of contents** (political, historical, sports, environmental and social, etc.) **through various modes of production, distribution and consumption** (books, magazines, newspapers, websites, television channels, radio stations and production companies), **thereby facilitating access to culture and promoting diversity in opinions and ideas at a national and international level.**

The companies in the Lagard•re Active division are engaged in promoting responsible broadcasting: programmes are pre-viewed and articles to be published are re-read, providing vital security in a eld where consideration for audience sensitivity, particularly towards younger audiences, is essential.

A-1 DIVERSITY OF CONTENTS AND MEDIA

The Group s aim as a global player in the media is to provide its listeners, viewers, web surfers and readers with contents that meet their expectations in terms of quality and diversity.

Lagard•re Services, which runs an international network of almost 4,000 cultural product outlets, manages the promotion and distribution of newspapers and magazines in more than 20 countries.

Lagard•re Active s Audiovisual segment offers the public access to a variety of cultural contents:

Europe 1 was positioned in 2008 as a general interest, popular radio station, built around rigorous newscasting with considerable airtime for news events and discussions. A new radio station entirely dedicated to sport, Europe 1 sport, was added to Lagard•re Active s family of stations in 2008.

The Group s music radio stations (Virgin Radio and RFM in France and 23 mainly music radio stations outside France) and music TV channels promote diversity of artistic expression by broadcasting contents from a wide variety of different musical genres.

The Youth channels provide a wide range of genres (animation, drama, documentaries, etc.) in their programme grids. But each channel has its own distinctive identity: comedy on Canal J, early learning and discovery on Tiji, understanding others and culture on Gulli and entertainment on Filles TV.

The Group s Audiovisual production and distribution companies supply television channels with programme archives (drama, documentaries, animation) and programmes for immediate broadcast (features, light entertainment, prime-time). Their rich catalogue, comprising a total of approximately 14,000 hours of viewing, is composed of an extensive range of diverse editorial contents.

Lagard•re Publishing s historic vocation is to publish, sell and distribute high-quality innovative books which meet readers expectations in terms of knowledge, culture and entertainment.

With almost 240 titles published worldwide, the International Press division covers a wide range of press publications. Lagard•re Active added new subject areas to its palette in 2008 with the acquisition of *Psychologies Magazine*, *Maison & Travaux* and *Art & Décoration*.

Lastly, the autonomy and independence of the publishing houses at Lagard•re Publishing and Lagard•re Active contribute to the extensive range of editorial contents these two divisions produce.

A-2 VIGILANCE WITH RESPECT TO ADVERTISING

Advertising regulations in France became stricter in April 2008 when a charter of commitments and objectives for eco-responsible advertising was signed with the Ecology Ministry and the advertising regulation authority ARPP.

From now on, any advertisements that use a primary or secondary claim, indication or presentation, in any form whatsoever (...) that establishes a link between the brands, products, services or actions of an advertiser and respect of the environment , must be submitted for prior veri cation by ARPP before distribution. Out of a concern to respect this regulatory procedure, Lagard•re Publicit systematically consults ARPP before broadcasting any national campaign that involves such arguments.

In general terms, Lagard•re Publicit is committed to self-regulation of the advertising it sells. It makes sure that regulations are respected in terms of advertising, with the support of Lagard•re Active s Legal Division, which is in regular contact with the advertising brokers to provide advice (particularly concerning the domains of advertising that are subject to regulation).

In the same way, the Legal Division of Lagard•re Active answers any speci c questions from operational staff about the content of the advertising messages broadcast on all media (television, radio, magazine press and the Internet).

Each Chief Editor of a publication and Head of a television channel is responsible for questions of editorial ethics, in compliance with the regulations in force. All advertisements in sectors subject to regulation are systematically submitted to the Legal Division for approval.

A-3 CHILD PROTECTION

The Group s broadcasters make sure that the legislation and regulations in force are respected, as are the conventions signed with the French broadcasting authority (*Conseil supérieur de l'audiovisuel* - CSA). The Group s television channels are rigorous in applying the provisions of the CSA concerning the protection of minors.

Each of the Group s channels has signed a convention with the CSA stipulating the permitted broadcasting times of programmes depending on their classi cation.

- Certain programmes are also broadcast to inform and protect minors.
- The Youth channels are particularly attentive to journalism ethics and child protection, due to the age of the target audience.
- Gulli and Tiji have set up an ethics committee of experts and child specialists quali ed to give an opinion on the channels editorial lines and choices. Gulli has also set up a Gulli Observatory , intended to monitor the relationship between children and the screen, and in January 2008 organised a conference on the subject entitled Children and screens, who s consuming who? .

Also, the Gullibox, launched by the channel in July 2008, has a twin parental control function.

In all the programmes broadcast, the Management of the music radio stations monitors application of the principles of respect for the individual and protection of children and young people. It is particularly attentive to preventing unplanned events or statements that could be disturbing for young listeners.

The radio stations and advertising brokerage companies also intervene in favour of child protection by broadcasting advertisements and placing advertising banners for French children s charities.

On the Doctissimo website, a moderator s position dedicated to the protection of minors was created in 2007.

Lastly, Lagard•re Services expressed its desire to contribute to the protection of youth, as it has for a number of years, through the Relay store network s support of a number of child protection organisations (Unicef, Caritas, the Red Cross, etc.) in some ten countries simultaneously in 2008.

A-4 ETHICS IN THE EDITORIAL PROFESSIONS AND JOURNALISM

In the French Press division, an ethics charter (see B-2) is given to journalists when they join the Group. This charter contains a detailed de nition of the code of conduct applicable to journalists in all the editorial sections. The charter also defends self-regulation by the profession, and speaks out against threats of press censorship.

In the Audiovisual business, the General Management of the Europe 1 news and current affairs radio station is particularly attentive to application of the code of ethics for journalism, which guarantees the credibility of the company, as any infringement could severely jeopardise its business operations. The same vigilance is exercised by the General Management of the music radio stations, with regard to the Chief Editors of these radio stations.

Similarly, the production companies are attentive to the code of ethics for journalists right from the recruitment stage, making sure new recruits possess a press card or a diploma guaranteeing an ethical approach to the profession. In television, producers editorial choices are approved by the channels prior to broadcast, and audiovisual production companies are bound by contractual rules of ethics imposed by the CSA and the broadcasters.

A-5 CONTENT ACCESSIBILITY

Lagard•re Active is particularly attentive to the need to provide access to audiovisual contents for people who are deaf or hard of hearing.

Télé 7 Jours and *TV Hebdo* are campaigning to make television programmes accessible to the deaf or hard of hearing: these magazines have raised these issues with the channels and have also created signing to show the deaf and hard of hearing which programmes carry subtitles.

The channels in the Group s Television division implement subtitles under agreements with the CSA.

A-6 FOCUS ON OUR CUSTOMERS

Being attentive to the Group s television viewers, listeners, readers, web surfers and customers is a prerequisite for providing them with editorial contents that match their expectations. For this reason, the Group listens carefully to its customers opinions.

In France, the Relay sales outlets provide a freephone number for customer complaints, suggestions and remarks, and Relais H conducts regular customer opinion surveys. Focus groups are also organised, bringing together consumers for a better grasp of their expectations in different situations, for example in the metro.

The majority of Lagard•re Active s subsidiaries have set up their own customer relations system: in the past, this took the form of readers letters pages but more recently, blogs and forums have been set up.

The Group s radio stations and television channels also refer to the audience ratings compiled by M diam trie to measure the satisfaction of their listeners and viewers.

The websites (Doctissimo, Psychologies, Versions F mina, etc.) are also excellent communication channels. The Doctissimo forum, which is now the leading French-language forum with 150,000 messages posted each day, is a place to exchange opinions, share knowledge, support and mutual assistance.

B) COMMITMENT TO THE WORLD OF THE MEDIA: AN INFLUENTIAL SECTOR PLAYER

B-1 INVOLVEMENT IN UNION ORGANISATIONS AND THE MAJOR DEBATES ON THE SECTOR

The Group belongs to a large number of representative bodies in the media (press and book publishing unions), and actively participates in this capacity in negotiations between management structures and employee representative bodies in France.

Major reforms were instigated in the media sector in 2008, with a view to implementation in 2009. Lagard•re Active took part in the discussions prior to implementation of these reforms by the public authorities and members of the profession.

The *États Généraux de la Presse Écrite* the consultation held by the French government about the future of the written press saw four months of wide-ranging, in-depth discussions on the conditions for a return to growth by the French press sector, and developing a shared awareness of the urgent need for reforms. Lagard•re Active was actively engaged in this work, contributing to the exchange of ideas through written papers and contributions from its divisional representatives.

B-2 DEFENDING PRESS FREEDOM

With business activities generally focused on editorial content publishing, Lagard•re attaches particular importance to the freedom of the press and is actively involved in the combat for the right to inform and be informed.

In 2008, according to Reporters Sans Fronti•res (RSF), 60 journalists were killed and 139 imprisoned across the world.

At Lagard•re Services, for almost ten years the Relay chain in France has supported Reporters Sans Fronti•res (RSF) by selling the Association s annual photograph book in its stores, and transferring the proceeds entirely to the Association.

Other subsidiaries of the Group also support RSF: through donations, by allowing the use of their distribution network for promotion of the Association s work, or by allocating free advertising space.

Lagard•re s work in favour of press freedom also includes an involvement in organisations such as Presse-Libert , set up to defend and promote the freedom of the press. Another example is its partnership with *Visa pour l'image* , the international festival of photo journalism in Perpignan, which held its 20th edition in 2008.

B-3 PROMOTING YOUNG TALENTS IN THE WORLD OF THE PRESS

The *Bourse des Talents* (Talent Bursaries) (see below) are awarded each year by the Jean-Luc Lagard•re Foundation to young talents in the world of the press. This concerns three of the ten bursaries awarded by the Foundation, respectively for written press journalist , photographer , and documentary lm maker .

In 2008, the Elle Foundation (see below) struck up a partnership with the Jean-Luc Lagard•re Foundation. At the Talent Bursaries evening in December 2008, the editor of *Elle* awarded three young winners Anna Politkovska•a bursaries , named after the Russian journalist assassinated in 2006. The aim of this cooperation is to enable young women who live in countries where it is dif cult to exercise the profession of journalist to come and study at the Paris journalism school CFJ (*Centre de Formation des Journalistes*).

Within the Group s divisions, promotion of talent is also a constant value. The annual *Bourse Lauga* prize was awarded by Europe 1 in 2008 to a student journalist, who won a three-month placement in the radio station s newsroom.

C) COMMITMENT TO SOCIETY: STRONGER ENGAGEMENT LARGELY EMBODIED BY THE JEAN-LUC LAGARDÈRE FOUNDATION

The **Jean-Luc Lagardère Foundation** exists to implement the Group s commitment in the elds of culture and sport; its ambitions are to boost con dence, promote excellence and foster social cohesion.

But the Group is also engaged through its different subsidiaries (sometimes in partnership with the Foundation, sometimes independently) which are involved in sponsorship for a large number of cultural and sports events each year.

The *Les Femmes Version Fémina* prize, for example, in partnership with Cr dit Mutuel, is awarded every year to three unelected women who campaign at local level in France for the environment, solidarity, education or protection of the cultural heritage. The magazine *Paris Match* sponsors dozens of cultural events (exhibitions, operas, lms, and festivals).

At Lagard•re Sports, World Sport Group contributes to the Lebanese Education Fund. The Catella Swedish Open Tennis Tournament organised by PR Event is involved in cancer work, by fundraising during the tournament, and also contributes to a child protection programme through the organisation of a junior tennis tournament. Participants in Upsolut competitions are invited to make donations in favour of aid and education for children in Germany.

The Group s companies also provide support to a certain number of charitable organisations, with a social or humanitarian mission, in the form of:

nancial support (in 2008, the Group and its subsidiaries donated almost three million euros to various charities),

resources (through donations of advertising space in magazines, or advertising airtime on radio stations and television channels and through the Group s advertising brokers in France and abroad), and

donations of CDs and DVDs to the communications departments of several large hospitals and associations working with children in hospital.

The Group s commitment is also re ected in the actions of employees who, with the support of management, contribute to social re-integration projects, or action to help people in need.

Our commitment to women

Promoting the education, training and emancipation of girls and women all over the world is one of the objectives pursued by the Group, both through the editorial contents it produces and the events and partnerships it creates.

THE ELLE FOUNDATION

Created in December 2004, the Elle Foundation is an extension of the original idea behind the magazine: *“To support the advancement, the emancipation and the role of women in our society”*. It is simple and enlightening fact that of every 100 children who do not attend school in developing countries, 60 are girls. The Foundation supports innovative, sustainable initiatives promoting education for girls, social integration of women with no quali cations through vocational training, and bursaries for higher education for young women in dif cult nancial situations. In 2008, six new projects were initiated: one in France, in partnership with the *Maison des journalistes*, to help three journalists who are political refugees enter the French job market and ve outside France, in Chechnya, Palestine, China, India and Kenya. A programme in Algeria was also extended.

C-1 COMMITMENT TO CULTURE

Artistic creation

Every year since 1989 the **Jean-Luc Lagardère Foundation** has awarded Talent Bursaries to young talents in the world of culture and the media. To date, 166 winners in the categories of author, bookseller, press journalist, photographer, television script writer, lm producer, musician, digital designer, animator and documentary lm maker have received €3,865,000, of which €285,000 were awarded in 2008.

From July to December 2008, the Jean-Luc Lagard•re Foundation actively supported the European Cultural Season, organised under the auspices of Culture France during the French presidency of the European Union by the Foreign Affairs and Culture Ministers.

But it also reaf rmed its commitment to spotlighting new artists and making cultural products available to the widest possible audience, by extending its cultural sponsorship for projects such as the *Marathon des Mots* (Word marathon) and the Europavox Festival.

While there was a particularly strong European avour in 2008, the Foundation also continued to contribute to the international in uence of French culture outside Europe.

Regarding the promotion of young cultural and sporting talents to foster social cohesion, the Lagard•re Group, via the Jean-Luc Lagard•re Foundation, undertook a new initiative in 2008 alongside the Ministry for Urban development and other companies. The operation, called *Passerelle vers l’excellence* (Gateways to excellence), concerns young people from sensitive urban areas who have a passion for sports or music.

The Television division s musical channels have implemented new talent quotas via an agreement signed with the CSA.

Lastly, on the Internet, the website Fluctuat.net, which the Group acquired along with Doctissimo, also strives to promote emerging talents, in particular as partner of the Exprim collection at Sarbacane whose aim is to promote young talents from suburban areas who carry on the tradition of oral literature and story-telling.

"Alternative" education

In 2008, the Jean-Luc Lagard•re Foundation continued to contribute to the educational experiment conducted by the prestigious Institut d tudes Politiques de Paris (Sciences Po) in ve high schools in the underprivileged Seine-Saint-Denis *département*. This operation aims to test new teaching methods and place greater importance on sport and culture to counteract academic failure. The Foundation, which grants an annual subsidy, has created workshops for music, drama, digital creation and sport, run by the winners of the Talent Bursaries and experts from TeamLagard•re. In 2008 for example, one of the winners of the Digital Creation Talent Bursaries, a specialist in video games, organised a workshop on mobile phones.

Another partnership links the Lagard•re Group to Sciences Po, via the Foundation, TeamLagard•re and Lagard•re Paris Racing for a continuous training programme which enables young high-level athletes to pursue academic training in parallel to their sports training, to prepare for their future career transition. Launched in 2007 with 18 students, the programme continued in 2008 with the arrival of eight new athletes.

The training is appropriate to the rhythm and constraints of their sports career, with a foundation in general education and a choice of four specialisations: business, the media, voluntary organisations and international relations.

Promoting reading

Lagard•re Publishing makes a broad contribution to various activities for promoting reading across all the continents: literary competitions and prizes, reading and writing workshops, donations of books to vulnerable audiences, combating censorship, etc.

Among the new actions introduced in 2008, the most significant event was certainly the operation launched by Hachette Livre International, thanks to the Jean-Luc Lagard•re Foundation, to donate 100,000 copies of a new edition of the French dictionary *Dictionnaire Universel Francophone* for teachers in Madagascar, Benin, Burundi and Haiti in order to strengthen their usage and teaching of French.

Support for research

Principally oriented towards the digital eld and more broadly towards innovation, the Foundation s actions in support of research, which help to reduce the digital divide, will be detailed in the last section of this chapter (see 5-3-2-2 - B-2).

C-2 COMMITMENT IN THE WORLD OF SPORT

In terms of sport, the Lagard•re Group has two ambitions:

1) To make sport the best route to culture and knowledge, by developing its educational and citizenship dimensions.

2) To provide high-level athletes with the means to advance, promote their standing in society and broaden their career transition opportunities when they retire.

In addition to the operations Lagard•re conducts directly, which are described below, Lagard•re s subsidiaries are involved in a number of partnerships and sponsorships; in particular, the Group s radio stations and television channels enter into a large number of partnerships with sports federations each year through the events they organise.

Sport, a pathway to culture and knowledge

In 2008, a number of programmes focusing on sport and social cohesion were developed by the Jean-Luc Lagard•re Foundation. Among them, the Foundation strengthened its support to organisations such as:

Ping Attitude (run by Jean-Philippe Gatien).

Fête le Mur (run by Yannick Noah).

Rugby Spirit 93 in collaboration with the Centre National des Sports de la D fense (CNSD) sports centre and the prestigious Sciences Po political science school. This is a weekly sports workshop for high school pupils in Seine-Saint-Denis, run by trainers from the Ministry of Defence.

Boxing Beats in Aubervilliers, north of Paris, which combines sport and help with homework, and uses slam poetry to encourage young boxers to express themselves and nd their place in society.

The Foundation also gave support in 2008 to the F d ration Fran•aise du Sport Adapt (FFSA, an organisation promoting sports for the mentally-handicapped), by sponsoring the fashion show *À chacun son défilé* , an evening event during which twenty models, all FFSA members, took to the catwalk to present a collection of garments specially designed for mentally-handicapped people.

Support for high-level athletes

TeamLagardère: a training centre for high-level athletes combined with a sport research centre.

Founded in May 2005, TeamLagardère is in charge of an ambitious, innovative programme designed to favour high-level sports training. On a single site, the centre combines human skills and modern equipment for sports, research and medicine, in order to optimise a professional, rigorous approach to training and international competition.

All its teams work on the site of the **Paris Jean-Bouin Sports Club**[1] where they have developed a modern technical platform comprising training rooms and evaluation rooms, finalised in 2008.

TeamLagardère has adopted a Code of Conduct, which stipulates in its introduction that the company's prime objective is to promote sports and place human, material and financial resources at the service of sport. It is determined to pursue this objective while respecting the essential values of honesty, striving for excellence and recognition of the rewards of effort, and respect of physical integrity. Within the framework of this charter, TeamLagardère has deployed exemplary biological monitoring with the twofold aim of combating the use of performance-enhancing drugs and optimising training schedules to avoid overtraining.

In 2008, famous professional tennis players benefited from TeamLagardère's support and expertise, such as Richard Gasquet, Michaël Llodra, Paul-Henri Mathieu, Julien Benneteau, Nicolas Mahut, Alizé Cornet and Michaël Jeremiaz. All obtained their best ranking while with TeamLagardère. Particularly noteworthy was Alizé Cornet's progression from 300th position worldwide when she joined Team Lagardère to 16th position and the status of no.1 in France, and also Michael Jeremiaz's gold medal in the doubles at the Paralympic games in Beijing. TeamLagardère also supported a professional athletics group, including Martial Mbandjock who achieved the best French performance of the year in the 100m (10.06 sec) and Arnaud Assoumani, who won the gold medal for the long jump at the Paralympic games in Beijing.

In addition to these achievements, TeamLagardère extended its activities to include other disciplines, with priority for high-level athletes from the Lagardère Paris Racing club. In particular, it provided training and coaching in preparation for the Beijing Olympics for Laura Flessel (fencing) and Lucie Decosse (Judo).

In the course of the year, TeamLagardère's sponsors' circle *Club des Partenaires* also evolved. It now has three official sponsors: Sony, Lacoste and BMW, and the following companies as technical suppliers: Amer Sports France ("Suunto"), Babolat, Zimmer MedizinSyteme and Matsport.

Finally, TeamLagardère's scientific expertise centre initiated a research and development project with EADS, Lyons 1 University, Compiègne University of Technology and IMASSA (the Ministry of Defence) for the development of technological tools to promote sports performance and sport for health. These scientific programmes, and all the expert activities developed at TeamLagardère, show real market potential.

Lagardère Paris Racing Sports Club

On 1 September 2006, the Group was awarded the occupation and operating rights for La Croix Catelan sports centre, in compliance with the 20-year concession agreement signed with the City of Paris on 20 July 2006. La Croix Catelan sports centre was formerly operated by the non-profit organisation Racing Club de France (RCF).

In September 2006, the Group initially signed an agreement with RCF for the purpose of transferring the tennis and modern olympic decathlon activities attached to the La Croix Catelan sports centre.

At the end of 2006, in a second phase, the Group and RCF together drew up the general transfer rules applicable, from 1 January 2007, to RCF's other sports activities. At the same time, a 20-year lease running from 1 January 2007 was signed with RCF for the building housing the sports centre in Rue Eblé in Paris, where these activities mainly take place.

To oversee the integration of the La Croix Catelan and Rue Eblé sports centres, the Group founded a professional sports limited company (SASP) in 2006. This company is the holder of the occupation rights to the two centres, which it manages.

Also in 2006, the Group set up a non-profit organisation called "Lagardère Paris Racing", which hosts the various sports sections.

The development of La Croix Catelan site continued in 2008.

The sports and leisure highlights of 2008 were the following:

- The beginning of June was marked by the opening of natural grass tennis courts, making La Croix Catelan one of the very few sites in France to offer this playing surface. Use of the grass courts is primarily for high-level tennis players up to the Wimbledon tournament, and then accessible to all other players.

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(1) Lagardère set up an institutional partnership in 2004 with the Paris Jean-Bouin sports club, the non-profit organisation that holds the concession to operate the Paris Jean-Bouin stadium. The aim is to assist the hundred-year-old sports club, which has 3,000 members in six sports disciplines, in modernising and developing its sports activities, and make the Jean-Bouin stadium an active centre for animating and influencing sporting life in Paris.
The Mairie de Paris has decided to unilaterally cancel the public domain occupation agreement that bound the Paris Jean-Bouin Association and the city of Paris since 2004.

The 2nd edition of the Swimming Open also took place from 17 to 19 June on La Croix Catelan site and clearly provided good preparation for French swimmers, who were remarkably successful at the Olympic Games.

The third event in this period was the junior Lagard•re Trophy tournament (*Mondial Paris Cadets - Trophée Lagardère*) organised by the Paris Tennis League. It attracted around 350 players from some forty different countries across all the continents, enabling members of the site and visitors to watch tomorrow s champions.

The Olympic Games were the highlight of the 2008 sports year. 43 athletes from Lagard•re Paris Racing were selected for the games, and they won 11 medals - 7 Gold, 2 Silver and 2 Bronze. These excellent results (compared to the 4 medals expected) were facilitated by the work with TeamLagard•re.

In mid September, the Jean-Luc Lagard•re Trophy took place. This competition attracted tennis Legends from all over the world, including Stefan Edberg, the winner of the tournament, Sergi Bruguera, and Guy Forget, all competing on the tennis courts at La Croix Catelan. The spectators stands were full throughout the entire 4-day event.

5-3-2-2 CONVEYING SUSTAINABLE VALUES THROUGH MULTIPLE MEDIA

A) THROUGH IN-HOUSE AND EXTERNAL EVENTS ORGANISED BY ITS TEAMS

A-1 IN-HOUSE EVENTS AND CAMPAIGNS

The information in this section meets the NRE disclosure requirements concerning the employee information and training in environment-related issues.

Each entity independently manages its way of promoting Sustainable Development values and principles to employees. At Group level, in 2008 the intranet site opened a space dedicated to Sustainable Development, which will be improved in 2009.

Employee awareness-raising was also the subject of speci c programmes during the Sustainable Development week. At Lagard•re Ressources, for example, conferences, posters and exhibitions were organised, and a game devoted to the Sustainable Development issues was installed on the Group s intranet site.

Furthermore, all year round, any employee of the Group is entitled to request reimbursement of their subscription to the *Vélib* public bicycle rental scheme.

A-2 EXTERNAL EVENTS

The most important event was the colloquium organised by the Gulli television channel at the Senate in January 2009 on the theme of The Sustainable Development responsibility of the Media . Specialists such as photographer Yann Arthus-Bertrand and writer Erik Orsenna, experts, journalists, politicians such as the Secretary of State for Ecology and a representative from the Education Authority, non-pro t environmental organisations and family associations were able to discuss and exchange views on this major subject.

For the third consecutive year, the lm magazine *Première* sponsored the International festival of Environmental Films organised by the Regional Council of the Greater Paris Area from 19 to 25 November 2008, publishing and distributing 350,000 copies of the festival guide (on recycled paper).

B) THROUGH EDITORIAL CONTENT: BOOKS, MAGAZINES, TELEVISION AND RADIO PROGRAMMES, WEBSITES...

The Group aims to raise the general public s awareness of Sustainable Development issues through its editorial contents and distribution activity. Some of the contents produced and delivered (whether books, magazines, newspapers, websites, radio and television programmes or lm and television productions) deal with the subject of Sustainable Development, thus making the general public conscious of the related issues.

In book publishing, Lagard•re Publishing was particularly proli c on environmental questions in 2008: all of its publishing houses brought out educational and issue-based works. They include:

at Marabout, an Eco-citizen Guide, *À vous d'agir*, and *Trucs et astuces pour une maison écolo*;

at Pluriel, the French version of *Earth in the Balance: Ecology and the Human Spirit*, by Al Gore;

in the *Livre de Poche* collection, *La Planète en péril* by Jean-Marie Pelt;

at the *Éditions du Chêne* art books, *Maisons écolos*, etc.

In magazine publishing, the Group s magazines (particularly *Paris Match* and *Psychologies*) devoted a number of features and articles to Sustainable Development and health, generally from a prevention angle. Alcoholism, smoking and anorexia were also often covered.

In January 2008, ***Psychologies*** magazine created a section called *Vivre ensemble* (Living together), which covers questions to do with the environment, solidarity, online social networks and real-life social networks. Every month since July 2008, a page called *Psycho s'engage* (Psycho commits) has reported on individual actions by editorial board members to reduce their own impact on the environment.

Elle Déco magazine, ***Le Journal de la Maison*** and ***Maison & Travaux*** also devoted articles and features to Sustainable Development throughout 2008.

The audiovisual media were also proli c on the subject.
One important contribution is the daily Sustainable Development news broadcast every morning on Europe 1.

The Youth channels once more broadcast children s programmes concerning Sustainable Development.

GULLI MA PLANÈTE

In 2008, the free responsible channel for children and families took another step forward on the road to Sustainable Development by launching its **Gulli ma Planète** logo. Via this new label, Gulli broaches the dangers hanging over the future of the Earth and the consequences of these dangers, in its programmes, website and paper magazine.

On the channel s website, the name of the ecology section is Gulli ma Plan•te and speci c contents are developed on the subject of Sustainable Development, with possible links to the contents of the French Environment and Energy Management Agency, ADEME. A special Greenquizz has also been set up in partnership with the NGO Plan•te Urgence to allow children to take part in a vast reforestation programme, while learning about protecting the planet.

The Gulli magazine, The Mag , now regularly includes an eco-citizen feature article.

Lastly, the **Gulli ma Planète** label is associated with trade fairs, salons, festivals, cinema promotions, DVDs, books, etc.

The Group s production companies are also involved.

In 2008, Image et Compagnie, and Maximal Production, for example, produced several documentaries on climate change, health, prevention and nutrition.

The Psychologies.com and Doctissimo websites, which both have blogs and forums on Sustainable Development, regularly cover all these subjects in the form of feature articles and interviews.

The promotion of diversity is also a subject that meets the demands of Sustainable Development.

The musical channel Mezzo, which has 16.5 million subscribers in 39 countries watching 24/24, was actively involved in broadcasts highlighting the diversity of origins and cultures in 2008.

5-3-2-3 ACTIVELY CONTRIBUTING TO THE DIGITAL AND ECOLOGICAL REVOLUTION

Over the years, the Lagard•re Group has skilfully adapted to different modes of distribution of contents and met the changing expectations of consumers. Through the written press, books, television, radio, and websites, the Group is present on all the information distribution channels, successfully achieving a harmonious balance between activities that convey contrasting ecological images. Paper is perceived as an enemy of the environment, while digital activities appear to be environmentally-friendly due to the fact that they are dematerialised.

Of course, the situation is much more complex than it seems. Paper is undeniably more ecological than is often thought, and digital technologies less ecological than people claim.

The European paper industry has been taking action over a number of years to control its discharge and waste, limit its water consumption and greenhouse gas emissions, recycle water, certify forestry and create responsible labels.

Meanwhile, the rst studies carried out on the ecological impacts of digital infrastructures show that while they offer real opportunities for innovation, they do in fact have an impact on the environment.

Aware of this new concern, the Lagard•re Group intends to reconcile its determination to expand and innovate in digital information with the aim to be at the cutting edge of ecological responsibility.

A) AWARENESS OF THE ECOLOGICAL IMPACT OF DIGITAL INFRASTRUCTURES

A-1 CAREFUL CONSIDERATION OF THE FIRST DATA TO BE PUBLISHED ON THE SUBJECT

The Lagard•re Group takes an interest in the studies of the impact of digital infrastructures that are in circulation. For the purposes of its carbon audits (see page 96), it has also calculated the CO_2 emissions generated by one Internet page and the use of one e-reader. While all the indicators show that more resources are consumed in the production of machines than in their use, **Information and Communication Technologies** (ICT) also have an ecological footprint. In particular, recycling of the waste generated by components, some of which contain toxic substances requiring speci c treatment, must be taken into account.

Aware of the environmental issues related to the shift to digital, the Lagard•re Group intends to closely support the potential ecological progress of these digital infrastructures as they apply to the distribution of contents, and thereby gradually work towards a truly sustainable information society.

A-2 COMMITTED ANALYSIS TO REDUCE THE GROUP'S OWN FOOTPRINT

The new Sustainable Development Steering Committee initiated global discussions on this subject in the last quarter of 2008, and certain units have already incorporated the ecological issues inherent to digital infrastructures into their different actions. In 2009, all the teams working in the digital eld will be established on the same site (around 500 people): this is expected to give rise to new best practices on the subject. A vast programme to rationalise the installed base of printers, and raise employee awareness of sustainable development issues, was launched at the beginning of 2009, and will be extended to cover the entire scope of Lagard•re Active. Also in 2009, discussions on how to reduce the footprint of websites were initiated.

At Lagard•re Ressources, work is under way on workstation ergonomics, electricity consumption and heat dissipation by computing equipment. Telepresence remote communication technologies will be examined in 2009, in order to limit pollution-generating physical travel. Lastly, under its Green IT approach, the Lagard•re Group s information systems division now includes a Sustainable Development section in its calls for tender.

The television channel Gulli, which launched its *Gullibox* (DTT set-top box) with Metronic in 2008, ensured that as well as being packed in recyclable cardboard, the device is low-consumption and only consumes 1.5W on standby.

B) RECONCILING INNOVATION AND RESPONSIBILITY

The digital business has become a major strategic development line for the Lagard•re Group, with the merger of its press, radio, television and Internet activities at the end of 2006 to form Lagard•re Active, and the creation of a speci c digital division. The Group s Internet sales represented 1% of total sales in 2006 and 3% in 2007. In 2008, with 15.3 million unique visitors to its websites, Lagard•re Active had become the leading French media group on the web (February 2008, Nielsen Netratings).

The other divisions in the Group have also been very active. In 2008, Lagard•re Publishing acquired Numilog, a distributor of electronic books. Through this platform, Lagard•re also contributed to the launch of the Sony Reader, the rst digital book reader in the world. Approximately 2,000 Hachette titles were available in this format from its launch in October 2008. In May 2008, Hachette Livre also launched a free digital encyclopaedia that can accept contributions from users (encyclop die-larousse.fr).

In September 2008, Lagard•re Services digital newsstand was awarded the e-commerce Trophy for Technological Innovation. HDS Digital and WWF took their partnership a step further in April 2008 by launching the WWF unlimited eco-subscription , the rst xed-price subscription in the world allowing unlimited magazine downloads (€1 for each subscription taken out is paid to the WWF to support a forestry protection scheme in New Caledonia). At the end of 2008, this interactive site already had 200,000 subscribers with access to more than 500 titles (magazines, books, comic books) available to download.

B-1 DIGITAL TECHNOLOGIES, A PLATFORM SUITED TO SUSTAINABLE DEVELOPMENT

Digital technologies and ICT are perceived as impressive tools for Sustainable Development. In terms of democratisation and accessibility of knowledge, the transmission and distribution of information, and instructional and educational materials, these technologies are revolutionary vehicles at the service of participatory democracy and Sustainable Development.

Certain Lagard•re Active websites (in particular the Psychologies, Doctissimo and Gulli sites) already incorporate environmental and Sustainable Development concerns into their contents.

The Group s new Sustainable Development Division also has a weekly electronic information service that lists and highlights any initiatives (in-house or external) in the eld of Sustainable Development for interested employees.

B-2 THE LAGARDÈRE GROUP'S COMMITMENT TO REDUCING THE DIGITAL DIVIDE

The combat against the digital divide is also an issue that concerns the Lagard•re Group, as an operator both on the Internet, and on Digital Terrestrial Television (DTT) which will totally replace analogue television by 2011. On 4 February 2009, the channel Gulli actively participated in France s rst switchover from analogue television to all-digital television in Coulommiers, in the greater Paris area.

A major share of the research projects supported by the Jean-Luc Lagard•re Foundation contribute to reducing this divide.

In 2008, the Foundation became a sponsor of the music research institute Ircam (*Institut de recherche et de coordination acoustique/musique*), as the two organisations share the same determination to place digital culture at the heart of the artistic professions and develop digital arts . The Foundation also supports the Digital Pathway Program in France, a programme for training and access to employment in the digital domain, intended for young people from underprivileged housing areas.

The Jean-Luc Lagard•re Foundation also continued to nance a bursary in partnership with the Sup lec foundation in 2008, associated with a project called *The challenge of semantics in the digital age*.

As part of of the Young Talent bursaries awarded each year by the Foundation, in 2008 the Digital creator bursary was awarded to a project for the development of a multimedia information platform (similar to the rue89 website) on Cambodia and Cambodians, set up with a network of correspondents and digital support. The foundation also awarded a special prize for a project for the development of an Internet portal promoting audio books.

Lastly, the Jean-Luc Lagard•re Foundation also continued to support Red-Star Lab which, in conjunction with the legendary Red-Star football club of Saint-Ouen in the Paris area, has become a leading testbed for digital activities. By initiating young people from underprivileged housing estates in ICT, the Red-Star Lab contributes in its own way to reducing the digital divide.

Faced with the question of the ecological impact of digital infrastructures which has emerged recently for all actors in the sector, the Group has already demonstrated its capacity to anticipate, and will endeavour to give priority to the most environmentally-friendly technologies.

The innovation division (Polinn), set up in 2006, actively participates in discussions on digital matters. Discussions on safety will also be required in the coming years, given the massive-scale development of new digital and electromagnetic infrastructures.

In this eld as in its paper-related activities, the Lagard•re Group intends to strike a good balance between excellence and responsibility.

/// Table of reporting required by the NRE law

Labour topics *(Article R225-104 Commercial Code)*	**Sections in this chapter**
Total employee numbers, recruitments on permanent and temporary contracts, separations with reasons, overtime, external labour	5-3-1.2 - A-1
Workforce reduction and job protection plans, employee conversion schemes, rehire of employees made redundant and support measures	5-3-1-2 - A-1 & A-5
Organisation of working hours, working hours for full-time and part-time employees, absenteeism with reasons	5-3-1-2 - A-1
Pay and changes in pay, social security charges, pro t sharing and corporate savings schemes, sex equality	5-3-1-2 - A-2 & A-3
Relations between workforce and management and review of collective agreements	5-3-1-2 - A-5
Health and safety	5-3-1-2 - A-6
Training	5-3-1-2 - A-4
Employment and integration of disabled workers	5-3-1-2 - A-2
Employee bene ts	5-3-1-2 - A-5
Scale of subcontracting and the way the company promotes the ILO s fundamental principles to subcontractors	5-3-1-2 - B-1
The way the company takes into consideration the territorial impact of its business activities on employment and regional development	5-3-1-2 - A-5
Relations with society (associations for employee integration, environmental protection, consumers, educational establishments, etc)	5-3-1-2 - B-2

Environmental topics *(Article R225-105 Commercial Code)*	**Sections**
Consumption of water, raw materials and energy	5-3-1-2 - C-3
Measures taken to improve the energy ef ciency and use of renewable energies	5-3-1-2 -C-2 & C-3
Discharge, pollution and waste	5-3-1-2 - C-3
Measures taken to limit the impact on the biological balance	5-3-1-2 - C-1
Seeking company evaluation/certi cation	5-3-1-2 - C-1
Internal environmental management departments	5-3-1-1 - A
Employee information and training	5-3-1-1 - A-4 5-3-1-2 -A-4 & 5-3-2-2 - A-1
Resources dedicated to reducing environmental risks, organisation set up to cope with pollution incidents	3-6-1 & 7-4-3-2 - D-6
Amount of provisions and guarantees for environment-related risks	3-6-2
Amount of indemnities paid during the year in application of an environment-related court ruling	3-6-2
All information on the objectives the company assigns its foreign subsidiaries with regard to articles 1 to 6	5-3-1-2 - C-1

CHAPTER 6

Net assets
Financial position
Results

6 - 1 PER SHARE DATA AND DISTRIBUTION POLICY

6-1-1 PER SHARE DATA

	2008		2007		2006 restated [1]	
(in euros)	Basic	Diluted [2]	Basic	Diluted [2]	Basic	Diluted [2]
Profit attributable to holders of the parent, per share	4.62	4.62	4.03	3.99	2.13	2.09
Equity attributable to holders of the parent, per share	33.88	33.88	34.47	34.21	32.93	33.11
Cash flow from operations before change in working capital, per share	5.43	5.43	5.99	5.95	6.17	6.07
Market price at 31 December	29.00		51.29		61.00	
Dividend	1.30 [3]		1.30		1.20	

(1) Per share data for 2006 is based on 2006 results incorporating retrospective application of the equity method to jointly-controlled entities, and the recognition in equity of actuarial gains and losses on provisions for pension and similar obligations.

(2) Including the effect of dilutive stock options and free shares granted to employees.

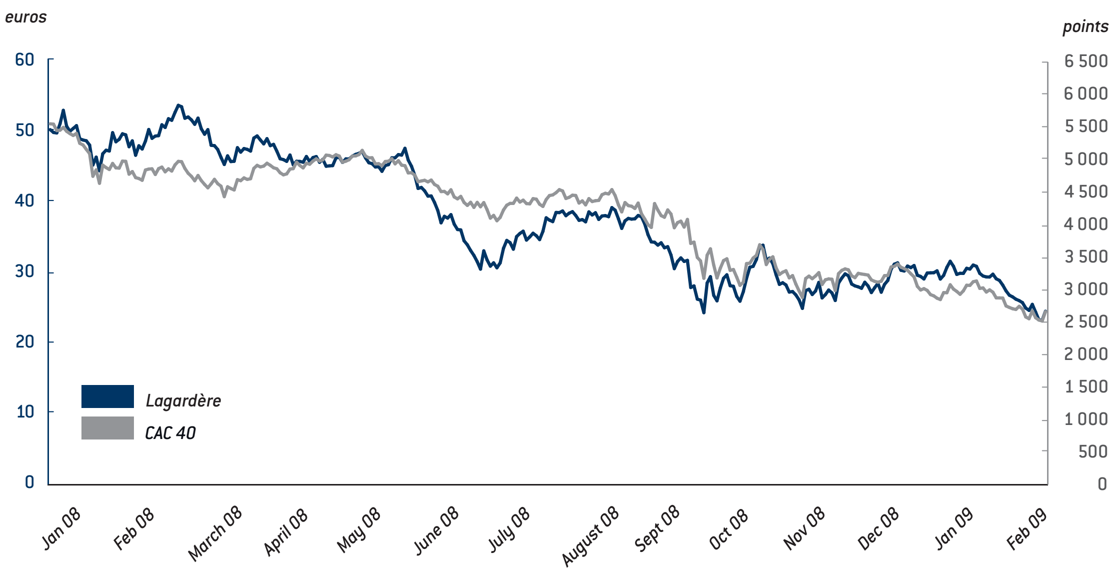
(3) Dividend to be approved by the Annual General Meeting of Shareholders on 28 April 2009.

6-1-2 DIVIDENDS PAID TO SHAREHOLDERS

Total dividends paid for the years 2005, 2006 and 2007 amounted to € 153.6 million, € 160.4 million and € 169.2 million respectively.

For the same years 2005, 2006 and 2007, total dividends accounted for 22.9%, 55.1% and 31.7% of net profit attributable to equity holders of the parent.

6-1-3 CHANGES IN CLOSING SHARE PRICES



6 - 2 ANALYSIS OF LAGARDÈRE SCA'S FINANCIAL POSITION AND RESULTS

6-2-1 GENERAL

	2008	2007
Net sales	**8,214**	**8,582**
Profit before finance costs and tax	**825**	**867**
Finance costs, net	(176)	(204)
Income tax expense	(22)	(99)
Net profit	**627**	**564**
Attributable to equity holders of the parent	*593*	*534*
Attributable to minority interests	*34*	*30*

The Lagard•re Group s consolidated nancial statements are prepared in compliance with International Financial Reporting Standards (IFRS), using the same accounting principles as those applied for the year ended 31 December 2007.

The Lagard•re Group s business is carried out through Lagard•re Media, through its holding in EADS, and through Other Activities , i.e. business not directly related to Lagard•re Media s operating divisions.

6-2-2 LAGARDÈRE MEDIA

Lagard•re Media includes the operations of Lagard•re Publishing, Lagard•re Active which comprises the Press and Audiovisual activities, Lagard•re Services, and since 2007, the new division Lagard•re Sports.

The major changes in this segment s structure during 2008 are described in note 4 to the consolidated financial statements.

Summarised statements of income and cash ows of Lagard•re Media are as follows:

/// Income statement

	2008	2007
Net sales	**8,214**	**8,582**
Recurring operating pro t before associates	657	636
Income from associates (*)	75	64
Non-recurring items	(466)	(201)
Amortization of acquisition-related intangible assets	(70)	(59)
– Fully consolidated companies	*(50)*	*(39)*
– Companies accounted for by the equity method	*(20)*	*(20)*
Profit before finance costs and tax	**196**	**440**
Finance costs, net	(189)	(145)
Profit before tax	**7**	**295**

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

/// Cash flows

	2008	2007
Cash ows from operations before changes in working capital	725	780
Changes in working capital	(122)	(5)
Cash flows from operations	**603**	**775**
Interest paid and received and income taxes paid	(424)	(375)
Net cash provided by operating activities	**179**	**400**
Cash used in investing activities	(703)	(1,373)
– Intangible assets and property, plant and equipment	*(220)*	*(218)*
– Investments	*(483)*	*(1,155)*
Proceeds from disposals	108	193
– Intangible assets and property, plant and equipment	*29*	*16*
– Investments	*79*	*177*
Decrease in short-term investments	8	57
Net cash used in investing activities	**(587)**	**(1,123)**
Total cash used in operating and investing activities	**(408)**	**(723)**
Capital employed (*)	**5,953**	**5,600**

(*) Non-current assets less non-current liabilities (excluding debt) and working capital requirement.

Income statement

2008 was marked by the progressive impact of the economic crisis, particularly in the second half-year.

Lagard•re Publishing had a good year, registering growth of +4.7% after adjustments for changes in group structure and exchange rates (+1.4% before adjustment, re ecting unfavourable foreign exchange effects). Sales growth was particularly strong in the US, driven by the popularity of Stephenie Meyer s novels. Illustrated books and Spain also achieved excellent results. These good performances more than compensate weak sales of literature in France and part-works.

There was a -7.9% downturn in business at Lagard•re Active following deconsolidation of the Daily Regional Press activities sold in late 2007. On a like-for-like basis, business grew by +0.4%.

The Press division (-0.3% on a like-for-like basis) withstood the fall in advertising sales thanks to performances by the emerging countries (China and Russia) and relative resilience in France and the UK. There was a pronounced business deterioration in the US, Spain and Japan.

Radio activities achieved satisfactory growth in France and Eastern Europe (despite a slowdown in these countries towards the end of the year).

Audiovisual activities expanded, chie y due to dynamic performances by the special interest TV channels.

2008 was a good year for Lagard•re Services (+4.8% on a like-for-like basis, -5.9% without adjustment, primarily re ecting the sale of the Virgin Stores group), despite a fall-off in growth in the nal quarter. Aelia, Relay and business in Eastern Europe all registered signi cant growth.

With sales of €444 million, Lagard•re Sports reported growth of +1.0% without adjustments for changes in group structure and exchange rates (but decreased by -5.2% on a like-for-like basis) due to the less favourable sporting events schedules in 2008. On a comparable basis excluding the effect of event scheduling, business continued to grow satisfactorily.

Lagard•re Media s sales for 2008 thus increased by +3.1% from 2007 on a like-for-like basis (but decreased by -4.3% without adjustments for changes in group structure and exchange rates). Changes in exchange rates (average rate over the year) had a negative impact of -€143 million, mainly due to the movements in the euro/US dollar and euro/pound sterling rates. Changes in group structure had a negative impact of -€467 million.

Recurring operating pro t before associates amounted to +€657 million, a rise of +€21 million or +3.3% from 2007 without adjustments for changes in group structure and exchange rates.

The following factors contributed:

- Lagard•re Publishing s recurring operating pro t rose by +€7 million despite the seriously negative -€11 million exchange rate effect associated with the weak US dollar and pound sterling. This increase results from considerable growth by Hachette Book Group in the US, and good performances for Spain (boosted by a school reform) and Larousse. These positive developments offset the fall-off in sales of General Literature in France, and part-works.
- Lagard•re Active s recurring operating pro t stood at +€209 million, -€5 million lower than in 2007. Results for the Press activities were down by -€23 million, chie y re ecting the declining results outside France, particularly in the US and Spain. Audiovisual operations, in contrast, registered a +€18 million increase in results.
- Lagard•re Services recurring operating pro t rose by +€11 million, principally distributed between business in Belgium, Spain, the US and Asia.
- Lagard•re Sports registered a +€8 million increase in its recurring operating pro t, largely attributable to the sound performance by recurring activities (including sports leagues and marketing for German clubs), and revenues generated by the Euro 2008 football tournament in a year adversely affected by the seasonal nature of sports events (no Rugby World Cup, no World Handball Championships, and fewer qualifying matches for the football federations).

Income from associates (excluding amortization of acquisition-related intangible assets and impairment losses) was +€75 million in 2008, an increase of +€11 million from 2007 mainly attributable to the contribution of Canal+ France, which amounted to +€52 million in 2008 compared to +€30 million in 2007. This contribution is presented before amortization of goodwill arising on the acquisition of this investment (-€20 million net of deferred taxes in 2008 and 2007).

Non-recurring/non-operating items included in the profit before finance costs and tax represented a net loss of -€536 million in 2008, compared to a net loss of -€260 million in 2007.

This loss essentially comprises the following components:

- €339 million of impairment losses on goodwill, property, plant and equipment and intangible assets, distributed between Lagard•re Active (€327 million), Lagard•re Publishing (€10 million) and Lagard•re Services (€2 million).
  At Lagard•re Active, impairment losses chie y concerned magazine titles published in the US (€248 million) after revision of forecasts for growth in advertising revenue on the American press market (particularly in the automobile and specialist magazine sector).
  At Lagard•re Publishing, impairment losses concerned the British subsidiary Octopus, re ecting the ongoing decline in the markets for co-editions of illustrated books and map publishing.
- €90 million of impairment losses booked against the investment in the magazine publisher Marie-Claire, accounted for by the equity method.
- €40 million of restructuring costs, €31 million of which concern Lagard•re Active for the cost-cutting plan in the Magazine Publishing and Audiovisual activities (€26 million and €5 million respectively).
- €70 million of amortization of acquisition-related intangible assets, including €45 million concerning the Sports division and €20 million against the contribution of Canal+ France.

As a result of the above items, pro t before nance costs and tax stood at +€196 million in 2008, €244 million lower than in 2007.

Cash flows

Cash ows from operations before change in working capital amounted to +€725 million, down by -€55 million from 2007. This decline includes an approximate amount of -€24 million in additional payments under the *Active 2009* restructuring plan.

Working capital increased by -€122 million in 2008 after a -€5 million increase in 2007. This trend is mainly explained by worsening customer payment terms, as well as signi cant writer advances paid in 2008.

Following the same trend as indebtedness and nancing costs, interest paid (net of interest received) amounted to -€186 million in 2008 compared to -€139 million in 2007. Taxes paid increased from -€237 million to -€238 million in 2008.

All these items generated net cash from operating activities of +€179 million in 2008, compared to +€400 million in 2007.

Purchases of property, plant and equipment and intangible assets, net of disposals, totalled €191 million in 2008, -€11 million lower than in 2007.

Purchases of investments in 2008 amounted to €483 million. The principal investments were the acquisitions of Doctissimo (€140 million), World Sport Group (€79 million), Editions Massin, Editions Albert Ren and non-Group interests in Psychologies Magazine and Lagard•re Active TV.

Disposals of investments amounted to €79 million including in particular the sale of the Virgin Stores group and various assets at Lagard•re Active and Lagard•re Services.

As a result, total cash of -€408 million was used in operating and investing activities in 2008, compared with -€723 million in 2007.

At 31 December 2008, capital employed totalled €5,953 million, up by +€353 million from 2007, largely as a result of the new investments purchased in 2008.

6-2-3 EADS

EADS has been accounted for by the equity method since 1 January 2007. On 25 June 2008, Lagard•re transferred 20,370,000 EADS shares or 2.5% of the capital of EADS to the holders of the Mandatory Exchangeable Bonds, in redemption of the second tranche of the bonds, which were issued in April 2006.

As a result, including the effect of other changes in EADS share capital during 2008, Lagard•re s holding in EADS was reduced from 12.51% at 31 December 2007 to 10.00% at 31 December 2008.

The share of pro t included in the consolidated income statement was based on a percentage interest of 12.51% for the rst half of 2008, and 10.00% for the second half of 2008. The +€466 million gain on the transfer was calculated on the basis of EADS consolidated equity at 30 June 2008.

EADS contribution to 2008 consolidated profit was +€171 million, after a negative contribution of -€44 million in 2007.

6-2-4 OTHER ACTIVITIES

Other Activities comprise those operations not directly related to one of Lagard•re Media s operating divisions.

/// Income statement

	2008	2007
Recurring operating pro t (loss)	(10)	
Non-recurring items	2	(1)
Profit (loss) before financial costs and tax	**(8)**	**(1)**
Net nancial income (loss)	13	(59)
Profit (loss) before tax	**5**	**(60)**

Other Activities recorded a recurring operating loss of -€10 million in 2008, after a nil contribution in 2007. The main factor in this variation was a gain recorded in 2007 resulting from settlement of a claim made in connection with Matra s former Transit Systems activity (the VAL contract in Taipei).

Net nancial income amounted to +€13 million, up by +€72 million from 2007, largely due to lower nancial expenses on the EADS Mandatory Exchangeable Bonds.

6-2-5 OVERVIEW OF CONSOLIDATED RESULTS

Pro t before tax of the Group s activities, and consolidated pro t for the year, are as follows:

	2008	2007
Lagard•re Media	7	295
Income (loss) from EADS (accounted for by the equity method)	171	(44)
Gain on sale of EADS shares	466	472
Other Activities	5	(60)
Profit before tax	**649**	**663**
Income tax expense	(22)	(99)
Consolidated profit for the year	**627**	**564**
Attributable to equity holders of the parent	*593*	*534*
Attributable to minority interests	*34*	*30*

6-2-6 CASH FLOWS

6-2-6-1 CONSOLIDATED CASH FLOW STATEMENT

In 2008, net cash from operating activities amounted to €198 million, €179 of which was attributable to Lagard•re Media and €19 million to Other Activities, including dividends of €12 million received from EADS.

Net cash of +€77 million was generated by investing activities in 2008, comprising -€587 million of funds used by Lagard•re Media and proceeds of +€664 million on the sale of shares in EADS.

Net cash of -€173 million was used in nancing activities in 2008, principally comprising the following:

- applications:
  - dividends paid (-€202 million);
  - redemption on maturity of the second tranche of EADS Mandatory Exchangeable Bonds (-€664 million), the 7-year US private placement notes issued in 2001 (-€169 million) and the structured loan of 2003 (-€70 million);
  - acquisition of treasury shares (-€102 million, net);
- sources:
  - a +€1,080 million drawing on the syndicated loan facility contracted in 2005.

As a result of the above cash ows, including the +€2 million cash effect of translation adjustments and reclassi ca-tions, cash and cash equivalents increased by +€104 million from 2007 to reach +€576 million at 31 December 2008.

6-2-6-2 NET INDEBTEDNESS

Net indebtedness is calculated as follows:

	31 December 2008	31 December 2007
Short-term investments and cash and cash equivalents	952	869
Non-current debt	(2,380)	(1,960)
Current debt	(1,191)	(1,479)
Net indebtedness	**(2,619)**	**(2,570)**
Including: EADS Mandatory Exchangeable Bonds	*(692)*	*(1,423)*

Changes during 2008 and 2007 were as follows:

	2008	2007
Net indebtedness at 1 January	**(2,570)**	**(2,045)**
Total cash from operating and investing activities	275	(56)
Acquisition of treasury shares	(102)	(337)
Dividends	(202)	(181)
Decrease in short-term investments	(8)	(14)
Change in put options granted to minority shareholders recognised in debt	59	(28)
Change in nancial liabilities following measurement at fair value	(101)	35
Effect on cash of changes in exchange rates, consolidation scope and other	30	56
Net indebtedness at 31 December	**(2,619)**	**(2,570)**

6 - 3 CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

/// Consolidated income statement for the year ended 31 December 2008

(in millions of euros)		2008	2007
Net sales	*(notes 5 et 6)*	8,214	8,582
Other income from ordinary activities		406	493
Revenues		**8,620**	**9,075**
Purchases and changes in inventories		(3,860)	(3,901)
Capitalised production		22	2
Production transferred to inventories		74	6
External charges		(2,392)	(2,518)
Payroll costs	*(note 7)*	(1,673)	(1,796)
Depreciation and amortization other than on acquisition-related intangible assets		(151)	(164)
Amortization of acquisition-related intangible assets		(50)	(39)
Restructuring costs	*(note 8)*	(40)	(92)
Gains (losses) on disposals of assets	*(note 9)*	471	565
Impairment losses on goodwill, property, plant and equipment and intangible assets	*(note 10)*	(339)	(203)
Other operating income (expenses)	*(note 11)*	7	(68)
Income from associates	*(note 18)*	136	
Profit before finance costs and tax	*(note 5)*	**825**	**867**
Financial income	*(note 12)*	39	59
Financial expenses	*(note 12)*	(215)	(263)
Profit before tax		**649**	**663**
Income tax expense	*(note 13)*	(22)	(99)
Profit for the year		**627**	**564**
Attributable to equity holders of the parent		593	534
Attributable to minority interests	*(note 25)*	34	30
Basic earnings per share attributable to equity holders of the parent	*(note 14)*	*4.62*	*4.03*
Diluted earnings per share attributable to equity holders of the parent	*(note 14)*	*4.62*	*3.99*

/// Consolidated cash flow statement for the year ended 31 December 2008

(in millions of euros)		2008	2007
Profit for the year		**627**	**564**
Income tax expense		22	99
Finance costs, net		176	204
Profit before finance costs and tax		**825**	**867**
Depreciation and amortization expense		201	203
Impairment losses, provision expense and other non-cash items		262	271
Gains on disposals of assets		(471)	(565)
Dividends received from associates		30	19
Income from associates		(136)	
Changes in working capital		(141)	(23)
Cash flows from operations		**570**	**772**
Interest paid		(228)	(242)
Interest received		34	39
Income taxes paid		(178)	(140)
Net cash provided by operating activities	**(A)**	**198**	**429**
Cash used in investing activities			
Purchases of intangible assets and property, plant and equipment		(225)	(227)
Purchases of investments		(474)	(1,227)
Cash acquired through acquisitions		15	103
Purchases of other non-current assets		(25)	(38)
Total cash used in investing activities	**(B)**	**(709)**	**(1,389)**
Cash from investing activities			
Proceeds from disposals of non-current assets			
Intangible assets and property, plant and equipment		34	33
Investments		694	859
Cash transferred on disposals		34	(37)
Decrease in other non-current assets		16	35
Total cash from investing activities	**(C)**	**778**	**890**
Decrease in short-term investments	**(D)**	8	14
Net cash provided by (used in) investing activities	**(E) = (B)+(C)+(D)**	**77**	**(485)**
Total cash provided by (used in) operating and investing activities	**(F) = (A)+(E)**	**275**	**(56)**
Capital transactions			
Proceeds from capital increase by the parent			
Change in minority interests in capital increases by subsidiaries			7
Change in treasury shares		(102)	(337)
Dividends paid to equity holders of the parent [*]		(174)	(163)
Dividends paid to minority shareholders of subsidiaries		(28)	(18)
Financing transactions			
Increase in debt		1,113	623
Decrease in debt		(982)	(760)
Net cash used in financing activities	**(G)**	**(173)**	**(648)**
Other movements			
Effect on cash of changes in exchange rates		(1)	16
Effect on cash of other movements		3	(11)
Total other movements	**(H)**	**2**	**5**
Change in net cash and cash equivalents	**(I) = (F)+(G)+(H)**	**104**	**(699)**
Cash and cash equivalents at beginning of the year		**472**	**1,171**
Cash and cash equivalents at end of the year	*(note 24)*	**576**	**472**

(*) Including the portion of net profit paid to the general partners.

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/// Consolidated balance sheet at 31 December 2008

ASSETS *(in millions of euros)*		31 December 2008	31 December 2007
Intangible assets	*(note 16)*	1,340	1,428
Goodwill	*(note 15)*	2,980	2,975
Property, plant and equipment	*(note 17)*	636	640
Investments in associates	*(note 18)*	2,443	2,847
Other non-current assets	*(note 19)*	202	205
Deferred tax assets	*(note 13)*	203	166
Total non-current assets		**7,804**	**8,261**
Inventories	*(note 20)*	551	529
Trade receivables	*(note 21)*	1,647	1,585
Other current assets	*(note 22)*	1,377	1,306
Short-term investments	*(note 23)*	117	136
Cash and cash equivalents	*(note 24)*	835	733
Total current assets		**4,527**	**4,289**
Assets held for sale	*(note 31)*		229
Total assets		**12,331**	**12,779**

/// Consolidated balance sheet at 31 December 2008

EQUITY AND LIABILITIES *(in millions of euros)*		**31 December 2008**	**31 December 2007**
Share capital		800	818
Reserves		2,962	3,222
Pro t attributable to equity holders of the parent		593	534
Minority interests	*(note 25)*	91	85
Total equity	*(note 25)*	**4,446**	**4,659**
Provisions for employee bene t and similar obligations	*(note 26)*	94	103
Non-current provisions for contingencies and losses	*(note 26)*	189	200
Non-current debt	*(note 27)*	2,380	1,960
Other non-current liabilities	*(note 30)*	252	193
Deferred tax liabilities	*(note 13)*	243	340
Total non-current liabilities		**3,158**	**2,796**
Current provisions for contingencies and losses	*(note 26)*	336	432
Current debt	*(note 27)*	1,191	1,479
Trade payables		1,845	1,849
Other current liabilities	*(note 30)*	1,355	1,405
Total current liabilities		**4,727**	**5,165**
Liabilities associated with assets held for sale	*(note 31)*		159
Total equity and liabilities		**12,331**	**12,779**

/// Consolidated statement of recognised income and expenses

(in millions of euros)	Other reserves	Translation reserve	Valuation reserve	Minority interests	Equity
Net profit for 2007	**534**			**30**	**564**
Currency translation adjustments		(161)		(3)	(164)
Change in fair value of:					
Derivative nancial instruments			86		86
Investments in non-consolidated companies			(4)		(4)
Actuarial gains and losses on pension and similar obligations	63				63
Income and expenses recognised directly in equity	**63**	**(161)**	**82**	**(3)**	**(19)**
Total recognised income and expenses for 2007	**597**	**(161)**	**82**	**27**	**545**

(in millions of euros)	Other reserves	Translation reserve	Valuation reserve	Minority interests	Equity
Net profit for 2008	**593**			**34**	**627**
Currency translation adjustments		(89)			(89)
Change in fair value of:					
Derivative nancial instruments			(379)		(379)
Investments in non-consolidated companies			(66)		(66)
Actuarial gains and losses on pension and similar obligations	(29)				(29)
Income and expenses recognised directly in equity	**(29)**	**(89)**	**(445)**		**(563)**
Total recognised income and expenses for 2008	**564**	**(89)**	**(445)**	**34**	**64**

/// Consolidated statement of changes in equity for the year ended 31 December 2008

(in millions of euros)	Share capital	Share premiums	Other reserves	Treasury shares	Translation reserve	Valuation reserve	Minority interests	Equity
At 1 January 2007	**870**	**1,460**	**1,720**	**(408)**	**97**	**771**	**100**	**4,610**
Profit for the year			534				30	564
Income and expenses recognised directly in equity			63		(161)	82	(3)	(19)
Total recognised income and expenses [1]			**597**		**(161)**	**82**	**27**	**545**
Dividends			(163)				(18)	(181)
Capital reduction by the parent [2]	(52)	(438)		490				0
Capital increase attributable to minority interests							3	3
Changes in treasury shares				(328)				(328)
Share-based payments			37					37
Changes in consolidation scope and other							(27)	(27)
At 31 December 2007	**818**	**1,022**	**2,191**	**(246)**	**(64)**	**853**	**85**	**4,659**
Profit for the year			593				34	627
Income and expenses recognised directly in equity			(29)		(89)	(445)		(563)
Total recognised income and expenses [1]			**564**		**(89)**	**(445)**	**34**	**64**
Dividends			(174)				(28)	(202)
Capital reduction by the parent [2]	(18)	(122)		140				0
Capital increase attributable to minority interests								0
Changes in treasury shares				(102)				(102)
Share-based payments			27					27
Changes in consolidation scope and other								0
At 31 December 2008	**800**	**900**	**2,608**	**(208)**	**(153)**	**408**	**91**	**4,446**

(1) See details on previous page.
(2) Capital reduction by cancellation of treasury shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – SUMMARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(all figures are expressed in millions of euros)

Note 1 ACCOUNTING PRINCIPLES

In application of European Commission regulation 1606/2002 of 19 July 2002, the consolidated nancial statements of the Lagard•re Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

All IFRS standards and interpretations of the International Financial Reporting Interpretation Committee (IFRIC) endorsed by the European Union for application at 31 December 2008 are applied. They can be consulted on the European Commission website at: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

The Group has not elected for early application in 2008 of standards and interpretations which will be applicable after 2008.

The consolidated nancial statements at 31 December 2008 have been prepared under the same accounting principles as those applied for the year ended 31 December 2007.

The following amendments to accounting standards became mandatory for the rst time in 2008:
Amendments to IAS 39 and IFRS 7 Reclassi cation of nancial assets

Application of these amendments in 2008 had no material impact on the consolidated nancial statements

The main standards, revised standards and interpretations released by the IASB that are likely to concern Lagard•re but will be applicable after 2008 are:
Revised IAS 1 - Presentation of Financial Statements
Revised IAS 23 - Borrowing Costs
Revised IAS 27 - Consolidated and Separate Financial statements
Amendments to IAS 32 and IAS 1 - Puttable Instruments and Obligations Arising on Liquidation
Amendment to IAS 39 - Financial instruments - Eligible hedged items
Amendments to IFRS 1 and IAS 27 - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to IFRS 2 - Vesting Conditions and Cancellations
Revised IFRS 3 - Business Combinations
IFRS 8 Operating Segments
IFRIC 11 - IFRS 2: Group and Treasury Share Transactions
IFRIC 13 - Customer Loyalty Programmes
IFRIC 14 - IAS 19: The Limit on a De ned Bene t Asset, Minimum Funding Requirements and their Interaction
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation
IFRIC 17 - Distributions of Non-Cash Assets to Owners

The revisions to IFRS 3 and IAS 27 introduce substantial modifications in the accounting principles for business combinations, which will apply prospectively to transactions undertaken from 1 January 2010. The Group does not anticipate that application of the other standards, revisions and interpretations mentioned above will have any material impact.

Measurement principles

The nancial statements have been prepared using the historical cost model, except for certain nancial assets and liabilities which have been measured at fair value.

Use of estimates and judgements

The preparation of the nancial statements requires the use of estimates and assumptions to determine the value of assets and liabilities and contingent amounts at year-end, and the value of income and expenses for the year.

Management reviews these estimates and assumptions at regular intervals, based on past experience and various other factors considered as reasonable, which form the basis of its assessment of the carrying amount of assets and liabilities. Actual amounts may differ from these estimates, due to changes in assumptions or other conditions.

Note 2 SCOPE AND METHODS OF CONSOLIDATION

2-1 SCOPE OF CONSOLIDATION

The consolidated nancial statements include the nancial statements of the parent company and the subsidiaries under its control, jointly-controlled entities (joint ventures) and entities in which the Group has signi cant in uence in management and nancial policy (associates), which are consolidated by the methods described below. Signi cant in uence is assumed to be exercised when the Group holds, directly or indirectly, 20% or more of the capital.

2-2 CONSOLIDATION METHODS

The consolidation methods used are as follows:

- **Full consolidation** All subsidiaries controlled by Lagard•re are fully consolidated. Control is the power to govern the nancial and operating policies of an entity. The full consolidation method consists of combining the nancial statements of the parent and its subsidiaries line by line and recognising minority interests in the net assets of each subsidiary on a separate line in equity.
- **Equity method** Joint ventures and associates are accounted for by the equity method. Under the equity method, the investment is initially recognised at cost and is adjusted thereafter for the post-acquisition change in the Group s share of the entity s net assets.

A list of consolidated companies is provided in note 36.

2-3 CLOSING DATES

The nancial statements of all consolidated subsidiaries were closed at 31 December.

2-4 TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The nancial statements of foreign subsidiaries are translated into euros as follows:

Balance sheet items are translated using of cial year-end exchange rates,

Income statement items are translated using average exchange rates for the year.

The resulting exchange differences are recognised as a separate component of equity, under Translation reserve .

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries are considered as assets and liabilities of the subsidiary concerned. They are therefore measured in the subsidiary s functional currency and translated at the year-end exchange rate. When a foreign subsidiary is sold, cumulative exchange differences recognised in equity are reclassi ed into pro t.

2-5 INTRA-GROUP BALANCES AND TRANSACTIONS

Intra-group balances and transactions are eliminated on consolidation. Impairment losses deducted from the carrying amount of investments in and receivables from consolidated companies are cancelled by adjusting equity, and movements for the year are neutralised in the income statement.

Note 3 ACCOUNTING PRINCIPLES AND VALUATION METHODS

3-1 NET SALES

Revenue from sales of goods and services is recognised when title is transferred to the buyer or the service is rendered.

Purchases and sales corresponding to exchanges of goods or services of a similar nature and value are eliminated on consolidation and do not therefore appear in the income statement.

Revenues from magazine sales (Press division) and sales of part-books (Publishing division) are stated net of distribution fees.

For sales of advertising space, national press distribution (Curtis at Lagard•re Services) and sports rights contracts when Group entities act as agents only, revenues consist solely of the fees received.

3-2 OPERATING LEASES

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

3-3 PERFORMANCE INDICATORS USED BY THE GROUP

The Group uses as its main performance indicator recurring operating pro t before associates, which is calculated as follows:

• **Profit before finance costs and tax**

Items to be excluded:

Gains or losses on disposals of assets

Impairment losses on goodwill, property, plant and equipment and intangible assets

Restructuring costs

Amortization of acquisition-related intangible assets
(fully consolidated companies and entities accounted for by the equity method)

= Recurring operating profit

Less:

Income from associates before amortization of acquisition-related intangible assets and impairment losses

= Recurring operating profit before associates

Pro t before nance costs and tax includes amortization of certain intangible assets with nite lives, which resulted from allocation of the acquisition costs of the business combinations that took place during the year. The Group has decided to neutralise the effects of these items in calculating the recurring operating pro t and the recurring operating pro t before associates, so that book amortization with no effect on cash generated by the businesses acquired is eliminated from the measure of performance.

3 - 4 TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

In the balance sheet, foreign currency receivables and payables are translated into euros at the year-end exchange rate. The resulting exchange differences are recognised in pro t, except for those related to long-term nancing of the Group s net investment in foreign operations which are recognised directly in equity.

3-5 SHARE-BASED PAYMENTS

Stock purchase options and free shares have been granted to certain members of management and employees of the Group. In accordance with IFRS 2 Share Based Payment , an expense is recognised in payroll costs representing the bene t granted to bene ciaries as of the grant date, and a matching entry is recognised directly in equity. IFRS 2 applies to stock options and free shares granted from 7 November 2002 and not yet vested at 1 January 2005.

The fair value of the share-based payment is calculated using a binomial model for stock options and a Black-Scholes type model for free share allocations, taking into account the plan s features (exercise price and period), market factors at grant date (risk-free interest rate, share price, volatility, projected dividends) and assumptions regarding bene ciaries future behaviour.

This expense is recorded over the vesting period (two years for Lagard•re SCA s plans) and may be adjusted during that period if bene ciaries leave the Group or if options are forfeited. It is not adjusted to re ect subsequent movements in the share price.

3-6 FINANCIAL INCOME AND EXPENSES

These items correspond to interest expenses on borrowings and income from the investment of available cash. They also include gains and losses on derivative instruments related to borrowings, short-term investments, cash and cash equivalents.

3-7 DEFERRED TAXES

Deferred taxes are recognised for temporary differences between the carrying amount of assets and liabilities and their tax base. In accordance with the liability method, they are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Adjustments to deferred taxes for changes in tax rates are recognised in pro t for the period in which the change is announced. In accordance with IAS 12 Income Taxes , deferred tax assets and liabilities are not discounted.

At the level of each tax entity (company or tax group), deferred tax assets arising from deductible temporary differences, tax assets and tax loss carry-forwards are recognised only to the extent that it is probable that future taxable pro t will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

For investments in associates, when the difference between the carrying amount of the investment and the tax base corresponds to the associate s cumulative undistributed pro ts from the acquisition date, the related deferred tax is therefore calculated at the tax rate that will be paid by the Group when the pro ts are distributed.

Deferred taxes are recognised as income or an expense and included in pro t for the year, except to the extent that they arise from a transaction which is recognised directly in equity, in which case they are credited or charged to equity.

3-8 BUSINESS COMBINATIONS AND GOODWILL

Goodwill corresponds to the excess of the cost of the business combination over the acquirer s interest in the net fair value of the identi able assets and liabilities at the date of the business combination. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. If the acquirer s interest in the net fair value of the identi able assets and liabilities exceeds the cost of the business combination, the excess is recognised immediately in pro t.

In accordance with IFRS 3 Business combinations , goodwill is not amortized but is reviewed for impairment at each year-end or whenever there is an indication that fair value may be impaired. The method used to test goodwill for impairment is described in note 3-10 below.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill related to entities accounted for by the equity method is included in the carrying amount of the investment.

3-9 INTANGIBLE ASSETS

Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. They are amortized over their probable useful life. Intangible assets with an indefinite life are not amortized but are tested regularly for impairment in the same way as goodwill (see note 3-10).

In the Group's Media business, no development costs are incurred that would be recognised in the balance sheet under IFRS.

3-10 IMPAIRMENT TESTS

The carrying amount of property, plant and equipment and intangible assets is reviewed at regular intervals to determine whether there is any indication that their value may be impaired. One such indication is evidence that an asset's economic performance is or will be worse than expected. If such an indication exists, the recoverable amount of the asset is estimated and compared to its carrying amount. The recoverable amount of goodwill and intangible assets with an indefinite life is estimated at each balance sheet date, irrespective of whether there is any indication of impairment. When the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised on goodwill are irreversible.

If it is not possible or relevant to estimate the recoverable amount of an individual asset, the estimate is performed at the level of the cash-generating unit to which the asset belongs.

Two methods are used to estimate recoverable amounts:

- the discounted cash flows method, applied to the individual asset or to the cash-generating unit to which the asset belongs,
- the market price method or the price of recent transactions involving similar assets.

Cash flow projections are based on the most recent business plans and forecasts, generally covering a period of three years. Cash flow projections beyond that period are estimated using a growth rate that reflects the average long-term growth rate observed in the industry. This process involves the use of key assumptions and judgement to determine trends on the markets in which the Group operates, and actual future cash flows may differ from the forecasts used to calculate value in use.

The discount rates used are after-tax rates determined separately for each business, applied to cash flows after tax.

3-11 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured using the cost method.

The Group did not elect to apply the option available under IFRS 1 "First-Time Adoption of IFRS" to measure items of property, plant and equipment at the IFRS transition date (1 January 2004) at their fair value. The carrying amount of property, plant and equipment does not include any borrowing costs.

Depreciation is calculated by the straight-line method over the estimated useful lives of the assets. The ranges of useful lives applied to the main categories of property, plant and equipment are as follows:

Buildings	6 to 50 years
Machinery and equipment	3 to 20 years
Other equipment, furniture, fixtures and fittings	2 to 10 years

The depreciable amount corresponds to the cost of the asset less any residual value at the end of its useful life. With the exception of the Group's headquarters building, property, plant and equipment are generally considered as having no residual value.

FINANCE LEASES

All material finance leases are accounted for as purchases of assets financed by debt. Leases are classified as finance leases if they transfer to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The leased assets are depreciated on a basis that is consistent with the policy for owned assets, over the asset's useful life or over the lease term if this is shorter.

INVESTMENT PROPERTY

Investment property is recorded at cost less any accumulated depreciation and impairment losses.

3-12 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The carrying amount of inventories does not include any borrowing costs.

3-13 FINANCIAL ASSETS

INVESTMENTS IN NON-CONSOLIDATED COMPANIES

Investments in non-consolidated companies are initially recognised at cost. Based on the criteria set out in IAS 39, all investments in non-consolidated companies are classified as available-for-sale investments.

At each year-end, shares traded on an active market or for which other sufficiently reliable price information exists are measured at fair value. Shares that do not fulfil these criteria are measured using the cost method.

When the fair value, if it can be measured, exceeds the carrying amount, the gain arising from remeasurement at fair value is recognised in equity.

When there is objective evidence that an investment in a non-consolidated company is impaired, an impairment loss is recognised:

- in the income statement if the impairment is considered permanent, with any subsequent gains recognised in equity,
- in equity if the impairment is considered reversible.

When the investment is sold, the cumulative gains or losses recognised directly in equity are reclassified into profit and loss.

LOANS AND RECEIVABLES

Loans and receivables are measured at amortized cost, calculated by the effective interest method. Any impairment losses, corresponding to the difference between the carrying amount and recoverable amount, are recognised in the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

- cash and demand deposits;
- deposits and loans with maturities of less than three months;
- marketable securities such as money market funds that are not exposed to a material risk of changes in value and are readily convertible into known amounts of cash; they are recognised at fair value through profit and loss.

Shares, bonds, deposits and loans with maturities of more than three months are excluded from cash and cash equivalents and reported in the balance sheet under "Short-term investments".

3-14 FINANCIAL LIABILITIES

Financial liabilities comprise borrowings, trade payables and other liabilities. They are measured at amortized cost by the effective interest method.

Specific measurement rules apply to financial liabilities hedged by derivative instruments. These rules are described in note 3-16.

3-15 PUT OPTIONS GRANTED TO MINORITY SHAREHOLDERS

In its Media activities, the Group has granted put options to the minority shareholders of certain fully-consolidated subsidiaries for the sale of their investments on defined terms. For some of these options, the exercise price was not fixed at the outset, and will be determined based on independent valuations.

IAS 32 requires these put options to be recognised as debt. In the balance sheet, the put options are initially recognised in debt at their estimated present value, with a corresponding adjustment to minority interests to the extent possible and to goodwill for the balance. In the income statement, the net profit for the year is presented in two separate lines: profit attributable to equity holders of the parent and profit attributable to minority interests according to the legal rights effectively held. The minority interests' share of net profit and dividends paid to them during the year are reported in debt.

Any subsequent change in the estimated amount of the liability is recognised as an adjustment to goodwill.

3-16 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge currency and interest rate risks. These instruments are initially recognised at cost, in Other current assets or Other current liabilities, and are subsequently measured at fair value through profit and loss.

However, certain derivative instruments are qualified as fair value hedges (mainly of currency and interest rate risks on debt) or cash flow hedges (of future sales and purchases).

These instruments qualify for hedge accounting if the following conditions are met:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship,
- the hedge is expected to be highly effective and its effectiveness can be reliably measured from its inception.

Under hedge accounting:

- Fair value hedges

  Derivative instruments and hedged items are measured at fair value. Changes in the fair values of the derivative instrument and the hedged item are recognised in profit on a symmetrical basis. When the hedge is effective, the change in the fair value of the derivative instrument offsets an opposite change in the fair value of the hedged item.

- Cash flow hedges

  The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in profit and loss.
  The cumulative gains and losses recognised in equity are reclassified into profit and loss when the hedged transaction takes place.

3-17 TREASURY SHARES

Lagardère SCA shares held by the Company or by other Group entities are deducted from consolidated equity. When treasury shares are sold outside the Group, the after-tax gain or loss is also recognised directly in equity.

3-18 PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS

The Group recognises provisions to cover the present value of its obligations for benefits payable to employees at the time of their retirement and after retirement, when the plans concerned qualify as defined-benefits plans. For defined-contribution plans, the Group's obligation consists solely of payment of premiums or contributions to external organisations, and these premiums and contributions are charged to expenses as incurred.

The defined-benefit plans to which the Group subscribes are principally pension plans outside France, while in France they cover end-of-career bonuses paid to employees upon their retirement.

The present value of obligations is calculated by the projected unit credit method, which considers that each period of service gives rise to an additional unit of benefit entitlement. The method takes into account parameters such as:

- expected salary increases;
- employee turnover;
- mortality rates;
- a financial discount rate, and the expected rate of return on plan assets where applicable.

These calculations are performed in full at least every three years, and updated annually, unless a more in-depth review is required due to exceptional events such as substantial modifications in the terms of the plan, or in the types of employees covered.

From 1 January 2007, the Group elected to apply the option allowed by IAS 19 (revised) under which actuarial gains and losses arising from changes in the assumptions used in measuring obligations could be recognised directly in equity.

3-19 PROVISIONS FOR CONTINGENCIES AND LOSSES

A provision is recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision corresponds to the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Restructuring provisions are recorded when the Group has a detailed formal plan and has announced details of the plan to the persons concerned.

3-20 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

An asset or group of assets and directly associated liabilities is considered to be held for sale when its book value will be recovered primarily through a sale transaction rather than through continuous use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable. Such assets or groups of assets held for sale are stated at the lower of book value or estimated sale price, net of selling costs. Assets held for sale and the associated liabilities are respectively presented on specific lines in the consolidated balance sheet.

Note 4 MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

Signi cant changes in consolidated companies during 2008 were as follows:

SALE OF THE VIRGIN STORES GROUP

On 28 February 2008, following the agreement signed on 21 December 2007, Lagard•re and Butler Capital Partners signed the nal contract for the acquisition of a majority interest in the Virgin Stores group by Butler Capital Partners.

In the consolidated balance sheet at 31 December 2007, the assets and liabilities of the Virgin Stores group were reported as assets held for sale and associated liabilities. Virgin Stores was deconsolidated with effect from 1 January 2008.

The Virgin Stores group contributed €397 million in sales and a recurring operating loss of -€2 million in 2007.

TRANSFER OF 2.5% OF THE CAPITAL OF EADS

On 25 June 2008, in accordance with the redemption schedule established in the contract for the Mandatory Exchangeable Bonds issue, Lagard•re remitted 20,370,000 EADS shares or 2.5% of the capital of EADS to the bond-holders, in redemption of the second tranche of the issue. Redemption of the rst tranche took place on 25 June 2007 through remittal of an identical number of shares.

As a result, including the effect of other changes in EADS share capital, Lagard•re s holding in EADS was reduced from 14.98% at 31 December 2006 to 12.51% at 31 December 2007, then to 10.00% at 31 December 2008.

EADS has been accounted for by the equity method since 1 January 2007. The share of pro t included in the consolidated income statement was based on a percentage interest of 12.51.% for the rst half of 2008, and 10.00% for the second half of 2008 (the percentages applied for 2007 were 14.98% and 12.51% respectively).

The gains on these transfers were calculated on the basis of EADS consolidated equity at 30 June and amounted to €466 million in 2008 and €472 million in 2007.

OTHER CHANGES

The other changes, which did not have a material impact on the 2008 nancial statements, were as follows:

Lagardère Publishing

Consolidation over 12 months in 2008 of:

- the French publisher Pika, only consolidated from 1 April in 2007;
- the publishers Grupo Patria Cultural and Piatkus Books, only consolidated from 1 July in 2007;
- the publisher Escala Educacional, only consolidated from 1 August in 2007.

Lagardère Active

Acquisition by Lagard•re Active Digital of Doctissimo, France s leading publisher of web content for women. This acquisition took the form of a transfer of 53.38% of the capital from the company s founders and managers, followed by a standing market offer for Doctissimo shares listed on Euronext s Eurolist market. On 27 June 2008, Lagard•re Active Digital, which by then held more than 95% of Doctissimo, informed the French Stock Market Authority (AMF) that it intended to make a compulsory buyout offer for the remaining shares. This took place on 9 July 2008 and led to delisting of Doctissimo shares from Euronext Paris, with Lagard•re Active Digital owning 100% of the capital. Doctissimo is fully consolidated with effect from 1 January 2008.

Acquisition of 100% of the Massin group, which publishes magazines such as *Art & Décoration* and *Maison & Travaux*, and has been fully consolidated since 1 May 2008.

Acquisition of 51% of the Psychologies Magazine group. This group was already held 49% by Lagard•re Active and was accounted for by the equity method in the 2007 financial statements. It has been fully consolidated since 1 June 2008.

Purchase of the 35% holding in Lagard•re Active TV (formerly Lagard•re Images) owned by Caisse des D p ts et Consignations following exercise of its put option, raising Lagard•re s overall investment from 65% to 100%. Lagard•re Active TV was already fully consolidated in previous years.

Sale of SCPE, a publisher of men s magazine in France. The company was deconsolidated with effect from 1 April 2008.

Consolidation over twelve months in 2008 of Soci t de Presse F minine (SPF), Jumpstart Automotive Media and the Nextedia group, which in 2007 were only consolidated from 1 April, 1 June and 1 July respectively.

Non-consolidation in 2008 of entities sold in 2007:

the Regional Daily Newspapers in southern France, consolidated for all twelve months of 2007;

Hachette Filipacchi Publica• es (Portugal), consolidated over 10 months in 2007, and Hachette Filipacchi Sweden and Hachette Filipacchi Burda Poland, consolidated over the whole year 2007.

Lagardère Services

Acquisition and full consolidation from 1 March 2008 of Purely Group, a 51%-owned Australian airport retail operator.

Acquisition of 100% of Delstar, an operator of airport retail outlets in the US, fully consolidated with effect from 1 September 2008.

Lagardère Sports

Acquisition at the end of the rst half of 2008 of approximately 70% of the capital of World Sport Group Holdings Ltd (WSG). WSG, based in Singapore, specialises in management of marketing rights, television broadcasting rights and event sponsorship consulting in South-East Asia, the Middle East, India and Japan. This investment is accounted for by the equity method with effect from 1 July 2008 in view of the participating rights conferred on minority shareholders by the shareholder agreement in force in 2008.

Acquisition of the German group Upsolut Sports AG, a sporting event organiser in Germany, which has been fully consolidated since 1 January 2008.;

Consolidation over twelve months in 2008 of IEC In Sports, which was only consolidated from 1 September in 2007.

Note 5 SEGMENT INFORMATION

Lagard•re s main businesses are carried out through Lagard•re Media, which comprises the following divisions (business segments):

- Lagard•re Publishing: publication of general literature, textbooks, illustrated books and part-books.
- Lagard•re Active, which comprises:
  - Audiovisual and digital operations including special interest television channels, audiovisual production and distribution, radio and sales of advertising space.
  - Press activities, principally mainstream magazine publishing.
- Lagard•re Services: press distribution, retailing in cultural, entertainment and consumer products.
- Lagard•re Sports, which specialises in the sports market and comprises three activities:
  - media (production and management of sports broadcasting rights),
  - marketing (sponsoring, hospitality and stadium consulting),
  - event organisation (ownership and management of sporting activities).

At 31 December 2008 Lagard•re also held a 10.00% investment in the EADS group which manufactures commercial aircraft, civil and military helicopters, commercial launch vehicles, missiles, military aircraft, satellites, defence systems and defence electronics, and provides the full range of services associated with these products.

In addition to the above business divisions, the Group has a corporate reporting unit (Other Activities) used primarily to report the effect of nancing obtained by the Group, the net operating costs of Group holding companies, the activities of Matra Manufacturing & Services (whose revenues are reported under Other income from ordinary activities), and all expenses incurred in operations related to innovative sports projects.

Transactions between business divisions are generally carried out on arm s length terms.

5-1 INFORMATION BY BUSINESS SEGMENT

/// 2008 Income statement

	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	Lagardère Media	EADS and Other Activities (*)	Total
		Audio-visual	Press	Total					
Net sales	2,197	519	1,627	2,146	3,501	444	**8,288**		**8,288**
Inter-segment sales	(38)	(1)	(34)	(35)	(1)		**(74)**		**(74)**
Consolidated net sales	**2,159**	**518**	**1,593**	**2,111**	**3,500**	**444**	**8,214**	**0**	**8,214**
Recurring operating profit (loss) before associates	**246**	**95**	**114**	**209**	**127**	**75**	**657**	**(10)**	**647**
Income (loss) from associates before amortization of acquisition-related intangible assets and impairment losses	3	49	17	66	8	(2)	**75**	171	**246**
Recurring operating profit	**249**	**144**	**131**	**275**	**135**	**73**	**732**	**161**	**893**
Restructuring costs	(2)	(5)	(26)	(31)	(7)		**(40)**		**(40)**
Gains (losses) on disposal of assets	(1)		5	5	(2)	1	**3**	468	**471**
Impairment losses (**)									
Fully consolidated companies	(10)	1	(328)	(327)	(2)		**(339)**		**(339)**
Companies accounted for by the equity method			(90)	(90)			**(90)**		**(90)**
Amortization of acquisition-related intangible assets									
Fully consolidated companies			(4)	(4)	(1)	(45)	**(50)**		**(50)**
Companies accounted for by the equity method		(20)		(20)			**(20)**		**(20)**
Profit (loss) before finance costs and tax (*)	**236**	**120**	**(312)**	**(192)**	**123**	**29**	**196**	**629**	**825**
Finance costs, net	(10)	(48)	(85)	(133)	(6)	(40)	**(189)**	13	**(176)**
Profit (loss) before tax (*)	**226**	**72**	**(397)**	**(325)**	**117**	**(11)**	**7**	**642**	**649**
Items included in recurring operating profit									
Depreciation and amortization of intangible assets and property, plant and equipment	(25)	(14)	(18)	(32)	(49)	(40)	**(146)**	(5)	**(151)**
Cost of stock option plans	(7)	(4)	(3)	(7)	(2)		**(16)**	(8)	**(24)**

(*) Including EADS: €637 million (net income from associates +€171 million; gain on sale of shares +€466 million).

(**) Impairment losses on goodwill, intangible assets and property, plant and equipment.

/// 2007 Income statement

	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	Lagardère Media	EADS and Other Activities (*)	Total
		Audio-visual	Press	Total					
Net sales	2,194	510	1,821	2,331	3,723	440	**8,688**		**8,688**
Inter-segment sales	(64)	(1)	(39)	(40)	(2)		**(106)**		**(106)**
Consolidated net sales	**2,130**	**509**	**1,782**	**2,291**	**3,721**	**440**	**8,582**	**0**	**8,582**
Recurring operating profit before associates	**239**	**77**	**137**	**214**	**116**	**67**	**636**	**–**	**636**
Income (loss) from associates before amortization of acquisition-related intangible assets and impairment losses	3	29	24	53	8		**64**	(44)	**20**
Recurring operating profit (loss)	**242**	**106**	**161**	**267**	**124**	**67**	**700**	**(44)**	**656**
Restructuring costs		(10)	(78)	(88)	(3)		**(91)**	(1)	**(92)**
Gains (losses) on disposal of assets	8	(1)	87	86	(1)		**93**	472	**565**
Impairment losses (**)									
Fully consolidated companies	(22)	(10)	(73)	(83)	(98)		**(203)**		**(203)**
Companies accounted for by the equity method							**–**		**–**
Amortization of acquisition-related intangible assets									
Fully consolidated companies			(3)	(3)		(36)	**(39)**		**(39)**
Companies accounted for by the equity method		(20)		(20)			**(20)**		**(20)**
Profit before finance costs and tax (*)	**228**	**65**	**94**	**159**	**22**	**31**	**440**	**427**	**867**
Finance costs, net	(15)	(53)	(42)	(95)	(5)	(30)	**(145)**	(59)	**(204)**
Profit before tax (*)	**213**	**12**	**52**	**64**	**17**	**1**	**295**	**368**	**663**
Items included in recurring operating profit									
Depreciation and amortization of intangible assets and property, plant and equipment	(30)	(13)	(27)	(40)	(54)	(35)	**(159)**	(5)	**(164)**
Cost of stock option plans	(8)	(5)	(6)	(11)	(2)		**(21)**	(10)	**(31)**

(*) Including EADS: €428 million (net loss from associates -€44 million; gain on sale of shares +€472 million).

(**) Impairment losses on goodwill, intangible assets and property, plant and equipment.

/// 2008 Cash flow statement

	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	Lagardère Media	EADS, Other Activities and eliminations	Total
		Audio-visual	Press	Total					
Cash ows from operations	229	54	77	131	146	97	**603**	(33)	**570**
Interest paid and received, income tax paid	(117)	(92)	(117)	(209)	(39)	(59)	**(424)**	52	**(372)**
Net cash provided by (used in) operating activities	**112**	**(38)**	**(40)**	**(78)**	**107**	**38**	**179**	**19**	**198**
Cash used in investing activities	(73)	(122)	(245)	(367)	(117)	(146)	**(703)**	(6)	**(709)**
– Purchases of intangible assets and property, plant and equipment	*(45)*	*(26)*	*(19)*	*(45)*	*(80)*	*(50)*	***(220)***	*(5)*	**(225)**
– Purchases of investments	*(28)*	*(96)*	*(226)*	*(322)*	*(37)*	*(96)*	***(483)***	*(1)*	**(484)**
Proceeds from disposals of non-current assets	4	4	22	26	75	3	**108**	670	**778**
– Sales of intangible assets and property, plant and equi ment p	–	–	*4*	*4*	*24*	*1*	***29***	*5*	**34**
– Sales of investments	*4*	*4*	*18*	*22*	*51*	*2*	***79***	*665*	**744**
Decrease in short-term investments					8		**8**		**8**
Total cash provided by (used in) investing activities	**(69)**	**(118)**	**(223)**	**(341)**	**(34)**	**(143)**	**(587)**	**664**	**77**
Net cash provided by (used in) operating and investing activities	**43**	**(156)**	**(263)**	**(419)**	**73**	**(105)**	**(408)**	**683**	**275**

/// Balance sheet at 31 December 2008

	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	Lagardère Media	EADS, Other Activities and eliminations	Total
		Audio-visual	Press	Total					
Segment assets	2,182	972	2,780	3,752	1,009	1,373	**8,316**	620	**8,936**
Investments in associates	13	1,486	265	1,751	10	97	**1,871**	572	**2,443**
Segment liabilities	(1,171)	(667)	(965)	(1,632)	(908)	(523)	**(4,234)**	(80)	**(4,314)**
Capital employed	**1,024**	**1,791**	**2,080**	**3,871**	**111**	**947**	**5,953**	**1,112**	**7,065**
Net indebtedness									**(2,619)**
Equity									**4,446**

/// 2007 Cash flow statement

		Lagardère Active							
	Lagardère Publishing	Audio-visual	Press	Total	Lagardère Services	Lagardère Sports	Lagardère Media	EADS, Other Activities and eliminations	Total
Cash ows from operations	295	66	147	213	138	129	**775**	(3)	**772**
Interest paid and received, income tax paid	(110)	(99)	(74)	(173)	(37)	(55)	**(375)**	32	**(343)**
Net cash provided by (used in) operating activities	**185**	**(33)**	**73**	**40**	**101**	**74**	**400**	**29**	**429**
Cash used in investing activities	(92)	(77)	(162)	(239)	(81)	(961)	**(1,373)**	(16)	**(1,389)**
– Purchases of intangible assets and property, plant and equipment	*(40)*	*(15)*	*(25)*	*(40)*	*(76)*	*(62)*	***(218)***	*(9)*	**(227)**
– Purchases of investments	*(52)*	*(62)*	*(137)*	*(199)*	*(5)*	*(899)*	***(1,155)***	*(7)*	**(1,162)**
Proceeds from disposals of non-current assets	10	10	155	165	15	3	**193**	697	**890**
– Sales of intangible assets and property, plant and equi ment p	*9*	*–*	*1*	*1*	*6*	*–*	***16***	*17*	**33**
– Sales of investments	*1*	*10*	*154*	*164*	*9*	*3*	***177***	*680*	**857**
(Increase) decrease in short-term investments		43		43	14		**57**	(43)	**14**
Total cash provided by (used in) investing activities	**(82)**	**(24)**	**(7)**	**(31)**	**(52)**	**(958)**	**(1,123)**	**638**	**(485)**
Net cash provided by (used in) operating and investing activities	**103**	**(57)**	**66**	**9**	**49**	**(884)**	**(723)**	**667**	**(56)**

/// Balance sheet at 31 December 2007

		Lagardère Active							
	Lagardère Publishing	Audio-visual	Press	Total	Lagardère Services	Lagardère Sports	Lagardère Media	EADS, Other Activities and eliminations	Total
Segment assets	2,183	944	2,735	3,679	938	1,238	**8,038**	796	**8,834**
Investments in associates	12	1,456	365	1,821	10		**1,843**	1,004	**2,847**
Segment liabilities	(1,190)	(738)	(1,060)	(1,798)	(920)	(373)	**(4,281)**	(241)	**(4,522)**
Capital employed	**1,005**	**1,662**	**2,040**	**3,702**	**28**	**865**	**5,600**	**1,559**	**7,159**
Assets held for sale and associated liabilities									**70**
Net indebtedness									**(2,570)**
Equity									**4,659**

5-2 INFORMATION BY GEOGRAPHICAL SEGMENT

/// Net sales

	2008	2007
France	2,728	3,218
European Union	3,192	3,249
Rest of Europe	670	592
USA and Canada	983	944
Middle East	47	32
Asia-Paci c	416	397
Other (Africa, Latin America)	178	150
Total	**8,214**	**8,582**

/// Segment assets

	31 Dec. 2008	31 Dec. 2008
France	4,913	5,014
European Union	2,246	2,095
Rest of Europe	374	266
USA and Canada	1,153	1,224
Middle East		
Asia-Paci c	188	165
Other (Africa, Latin America)	62	70
Total	**8,936**	**8,834**

/// Purchases of intangible assets and property, plant and equipment

	31 Dec. 2008	31 Dec. 2007
France	81	131
European Union	97	54
Rest of Europe	24	13
USA and Canada	13	21
Middle East		
Asia-Paci c	9	3
Other (Africa, Latin America)	1	5
Total	**225**	**227**

Note 6 NET SALES

Total net sales before adjustment for changes in group structure and exchange rates decreased by 4.3% in 2008, and were up by 3.1% on a like-for-like basis.

Like-for-like net sales are calculated by adjusting:

- 2008 net sales to exclude companies consolidated for the rst time during the year and 2007 net sales to exclude companies divested in 2008;
- 2008 and 2007 net sales based on 2008 exchange rates.

Net sales break down as follows:

	2008	2007
Sales of goods and services	6,796	7,122
Advertising revenue	1,395	1,436
Barter transactions	23	24
Total	**8,214**	**8,582**

Note 7 PAYROLL COSTS

7-1 AVERAGE NUMBER OF EMPLOYEES

The average number of employees of fully consolidated companies breaks down as follows by division:

	2008	2007
Lagard•re Publishing	7,683	7,537
Lagard•re Active	11,194	13,458
Audiovisual	*2,701*	*2,678*
Press	*8,493*	*10,780*
Lagard•re Services	9,871	11,278
Lagard•re Sports	645	537
Lagardère Media	**29,393**	**32,810**
Other Activities	496	740
Total	**29,889**	**33,550**

7-2 PAYROLL COSTS

	2008	2007
Wages and salaries	1,341	1,421
Payroll taxes	308	344
Share-based payments	24	31
Total	**1,673**	**1,796**

7-3 SHARE-BASED PAYMENTS

SHARE PURCHASE OPTION PLANS

In past years up to and including 2006, the Managing Partners granted purchase options on Lagard•re SCA shares to certain members of management and employees of the Group under shareholder-approved plans. The main features of the plans operative at 1 January 2008 are presented in note 25-2.

In accordance with the principles described in note 3-5 Share-based payments , options granted on or after 7 November 2002 and not yet vested at 1 January 2005 are measured at fair value at grant date. Under the plans terms and conditions, options vest after a two-year period and lapse ten years after their grant date.

Details of options outstanding and movements in 2007 and 2008 are presented below:

	Number of options	Weighted average exercise price (in €)
Options outstanding at 31 December 2006	**6,414,123**	**54.25**
Options forfeited	(93,305)	54.15
Options exercised	(28,663)	51.59
Options outstanding at 31 December 2007	**6,292,155**	**54.26**
Options forfeited		
Options exercised	(4,023)	51.69
Options outstanding at 31 December 2008	**6,288,132**	**54.27**
Including: options exercisable	*6,288,132*	*54.27*

Options outstanding at 31 December 2008 were exercisable at prices ranging between €51.45 and €56.97 and their average term to maturity was 6.55 years.

FREE SHARE ALLOCATION PLAN

On 28 December 2007, a plan to award free shares in Lagard•re SCA was introduced for certain members of management and employees of the Group, covering a total of 594,350 shares. These shares will be remitted to the bene ciaries on 29 December 2009, provided the average quoted price for the Lagard•re SCA share in December 2009 is at least equal to the quoted price at the grant date, which was €51.14.

ASSUMPTIONS USED TO CALCULATE FAIR VALUE

The fair value of stock purchase options and shares granted under the free share allocation plan was calculated using the binomial and Black-Scholes models respectively.

The assumptions underlying the plans for which an expense was recognised in the 2008 and 2007 nancial statements are described below:

	Free shares	Stock purchase options	
	28 Dec. 2007 Plan	14 Dec. 2006 Plan	21 Nov. 2005 Plan
Share market price at grant date (€)	51.14	59.85	58.25
Exercise price (€)	[1]	55.84	56.97
Expected volatility	27%	27%	30%
Expected dividend	2%	2%	2%
Risk-free interest rate	4.19%	3.85%	3.50%

(1) Free shares.

The assumed volatility for the 2006 and 2005 plans is the implicit volatility negotiated for the agreements signed with a bank in March 2007, November 2006 and November 2005 to cover Lagard•re SCAs obligation under employee stock option plans (see note 25-3).

For the 2007 plan, the assumed volatility is the implicit volatility observed on 28 December 2007 for tradeable Lagard•re options with the same maturity, as published by Euronext.

Expenses recognised by the fully consolidated companies in respect of share-based payments amounted to €24 million in 2008 and €31 million in 2007.

Note 8 RESTRUCTURING COSTS

Restructuring costs of €40 million were incurred in 2008, including €31 million by Lagard•re Active under the cost-cutting plans implemented in Magazine publishing (€26 million) and Audiovisual activities (€5 million), and €7 million by Lagard•re Services entities.

In 2007 these costs totalled €92 million, including €88 million by Lagard•re Active under cost-cutting plans initiated in 2006 (€78 million for Magazine publishing and €10 million for the Audiovisual activities).

Note 9 GAINS (LOSSES) ON DISPOSALS OF ASSETS

In 2008, gains on disposals of assets amounted to €471 million, including €466 million on the sale of EADS shares for redemption of the second tranche of the Mandatory Exchangeable Bonds.

In 2007, gains on disposals of assets totalled €565 million and arose principally on the sale of EADS shares (€472 million), Daily Regional Press investments (€70 million), Hachette Filipacchi Sweden (€15 million) and the investment in the TV channel TEVA (€6 million).

Note 10 IMPAIRMENT LOSSES ON GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Impairment losses booked in 2008 result from impairment tests carried out as described in note 3-10.

The discount rates used by Lagard•re in 2008 are after-tax rates determined separately for each business, and range from 7.7% to 8.3%. These rates correspond to pre-tax rates (as required under IFRS) of between 9,1 % and 13,2 %.

Internal rates of return (IRRs) published by the market, which Lagard•re generally uses as a basis for its assumptions, rose sharply in 2008 with the turbulence on the nancial markets and the resulting economic crisis. The high IRRs reported by markets with high risk premiums re ected a fear of declining corporate pro ts in future years that had not yet been anticipated by analysts, and the internal budgets and plans referred to by the Group for impairment testing were established at the end of 2008 based on key assumptions and assessments incorporating the effects of the crisis as identi ed at that date (particularly for the advertising market) on future cash ows in the coming three years.

As a result (given the volatility of market rates and adjustments of budgets and plans in view of the effects of the crisis), reference to the IRRs published at the end of 2008 was not considered appropriate, and for this reason the same discount rates were used in 2008 as in 2007. This position is consistent with the recommendation of the AMF.

At the end of 2008, the perpetuity growth rates used after the nal year of the budget-plan ranged between 0% and 5%.

Impairment losses recognised in 2008 amounted to €339 million and concerned Lagard•re Active (€327 million), Lagard•re Publishing (€10 million) and Lagard•re Services (€2 million).

At Lagard•re Active, €248 million of the impairment losses booked concerned magazine titles published in the US after revision of forecasts for growth in advertising revenue, particularly in the automobile and specialist magazine sectors.

Other impairment losses at Lagard•re Active primarily concerned Newsweb (€32 million), Jumpstart (€29 million), Fujin Gaho (€11 million) and activities in Spain (€6 million).

The €10 million impairment losses recorded by Lagard•re Publishing concerned the British subsidiary Octopus, in view of the ongoing decline in the markets for co-editions of illustrated books and map publishing.

In 2007, impairment losses totalled ‘203 million, mainly comprising:

€95 million for the Virgin Stores group, to adjust the carrying value of the entity, which was due to be sold under the terms of the agreement signed in December 2007;

€62 million for magazine titles in the US;

€10 million in the audiovisual activities;

€22 million for Lagard•re Publishing s subsidiary Octopus.

SENSITIVITY CALCULATIONS

The potential effects of increases or decreases in the discount rates and growth rates on impairment losses booked in 2008 are shown below:

(Increase) decrease in impairment losses *(in millions of euros)*	**Perpetuity growth rate**				
Discount rate	**-1%**	**-0.5%**	**0%**	**+0.5%**	**+1%**
-1 %	7	36	58	79	102
-0.5 %	(32)	4	32	55	77
0 %	(83)	(37)		29	53
+0.5 %	(142)	(92)	(43)	(5)	25
+1 %	(237)	(151)	(101)	(48)	(11)

Note 11 OTHER OPERATING INCOME AND EXPENSES

	2008	**2007**
Write-downs of current and other non-current assets	(70)	(25)
Exchange gains and losses		(2)
Financial expenses other than interest	(3)	(8)
Other income and expenses	80	(33)
Total	**7**	**(68)**

Write-downs of assets totalled €70 million in 2008 and €25 million in 2007, principally relating to advances paid to writers by Lagard•re Publishing.

Other income and expenses recorded in 2008 and 2007 re ect changes in provisions.

Note 12 FINANCIAL INCOME AND EXPENSES

Financial income and expenses break down as follows:

	2008	2007
Interest income on loans	25	36
Investment income and gains on sales of short-term investments	14	23
Financial income	**39**	**59**
Interest expense on borrowings	(183)	(211)
Loss on nancial derivative instruments acquired as hedges of net debt [1]	(32)	(52)
Financial expenses	**(215)**	**(263)**
Total	**(176)**	**(204)**

(1) Including €27 million in 2008 and €50 million in 2007, related to the derivative instrument attached to the Mandatory Exchangeable Bonds (see note 27-3).

Note 13 INCOME TAX EXPENSE

13-1 ANALYSIS OF INCOME TAX EXPENSE

Income tax expense breaks down as follows:

	2008	2007
Current taxes	(164)	(165)
Deferred taxes	142	66
Total	**(22)**	**(99)**

13-2 TAX PROOF

The following table reconciles income tax expense reported in the income statement to theoretical income tax expense for 2008 and 2007:

	2008	2007
Profit before tax	649	663
Income from associates	136	
Profit before tax and income from associates	**513**	**663**
Theoretical tax expense [1]	(177)	(228)
Effect on theoretical tax expense of:		
Profit taxed (losses deducted) at reduced rates	(1)	(2)
Tax loss carryforwards used in the year [2]	3	4
Tax loss carryforwards arising during the year [2]	(6)	(6)
Tax differential on foreign subsidiaries earnings	46	32
Limitation on deferred taxes	(16)	(18)
Tax credit and similar	1	
Permanent differences		
Impairment losses on goodwill	(24)	(45)
Gain on sale of EADS shares	151	162
Other permanent differences	1	2
Effective tax expense	**(22)**	**(99)**

(1) At the French standard rate (34.43% in 2008 and 2007).

(2) The tax effect of these tax losses was not recorded.

13-3 DEFERRED TAXES RECOGNISED IN THE BALANCE SHEET

Deferred taxes concern the following assets and liabilities:

	31 Dec. 2008	31 Dec. 2007
Intangible assets	(167)	(295)
Property, plant and equipment	(43)	(45)
Non-current financial assets	(34)	(29)
Inventories	19	17
Provisions for employee benefit obligations	16	26
Other provisions	107	82
Other working capital requirements	235	210
Temporary differences (gross amount)	**133**	**(34)**
Provision for write-down of deferred tax assets	(162)	(167)
Temporary differences (net amount)	**(29)**	**(201)**
Tax loss carryforwards	(11)	27
Tax credits		
Net deferred tax liability	**(40)**	**(174)**
Deferred tax assets	203	166
Deferred tax liabilities	(243)	(340)

13-4 CHANGES IN DEFERRED TAXES

	2008	2007
Net deferred tax liability at 1 January	(174)	(275)
Income tax benefit recognised in the income statement	142	66
Deferred tax recognised directly in equity	3	
Effect of change in consolidation scope and exchange rates	(11)	35
Net deferred tax liability at 31 December	**(40)**	**(174)**

Deferred taxes recognised directly in equity can be analysed as follows:

	31 Dec. 2008	31 Dec. 2007
Available-for-sale investments	1	(3)
Cash flow hedges		
Adoption of IAS 19 option for actuarial gains or losses		1
Total	**1**	**(2)**

Note 14 EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Earnings per share is calculated by dividing net profit attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. Changes in the number of shares as a result of employees exercising their stock options (movements throughout the year) are included using the average of opening and closing balances for the year.

	2008	2007
Profit attributable to equity holders of the parent (in millions of €)	593	534
Number of shares making up the share capital at 31 December	131,133,286	134,133,286
Treasury shares	(4,179,948)	(4,010,793)
Number of shares outstanding at 31 December	126,953,338	130,122,493
Average number of shares outstanding during the year	**128,537,916**	**132,696,780**
Net earnings per share (in €)	**4.62**	**4.03**

DILUTED EARNINGS PER SHARE

The only dilutive ordinary shares are unexercised uncovered employee stock options, with exercise prices lower than the average quoted price of Lagardère SCA share over the reference period ("in-the-money" options), and free shares allocated subject to stock market performance conditions when the average market price over the reference period is higher than the price required by the condition.

	2008	2007
Profit attributable to equity holders of the parent (in millions of €)	593	534
Average number of shares outstanding	128,537,916	132,696,780
Adjustment to assume conversion of stock options and free shares:		
Dilutive stock options and free shares ("in the money" options)		996,950
Other stock options and free shares ("out of the money" options)	996,950	
Average number of shares including dilutive stock options	**128,537,916**	**133,693,730**
Diluted earnings per share (in €)	**4.62**	**3.99**

Note 15 GOODWILL

	2008	2007
At 1 January	**2,975**	**2,062**
Cost	*3,056*	*2,111*
Accumulated impairment losses	*(81)*	*(49)*
Acquisitions	290	1,036
Adjustment arising from recognition of put options granted to minority interests	(49)	28
Goodwill written-off on disposals	(9)	(16)
Impairment losses	(72)	(73)
Translation adjustments	(89)	(60)
Other movements	(66)	(2)
At 31 December	**2,980**	**2,975**
Cost	*3,120*	*3,056*
Accumulated impairment losses	*(140)*	*(81)*

Net goodwill in the balance sheet concerns the following companies:

	31 Dec. 2008	31 Dec. 2007
Sport ve group	632	630
Lagard•re Active	596	596
Lagard•re Active Broadcast group	276	254
Editis group	241	238
Hachette Book Group	211	199
Little, Brown Book Group	46	60
HL UK group (formerly Hodder Headline)	146	189
Doctissimo	134	
Hatier group	84	84
IEC In Sports	63	73
Nextedia	48	91
Lagard•re [1]	45	45
Payot Naville Distribution group	40	40
Newsweb	39	72
Soci t de Presse F minine	39	39
Hachette Livre Espa–a group (formerly Salvat group)	27	27
Orion group	24	31
Jumpstart Automotive Media	24	53
Newslink	21	25
Curtis Circulation	19	
Inter Media group	18	
Psychologies Magazine group	16	
Lapker group	15	16
Upsolut Sports	15	
Octopus group	14	28
Pika Editions	14	14
Editions Charles Massin	14	
Escala Educacional group	11	14
Digital Spy	10	
S.C.P.E.		1
Adjustment arising from recognition of put options granted to minority interests	3	52
Other	95	104
Total	**2,980**	**2,975**

(1) Goodwill on Matra Hachette shares purchased prior to the business combination.

Note 16 INTANGIBLE ASSETS

/// Cost

	Publication titles	Sports rights	Other	Total
At 1 January 2007	**1,357**	**–**	**560**	**1,917**
Acquisitions	1	16	54	**71**
Changes in scope of consolidation	(105) (*)	403	(2)	**296**
Disposals		(17)	(21)	**(38)**
Reclassi cation as assets held for sale			(80)	**(80)**
Reclassi cations			9	**9**
Translation adjustments	(84)		(8)	**(92)**
At 31 December 2007	**1,169**	**402**	**512**	**2,083**
Acquisitions		139	83	**222**
Changes in scope of consolidation	58		10	**68**
Disposals	(1)	(1)	(11)	**(13)**
Reclassi cations		12	(22)	**(10)**
Translation adjustments	26	(1)	(10)	**15**
At 31 December 2008	**1,252**	**551**	**562**	**2,365**

(*) Including -€110 million on the sale of Regional Daily Press activities.

/// Amortization and impairment losses

	Publication titles	Sports rights	Other	Total
At 1 January 2007	**(77)**	**–**	**(339)**	**(416)**
Amortization		(67)	(31)	**(98)**
Impairment losses	(65) (*)		(40) (**)	**(105)**
Changes in scope of consolidation		(135)	10	**(125)**
Disposals		17	19	**36**
Reclassi cation as assets held for sale			43	**43**
Reclassi cations				**–**
Translation adjustments	7		3	**10**
At 31 December 2007	**(135)**	**(185)**	**(335)**	**(655)**
Amortization		(82)	(24)	**(106)**
Impairment losses	(264) (*)			**(264)**
Changes in scope of consolidation				**–**
Disposals		1	9	**10**
Reclassi cations		(1)	11	**10**
Translation adjustments	(20)			**(20)**
At 31 December 2008	**(419)**	**(267)**	**(339)**	**(1,025)**

(*) Including impairment losses on publication titles in the US: -€62 million in 2007 and -€248 million in 2008.
(**) Including -€37 million related to Virgin Stores group.

/// Net carrying amounts

At 31 December 2007	**1,034**	**217**	**177**	**1,428**
At 31 December 2008	**833**	**284**	**223**	**1,340**

The main Lagard•re Media publication titles are owned by the following companies:

/// Net carrying amounts

	31 Dec. 2008	31 Dec. 2007
Hachette Filipacchi Magazines Inc. (*)	299	530
Rusconi group	192	192
Hachette Filipacchi UK	79	103
Hachette Fujin Gaho	53	51
Psychologies Magazine group	35	
Lagard•re Active (Press activities)	32	32
Editions Charles Massin	21	
Hachette Filipacchi SA (Spain)	19	24

(*) This decline is principally due to recognition of a -€248 million impairment loss.

Note 17 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows by category:

/// 2008 - Cost

	At 1 January 2008	Acquisitions	Changes in scope of consolidation	Disposals	Reclassifications	Translation adjustment	At 31 December 2008
La d n	14	6				1	147
Buildings	455	18		(14)	4		463
Machinery and equipment	389	37	1	(14)	5	(12)	406
Other	455	62	4	(21)	4	(15)	489
Assets under construction	18	11			(20)		9
Total	**1,463**	**128**	**5**	**(49)**	**(7)**	**(26)**	**1,514**

/// 2008 - Depreciation and impairment losses

	At 1 January 2008	Depreciation	Impairment losses	Changes in scope of consolidation	Disposals	Reclassifications	Translation adjustment	At 31 December 2008
Land	(2)						(1)	(3)
Buildings	(226)	(20)			3	1	(2)	(244)
Machinery and equipment	(280)	(34)		(1)	12		7	(296)
Other	(315)	(41)	(3)	(1)	18	(1)	8	(335)
Assets under construction								
Total	**(823)**	**(95)**	**(3)**	**(2)**	**33**	**–**	**12**	**(878)**
Carrying amounts	**640**	**33**	**(3)**	**3**	**(16)**	**(7)**	**(14)**	**636**

/// 2007 - Cost

	At 1 January 2007	Acquisitions	Changes in scope of consolidation	Disposals and reclassifications as assets held for sale	Reclassifications	Translation adjustment	At 31 December 2007
Land	151	1	(4)	(2)	1	(1)	146
Buildings	561	25	(65)	(62)		(4)	455
Machinery and equipment	451	44	(66)	(64)	30	(6)	389
Other	500	57	(6)	(77)	(16)	(3)	455
Assets under construction	43	13		(4)	(34)		18
Total	**1,706**	**140**	**(141)**	**(209)**	**(19)**	**(14)**	**1,463**

/// 2007 - Depreciation and impairment losses

	At 1 January 2007	Depreciation	Impairment losses	Changes in scope of consolidation	Disposals and reclassifications as assets held for sale	Reclassifications	Translation adjustment	At 31 December 2007
Land	(3)					1		(2)
Buildings	(292)	(25)	(24) (*)	44	68	1	2	(226)
Machinery and equipment	(341)	(37)		35	60	(1)	4	(280)
Other	(359)	(44)	(1)	6	61	18	4	(315)
Assets under construction								
Total	**(995)**	**(106)**	**(25)**	**85**	**189**	**19**	**10**	**(823)**
Carrying amounts	**711**	**34**	**(25)**	**(56)**	**(20)**	**0**	**(4)**	**640**

(*) Including impairment losses of -€24 million related to Virgin Stores group.

INVESTMENT PROPERTY

Balance sheet assets include a real property complex carried at net value of €73 million at 31 December 2008 and €75 million at 31 December 2007. This property is subject to an operating lease agreement with NMPP and its market value is estimated at €120 million at 31 December 2008 (€118 million at 31 December 2007). Related rental income in 2008 and 2007 totalled €9 million.

FINANCE LEASES

Finance leases are included mainly in land and buildings at the following amounts:

	31 December 2008	31 December 2007
Cost	116	116
Carrying amount	73	75

Note 18 INVESTMENTS IN ASSOCIATES

The following amounts are recognised in the consolidated nancial statements for the principal companies accounted for by the equity method:

	% interest		Balance sheet		Income statement	
	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007	2008	2007
Canal+ France	20.00%	20.00%	1,465	1,433	32	10
Marie-Claire	42.00%	42.00%	156	236	(80) (*)	6
World Sport Group	70.74%		96		(2)	
Amaury group	25.00%	25.00%	81	76	7	9
O.E.E. (Because)	25.00%	25.00%	16	15		
SETC	39.00%	39.00%	12	14	(2)	1
Editions J ai lu	35.00%	35.00%	11	11	1	1
Other			35	59	9	17
Excluding EADS			**1,872**	**1,844**	**(35)**	**44**
EADS	10.00%	12.51%	571	1,003	171	(44)
Total			**2,443**	**2,847**	**136**	**0**

(*) Including an impairment loss of -€90 million.

Condensed nancial information for EADS and Canal+ France is presented below::

(On a 100% basis)	31 Dec. 2008		31 Dec. 2007	
	EADS	Canal+ France	EADS	CanalSatellite
Balance sheet information				
Total assets	70,696	5,036	70,225	4,967
Total liabilities	64,886	2,863	62,124	3,068
Income statement information				
Net sales	43,265	3,858	39,123	3,750
Net pro t (loss)	1,609	262	(437)	151

For the purposes of the consolidation, EADS consolidated nancial statements have been restated to neutralise the effects of the adjustments recorded by EADS at the time of the business combinations with Aerospatiale Matra and Dasa. This treatment was applied as a result of the Lagard•re Group s election not to restate business combinations carried out prior to 1 January 2004 on rst-time adoption of IFRS and therefore to recognise these entities net assets at historical cost. EADS reported a net pro t of €1,572 million for 2008.

As explained in EADS consolidated nancial statements, certain potential expenses related to the technical dif culties encountered on the A400M programme have not been recognised in the provision for losses on the A400M contract at 31 December 2008, because they cannot currently be estimated. EADS future results could suffer significant negative impacts when it becomes possible to estimate these expenses.

Note 19 OTHER NON-CURRENT ASSETS

Other non-current assets break down as follows:

Carrying amounts	31 Dec. 2008	31 Dec. 2007
Non-current investments	121	124
Loans and receivables	81	81
Total	**202**	**205**

Non-current investments include:

Carrying amounts	31 Dec. 2008		31 Dec. 2007	
	Carrying amount	% interest	Carrying amount	% interest
Viel	19	12%	43	12%
Le Monde SA	30	17%	36	17%
La D p•che du Midi	12	15%	12	15%
Other	60		33	
Total	**121**		**124**	

The above investments are classi ed as available-for-sale investments.

Fair value adjustments of available-for-sale investments recognised directly in equity represented a net loss of €30 million in 2008 (-€6 million in 2007).

The cumulative fair value adjustments at 31 December 2008 amounted to -€ 5 million (+€ 25 million at 31 December 2007).

Loans and receivables break down as follows:

Loans and receivables	31 Dec. 2008	31 Dec. 2007
Gross amount	187	190
Accumulated write-downs	(106)	(109)
Carrying amount	**81**	**81**

Analysis of write-downs	2008	2007
At 1 January	**(109)**	**(97)**
Write-downs reversed in the year		20
Other movements and translation adjustments	3	(32)
At 31 December	**(106)**	**(109)**

Loans and receivables included in non-current assets are principally comprised of deposits, loans and receivables with an estimated maturity of over one year.

Note 20 INVENTORIES

Inventories break down as follows:

	31 Dec. 2008	31 Dec. 2007
Lagard•re Publishing	430	438
Lagard•re Active	91	80
Audiovisual	*38*	*39*
Press	*53*	*41*
Lagard•re Services	252	241
Lagard•re Sports	1	
Other Activities (*)	25	23
Cost	**799**	**782**
Accumulated write-downs	(248)	(253)
Carrying amount	**551**	**529**

(*) Spare part inventories of Matra Manufacturing & Services (formerly Matra Automobile): €25 million in 2008 and €23 million in 2007.

Analysis of write-downs	2008	2007
At 1 January	**(253)**	**(242)**
Write-downs recognised in the year	(4)	(15)
Other movements and translation adjustments	9	4
At 31 December	**(248)**	**(253)**

Note 21 TRADE RECEIVABLES

Trade receivables and their realizable value break down as follows:

	31 Dec. 2008	31 Dec. 2007
Trade receivables	1,800	1,718
Accumulated write-downs	(153)	(133)
Carrying amount	**1,647**	**1,585**
Including:		
– not yet due	*1,155*	*1,189*
– overdue by up to 6 months	*410*	*340*
– overdue by more than 6 months	*82*	*56*
Total	*1,647*	*1,585*

Analysis of write-downs	2008	2007
At 1 January	**(133)**	**(114)**
Write-downs (recognised) reversed in the year	(21)	11
Other movements and translation adjustments	1	(30)
At 31 December	**(153)**	**(133)**

SECURITISATIONS OF TRADE RECEIVABLES

Certain subsidiaries of Lagard•re Active have entered into securitisation contracts with debt securitisation funds. The main characteristics of the programmes are as follows:

Receivables are sold on a no-recourse basis.

The asset-backed securities issued by the securitisation fund are overcollateralised, with the difference between the carrying amount of the sold receivables and the sale proceeds received from the securitisation fund being held in a deposit account.

In the case of any bad debts, the loss is deducted from the deposit and is therefore incurred by the seller of the receivables.

In certain cases, the seller has the option of buying back the sold receivables, particularly those that are classi ed as doubtful, and recovering the corresponding deposit.

In the consolidated nancial statements, the sold receivables continue to be carried in the balance sheet, the deposits paid to the debt securitisation funds are cancelled and a debt is recognised in liabilities.

The amounts involved at 31 December 2008 and 2007 are as follows:

	31 Dec. 2008	31 Dec. 2007
Assets		
Trade receivables	146	154
Other receivables (*)	(34)	(27)
Liabilities		
Debt	112	127

(*) Guarantee deposits.

Note 22 OTHER CURRENT ASSETS

Other current assets break down as follows:

	31 Dec. 2008	31 Dec. 2007
Advances paid	28	25
Recoverable taxes and payroll taxes	334	319
Derivative nancial instruments (*)	435	459
Receivable from writers	298	268
Receivable from suppliers	112	107
Loans	43	40
Prepaid expenses	133	103
Other	98	90
Total	**1,481**	**1,411**
Accumulated write-downs	**(104)**	**(105)**
Carrying amount	**1,377**	**1,306**

(*) See note 29-1.

Analysis of write-downs	2008	2007
At 1 January	**(105)**	**(111)**
Write-downs recognised in the year	(44)	(38)
Other movements and translation adjustments	45	44
At 31 December	**(104)**	**(105)**

Note 23 SHORT-TERM INVESTMENTS

Short-term investments are solely comprised of available-for-sale investments measured at fair value. They break down as follows:

	31 Dec. 2008	31 Dec. 2007
Shares	30	43
Bonds	87	93
Total	**117**	**136**

Shares are Deutsche Telekom shares received in 2006 in exchange for T-Online shares as part of the merger between the two companies.

The cumulative fair value adjustments at 31 December 2008 amounted to -€ 4 million (+€ 9 million at 31 December 2007).

Note 24 CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents reported in the cash ow statement are as follows:

	31 Dec. 2008	31 Dec. 2007
Cash and cash equivalents	835	733
Short-term bank loans and overdrafts	(259)	(261)
Cash and cash equivalents, net	**576**	**472**

Note 25 EQUITY

25-1 SHARE CAPITAL

At 31 December 2008, the share capital of Lagard•re SCA amounted to €799,913,044.60, represented by 131,133,286 shares with a par value of €6.10, all ranking pari passu and fully paid.

Changes in capital over the last two years were as follows:

	2008	2007
Number of shares at 1 January	134,133,286	142,691,231
Shares issued on exercise of subscription options		3,529
Capital reduction by cancellation of treasury shares	(3,000,000)	(8,561,474)
Number of shares issued and paid up at 31 December	**131,133,286**	**134,133,286**

25-2 EMPLOYEE STOCK OPTIONS

In prior years, the Managing Partners granted stock purchase options on Lagard•re SCA shares to certain members of management and employees of the Group under shareholder-approved plans. Details of the plans outstanding at 1 January 2008 are presented below.

Plan	Date of AGM	Number of options originally granted	Exercise price (in €)	Number of beneficiaries	Options exercised in 2008	Options forfeited at end of 2008	Options outstanding at end of 2008	Period of exercise
Purchase options:								
19 Dec. 2001	23 May 2000	1,258,000	46.48	421	2,558	105,902		19 Dec. 2003 to 19 Dec. 2008
19 Dec. 2002	23 May 2000	1,299,000	51.45	416	1,500	94,973	1,031,087	19 Dec. 2004 to 19 Dec. 2009
18 Dec. 2003	23 May 2000	1,437,250	51.45	445	2,000	69,976	1,340,953	18 Dec. 2005 to 18 Dec. 2013
20 Nov. 2004	11 May 2004	1,568,750	51.92	481	2,023	81,674	1,494,185	20 Nov. 2006 to 20 Nov. 2014
21 Nov. 2005	11 May 2004	1,683,844	56.97	495		48,250	1,635,594	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006	11 May 2004	1,844,700	55.84	451		27,300	1,817,400	14 Dec. 2008 to 14 Dec 2016

Options on Hachette Filipacchi M dias (HFM) shares were granted to employees of the HFM group when it was still listed on the stock exchange. Following Lagard•re SCAs public exchange offer for HFM in 2000 and the subsequent offer to purchase all of the remaining minority interests, Lagard•re SCA offered to exchange the HFM shares acquired by option holders for Lagard•re SCA shares based on the same ratio as for the public exchange offer (11 Lagard•re SCA shares for 10 HFM shares).

Details of this plan are presented below:

Date of AGM Date of grant	Exercise price (in €)	Exercise period	Number of options granted	Number of beneficiaries	Number of options forfeited	Options outstanding at end 2008	Period of repurchase
18 June 1997 22 July 1999	46.20	22 July 1999 to 21 July 2009	1,525 (1)	63	75	732 (2)	23 July 2004 to 23 July 2009

(1) Each option entitled the holder to subscribe 500 HFM shares.

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

On 28 December 2007, the Managing Partners introduced a plan to award free shares in Lagard•re SCA for certain members of management and employees of the Group, covering a total of 594,350 shares. These shares will be remitted to bene ciaries on 29 December 2009, provided the average opening price for the Lagard•re SCA share over the twenty trading days preceding 29 December 2009 is equal to or higher than the quoted price at the grant date, which was €51.14.

25-3 TREASURY SHARES

Changes in the number of shares held in treasury over the last two years were as follows:

	2008	2007
Number of shares held at 1 January	4,010,793	7,420,165
Purchases of treasury shares	3,537,793	6,091,917
Sales of treasury shares	(360,557)	
Treasury shares allocated on exercise of stock options	(8,081)	(408,172)
Sales of treasury shares under hedging contracts		(531,643)
Capital reduction by cancellation of treasury shares	(3,000,000)	(8,561,474)
Number of shares held at 31 December	**4,179,948**	**4,010,793**

Between 2002 and 2006, stock purchase options were granted to Group employees at annual intervals. In view of the options outstanding under these plans, Lagard•re SCA carried out transactions to cover its obligations in November 2005, November 2006 and March 2007, purchasing call options from Barclays Bank PLC, and selling treasury shares to Barclays Capital Securities Limited with a repurchase option.

Following these transactions, Lagard•re SCAs obligation to deliver shares under the option plans set up in the period 2002-2006 was fully covered at 31 December 2008.

In accordance with IAS 32, all amounts involved in these transactions were recognised directly in equity.

In 2008, the Group also purchased 3,537,793 treasury shares for a total cost of €113 million, and sold 360,557 treasury shares for a total cost of €10 million, generating a total gain of €0.3 million. Sales to employees concerned 8,081 shares for total price of €1 million and generated a non-signi cant gain.

In 2007, the Group purchased 6,091,917 treasury shares at a total cost of €351 million and sold employees 408,172 treasury shares for a total price of €22 million, generating a gain of €0.4 million.

25-4 RESERVES

TRANSLATION RESERVE

The translation reserve corresponds to cumulative exchange differences arising on translation of the nancial statements of foreign subsidiaries whose functional currency is not the euro.

VALUATION RESERVE

The valuation reserve comprises:

- Cumulative gains and losses on cash ow hedges taken to equity,
- Cumulative valuation gains and losses on available-for-sale investments taken to equity.

25-5 MINORITY INTERESTS

Minority interests in the net assets and pro ts of consolidated companies break down as follows:

	Balance sheet		Income statement	
	31 Dec. 2008	**31 Dec. 2007**	**2008**	**2007**
Lagard•re Publishing	15	15	2	2
Lagard•re Active	44	40	20	16
Lagard•re Services	32	30	12	12
Total	**91**	**85**	**34**	**30**

25-6 CAPITAL MANAGEMENT

LAGARDÈRE SCA SHARE CAPITAL AND SHAREHOLDERS

Lagard•re is attentive to its ownership structure and shareholder monitoring. As all Lagard•re SCA shares are in registered form, information on shareholders and changes in ownership are available to the Company. The proportion of freely traded shares is high at 90%, the other 10% being held by Lagard•re Capital & Management, controlled by Mr. Arnaud Lagard•re, the Managing Partner. This guarantees good stock liquidity.

Lagard•re has not raised capital on the market for several years (the only capital increases have resulted from Group employees exercising stock subscription options) but applies a regular dividend distribution policy. To reward shareholder stability, the Company has granted double voting rights for shares registered in the name of the same shareholder for at least four years.

CONSOLIDATED EQUITY

As described in note 28-1, some of Lagard•re SCA s bond borrowings and bank loans contain financial ratio covenants. In particular, these require the Group to comply with a minimum level of consolidated equity, or maximum indebtedness calculated as a proportion of consolidated equity. Failure to meet these ratio requirements entitles the lenders to request immediate reimbursement of their loans. The ratios are monitored throughout the year by the Cash Management and Financing Division and have always been respected.

As part of its long-term development strategy, the Group optimises its debt/equity ratio. Given the currently low level of debt, external growth can be nanced by borrowings. The Group also has an active share buyback policy, within limits set by the Annual General Meeting, which authorises cancellation of shares with antidilutive effect for shareholders. In April 2007, 8.6 million shares were cancelled, equivalent to 6% of the share capital at that date. In July 2008, 3 million shares were cancelled, equivalent to 2.23% of the share capital at that date.

Note 26 PROVISIONS

26-1 PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS

In application of the principles set out in note 3-18 Provisions for employee bene t obligations , provisions are recognised to cover the Group s obligations under de ned-bene t plans.

The tables below give details of the assumptions used in valuation, and the changes in the bene t obligations and the provisions established:

/// Change in benefit obligation

	2008	2007
Bene t obligation at beginning of the year	303	341
Service cost	12	12
Interest cost	14	13
Bene ts paid	(15)	(17)
Settlement of obligations	(4)	(15)
Actuarial (gains) losses	(32)	(5)
Changes in scope of consolidation	1	(14)
Employee contributions	3	3
Translation adjustments and other	(19)	(15)
Benefit obligation at end of the year	**263**	**303**
Bene t obligation at end of year for funded plans	198	242
Bene t obligation at end of year for unfunded plans	65	61

/// Change in fair value of plan assets

	2008	2007
Fair value of plan assets at beginning of year	200	206
Actual return on plan assets	(20)	12
Employer contributions	15	18
Bene ts paid	(12)	(14)
Settlement of obligations	(3)	(11)
Changes in scope of consolidation		
Employee contributions	3	3
Translation adjustments and other	(15)	(14)
Fair value of plan assets at end of year	**168**	**200**

/// Asset allocation at 31 December

	2008	2007
Shares	32%	36%
Bonds	49%	50%
Real property	5%	1%
Money market instruments	5%	2%
Other	9%	11%

The expected rate of return on assets is the weighted average rate, based on the individual expected long-term return for each class of assets in the nancing portfolio, and their actual allocation at valuation date.

/// Calculation of net amount recognised as provision

	2008	2007	2006	2005	2004
Bene t obligation	263	303	340	339	306
Fair value of plan assets	(168)	(200)	(206)	(181)	(157)
Unrecognised past service cost	(1)				
Net amount recognised as provision (*)	**94**	**103**	**134**	**158**	**149**

(*) Amounts shown for 2006, 2005 and 2004 have been adjusted retrospectively to reflect the change of method introduced in 2007 (election for the option under revised IAS 19 allowing immediate recognition in equity of actuarial gains and losses).

/// Calculation of net expense for the year

	2008	2007
Service cost	12	12
Interest cost	14	13
Expected return on plan assets	(10)	(11)
Recognition of past service cost		6
Effect of limit on assets		
Effect of settlements and plan curtailments	(1)	(3)
Net expense recognised in the income statement	**15**	**17**

/// Actuarial assumptions used to calculate benefit obligations

	2008	2007
Discount rate: weighted average for all countries	4.44%	4.33%
Euro zone (*)	5.60%	5.25%
United Kingdom (*)	6.40%	5.75%
Average expected rate of bene t increase	2.63%	2.47%
Average expected rate of salary increase	2.29%	2.52%
Expected rate of return on plan assets	4.95%	5.35%
Expected rate of healthcare cost in ation		
Initial	5.00%	5.00%
Ultimate	2.00%	2.00%
Year in which ultimate rate is expected to be reached	2027	2027

(*) Discount rates are derived from market rates on the bonds issued by first rank (AA) private companies, with maturities approximately equivalent to those of the estimated future payments under the plans. The benchmark index used in 2007 and 2008 was the Iboxx Corporate AA index (for 2008, the rate used was published on 2 January 2009).

/// Experience gains and losses

	2008	2007
1. Difference between actual and expected returns on plan assets		
Gains (losses)	(30)	1
Percentage of plan assets at year-end	-18.07%	0.40%
2. Experience (gains) and losses on plan assets		
Losses (gains)	(2)	8
Percentage of present value of plan liabilities at year-end	-0.66%	2.66%

/// Sensitivity to trend rate assumptions (+/-1%) for post retirement medical plans

	2008	2007
Present value of benefit obligation at 31 December	6	6
Effect of a 1% increase		
on defined benefit obligation	7	9
on expense for the year		1
Effect of a 1% decrease		
on defined benefit obligation	(5)	(5)
on expense for the year		

/// Expected employer contribution

	2009	2008
	12	15

/// Actuarial gains and losses recognised directly in equity

	2008	2007
At 1 January	4	15
Change for the year	(3)	(11)
At 31 December (gross)	**1**	**4**
Deferred tax impact	-	(1)
Net actuarial gains and losses recognised in equity at 31 December	**1**	**3**

26-2 PROVISIONS FOR CONTINGENCIES AND LOSSES

Non-current and current provisions cover the following main contingencies and losses:

	31 Dec. 2008	31 Dec. 2007
Losses on long-term contracts and other contracts	17	19
Restructuring and withdrawal costs	82	117
Claims and litigation	134	172
Other provisions	292	324
Total	**525**	**632**
Including:		
Non-current provisions	*189*	*200*
Current provisions	*336*	*432*
	525	***632***

	At 1 January 2008	Translation adjustment	Changes in scope of consolidation	Charges	Utilisations	Releases of surplus provisions	Reclassifications	At 31 December 2008
Losses on long-term contracts and other contracts	19				(2)			17
Restructuring and withdrawal costs	117		1	20	(52)		(4)	82
Claims and litigation	172		(1)	15	(37)	(17)	2	134
Other provisions	324	1	(10)	82	(49)	(61)	5	292
Total	**632**	**1**	**(10)**	**117**	**(140)**	**(78)**	**3**	**525**

Provisions for claims and litigation cover risks identi ed at year-end and are based on the estimated amount of potential losses for the Group.

Other provisions mainly concern risks related to nancial commitments and subsidiaries.

Note 27 DEBT

27-1 BREAKDOWN OF DEBT

Debt breaks down as follows:

	31 Dec. 2008	31 Dec. 2007
Mandatory Exchangeable Bonds		664
Other bonds	430	398
Bank loans	1,897	819
Finance lease liabilities	25	41
Debt related to put options granted to minority interests	9	22
Other debt	19	16
Non-current debt	**2,380**	**1,960**
Mandatory Exchangeable Bonds	692	759
Other bonds		102
Bank loans	31	110
Finance lease liabilities	15	14
Debt related to put options granted to minority interests	15	60
Other debt	438	434
Current debt	**1,191**	**1,479**
Total debt	**3,571**	**3,439**

27-2 ANALYSIS OF DEBT BY MATURITY

Debt breaks down as follows by maturity:

	Under one year (*)	1 to 5 years	Over 5 years	Total
Mandatory Exchangeable Bonds	692			692
Other bonds		430		430
Bank loans	31	1,893	4	1,928
Finance lease liabilities	15	22	3	40
Debt related to put options granted to minority interests	15	9		24
Other debt	438	5	14	457
At 31 December 2008	**1,191**	**2,359**	**21**	**3,571**
At 31 December 2007	**1,479**	**1,711**	**249**	**3,439**

(*) Debt due within one year is reported in the balance sheet under "Current debt".

27-3 MANDATORY EXCHANGEABLE BONDS

DESCRIPTION OF THE ISSUE

On 10 April 2006, Lagardère SCA issued 61,110 Mandatory Exchangeable Bonds, entirely subscribed by Natixis (formerly IXIS CIB). The main features of this issue are described below.

- The issue proceeds of €1,992 million are redeemable for a maximum of 61,110,000 EADS shares, representing approximately 7.5% of the capital of EADS, in three equal tranches (subject to adjustments arising from the upside exposure mechanism described below) on 25 June 2007, 25 June 2008 and 25 June 2009.
- The reference price per EADS share used to calculate the issue proceeds was €32.60, which was the market price for the accelerated placement of a further 7.5% of the capital of EADS carried out simultaneously by Daimler (a fellow shareholder in EADS, with a 30% interest).
- Lagardère retains ownership of the EADS shares, and will collect the dividend on them until they are delivered in redemption of the bonds.
- The issue includes an upside exposure mechanism under which Lagardère will enjoy the full benefit of any rise in the EADS share price up to 115% of the reference price (i.e. up to €37.49). This upside exposure mechanism will, if activated, lead to a reduction in the number of shares delivered in redemption of the bonds. However, in the event of a decline in the EADS share price, Lagardère SCA is guaranteed to be able to sell all the underlying shares at the reference price.
- As consideration for these benefits, the Mandatory Exchangeable Bond issue bears annual interest of 7.7%.

Because ownership of the underlying shares is not transferred until the maturity dates of the bonds, subject to any adjustments arising from the upside exposure mechanism described above, Lagardère SCA's interest in the capital of EADS remained at approximately 15% until June 2007 when it was reduced to approximately 12.5%; it was subsequently reduced to approximately 10% in June 2008, and will finally be reduced to approximately 7.5% in June 2009.

Under the initial agreements between the shareholders of EADS, partial disposals may be made without altering the balance of power between the French State and Lagardère within the French investor group, and between the French investor group and the German investor group. Consequently, the French State and Lagardère may each reduce their holding to 6% without breaching the terms under which joint control is exercised within the shareholders' agreement.

EARLY REDEMPTION OF THE THIRD TRANCHE

In an amendment to the subscription contract signed on 26 January 2009, Lagardère SCA and Natixis, the sole subscriber and only holder of the 20,370 Mandatory Exchangeable Bonds still outstanding, agreed at the initiative of Natixis to bring forward the date of redemption of those bonds, and thereby the date of delivery of the third tranche of EADS shares, from 25 June 2009 to 24 March 2009. In execution of this amendment, on 24 March 2009 Lagardère SCA will deliver to Natixis 20,370,000 EADS shares representing 2.5% of the share capital. Lagardère SCA will continue to benefit from the initial upside exposure mechanism for adjustment to the price of the EADS share until the date and at the price initially agreed, potentially resulting in Lagardère SCA receiving a balancing payment.

SEPARATION OF THE COMPONENTS OF THE MANDATORY EXCHANGEABLE BOND UNDER IFRS

According to the criteria specified in IAS 39 "Financial Instruments: Recognition and Measurement", the Mandatory Exchangeable Bond issue is a hybrid financial instrument, the two components of which must be measured and accounted for separately. These components are:

- a host debt contract;
- an embedded derivative in the form of a "collar", combining protection against downside exposure relative to the reference price of EADS shares at the issue date (purchase of a put option at a minimum price of €32.60) with an upside exposure mechanism (simultaneous sale of a call option at a fixed price of €37.49, i.e. 115% of the reference price).

ACCOUNTING TREATMENT OF THE MANDATORY EXCHANGEABLE BOND AT THE ISSUE DATE

The derivative was initially measured on the basis of an independent valuation conducted as part of the negotiations of the terms of the issue between Lagardère SCA and the subscriber of the issue. This valuation was €2.12 per EADS share, which when applied to the total number of underlying shares (61,110,000) gave a total value of €130 million, recognised under "Other current assets" in the consolidated balance sheet.

The fair value of the host debt contract is the sum of the issue proceeds, net of issue costs (i.e. €1,970 million), and the value of the derivative (€130 million). The bond debt was therefore recognised at a total amount of €2,100 million on issue. The debt is accounted for using the amortized cost method, at an effective interest rate of 3.51%. This represents the rate that exactly discounts total cash payments (principal and interest) under the host debt contract to the initial fair value of that contract.

RECOGNITION OF DISPOSALS OF SHARES ON THE REDEMPTION DATES

Gains arising on the disposal of each of the three tranches of EADS shares delivered in redemption of the bonds are recognised on the date of delivery of the shares.

On 25 June 2008, Lagard•re redeemed the second tranche and remitted 20,370,000 EADS shares (approximately 2.5% of the share capital of EADS) to the bondholders. The value of this operation, based on the reference per-share price of EADS shares (€32.60) used at the time of the issue, was €664 million in 2008, generating a gain on disposal of €466 million, compared to €472 million for the same operation in 2007. In the consolidated cash ow statement, the value at which shares were remitted is included in cash from investing activities, under proceeds from sales of investments, with a corresponding reduction in debt in the cash ows from nancing activities.

Based on the carrying amount of the investment in EADS recorded in Lagard•re s consolidated nancial statements at 31 December 2008, and excluding any effects of the upside exposure mechanism, the total gain to be recognised in 2009 is €521 million. This amount may vary, depending on the carrying amount of the investment in EADS for consolidation purposes as of the Mandatory Exchangeable Bond redemption date and possible activation of the upside exposure mechanism.

MEASUREMENT OF THE DERIVATIVE

The derivative is a hedge of the future cash ows represented by the future delivery of the underlying EADS shares. As required by IAS 39, changes in the fair value of the effective portion of this hedging instrument are recognised directly in equity, while the ineffective portion is recognised in pro t or loss.

As of the Mandatory Exchangeable Bond issue date, the effective portion of the derivative was zero. Consequently, the ineffective portion of the derivative was the same as the fair value (€130 million) recognised in the consolidated balance sheet as an asset.

As of 31 December 2008, based on the quoted market price of EADS shares as of that date (€12.03), the effective portion of the hedge was measured at a positive value of €420 million (€424 million at 31 December 2007), recognised as an increase in consolidated equity. This amount re ects the unrealised gain as of 31 December 2008 between the reference price and the quoted market price of EADS shares, adjusted downwards for discounting in view of the bond redemption dates; it represents a portion of the overall unrealised gain mentioned above, provisionally estimated at €521 million. At each subsequent balance sheet date, the effective portion will be remeasured, with changes in fair value recognised in equity until the shares are sold, at which point the changes in fair value will be transferred to pro t or loss.

The initial value of the derivative (€130 million) in substance represents the cost incurred by Lagard•re as consideration for the guarantees provided by this instrument throughout the entire term of the bond issue. Consequently, Lagard•re has only partially applied the principle of recognising changes in the fair value of the ineffective portion of the hedge in pro t or loss, opting to recognise the initial value of €130 million as an expense on a straight-line basis over the term of the bond issue in proportion to the number of shares not yet delivered in redemption. As a result of this treatment, Lagard•re recognised a nancial expense of €27 million in its income statement for the year ended 31 December 2008 (€50 million in 2007) and the residual net carrying amount in its balance sheet at 31 December 2007 is €3 million (€30 million at 31 December 2007). The market value of the derivative at 31 December 2008 was close to zero (€6 million at 31 December 2007).

27-4 CHARACTERISTICS OF BONDS AND MAIN BANK LOANS

The following tables provide details of bonds (excluding Mandatory Exchangeable Bonds) and bank loans:

31 December 2008	Carrying amount	Value of hedging instruments (*)	Total	Currency after hedging	Original interest rate	Interest rate after hedging
24 January 2001 US Private Placement Notes:						
10-year notes, for US$225 million	177	76	**253**	EUR	7.49%	EURIBOR +1.288%
24 July 2003 US Private Placement Notes:						
10-year notes, for US$38 million	30	4	**34**	EUR	5.18%	6-month EURIBOR +0.87%
10-year notes, for €116 million	121	(5)	**116**	EUR	4.965%	6-month EURIBOR +0.88%
10 July 2003 10-year bond issue underwritten by LCL, for €100 million	102	(2)	**100**	EUR	4.75%	3-month EURIBOR +1.035%
Bonds	**430**	**73**	**503**			
21 December 2005 6-year structured loan, for €151 million:						
Tranche A, for €116 million	116		**116**	EUR	3-month EURIBOR +0.575% limit 4.375%	3-month EURIBOR +0.40%
Tranche B, for €35 million	35		**35**	EUR	3.85%	3-month EURIBOR +0.40%
22 June 2005 5-year syndicated loan (with 2-year extension), for €2,200 million:	1,680		**1,680**	EUR	1-month EURIBOR +0.275%	
€1,080 million drawn in 2008						
Other debt	97		**97**			
Bank loans	**1,928**	**–**	**1,928**			
Total	**2,358**	**73**	**2,431**			

(*) Fair value of derivative instruments designated as hedges of debt.

31 December 2007	Carrying amount	Value of hedging instruments (*)	Total	Currency after hedging	Original interest rate	Interest rate after hedging
24 January 2001 US Private Placement Notes:						
7-year notes, for US$150 million	102	67	**169**	EUR	7.25%	EURIBOR +1.099%
10-year notes, for US$225 million	162	91	**253**	EUR	7.49%	EURIBOR +1.288%
24 July 2003 US Private Placement Notes:						
10-year notes, for US$38 million	26	8	**34**	EUR	5.18%	6-month EURIBOR +0.87%
10-year notes, for €116 million	114	2	**116**	EUR	4.965%	6-month EURIBOR +0.88%
10 July 2003 10-year bond issue underwritten by LCL, for €100 million	96	4	**100**	EUR	4.75%	3-month EURIBOR +1.035%
Bonds	**500**	**172**	**672**			
21 December 2005 6-year structured loan, for €151 million:						
Tranche A, for €116 million	116	2	**118**	EUR	3-month EURIBOR +0.575% limit 4.375%	3-month EURIBOR +0.40%
Tranche B, for €35 million	33		**33**	EUR	3.85%	3-month EURIBOR +0.40%
Cr dit Agricole/Indosuez 5-year loan obtained on 30 September 2003, for €70 million:						
Tranche A, for €50 million	50		**50**	EUR	3-month EURIBOR +0.92% limit 5.92%	3-month EURIBOR +0.85%
Tranche B, for €20 million	20		**20**	EUR	4.13%	3-month EURIBOR +0.85%
22 June 2005 5-year syndicated loan (with 2-year extension), for €2,200 million:						
€600 million drawn in 2007	600		**600**	EUR	1-month EURIBOR +0.225%	
Other debt	110		**110**			
Bank loans	**929**	**2**	**931**			
Total	**1,429**	**174**	**1,603**			

(*) Fair value of derivative instruments designated as hedges of debt.

27-5 ANALYSIS OF DEBT BY CURRENCY

The following table shows the breakdown of current and non-current debt by currency before and after hedging:

31 December 2008	Before hedging	%	After hedging	%
Euro	3,417	96%	3,480	96%
US$	85	2%	85	2%
Yen	2	0%	2	0%
Swiss franc	3	0%	3	0%
Pound sterling	30	1%	30	1%
Zloty	14	0%	14	0%
Other	20	1%	20	1%
Total	**3,571**	**100%**	**3,634**	**100%**

Note 28 EXPOSURE TO MARKET RISKS (LIQUIDITY, INTEREST RATE, EXCHANGE RATE, AND EQUITY RISKS) AND CREDIT RISKS

28-1 MARKET RISKS

28.1.1 EXPOSURE

LIQUIDITY RISKS

Total borrowings exclude the Mandatory Exchangeable Bonds redeemable in EADS shares (see note 27-3) but include the value of hedging instruments (see note 27-4).The share of bond borrowings decreased from 31% to 17% of total borrowings between 31 December 2007 and 31 December 2008.

The liquidity risk is not signi cant since debt maturing within two years (excluding Mandatory Exchangeable Bonds) amounts to €583 million, whereas cash, cash equivalents and short-term investments total €952 million and unused credit line facilities €657 million.

RISKS ARISING FROM EARLY REPAYMENT COVENANTS INCLUDED IN CERTAIN CONTRACTS

Bond borrowing or bank loan agreements may include nancial ratio covenants. Most nancial ratios establish limits in the form of minimum equity, or maximum indebtedness calculated as a proportion of equity. Failure to meet these ratio requirements entitles the lenders to request immediate reimbursement of their loans.

Lagard•re SCA is subject to such covenants in respect of:

- bonds issued in January 2001 totalling US$225 million and July 2003 totalling US$38 million and €116 million;
- the structured loan obtained in December 2005 totalling €151 million.

The ratios are calculated every six months on the basis of the consolidated nancial statements.

At 31 December 2008, all of the above ratio covenants were satis ed.

INTEREST RATE RISKS

Bank loans and bond borrowings (excluding Mandatory Exchangeable Bonds) bear interest at variable rates, either because they were originally issued at variable rates, or because they were converted at the outset from xed rates to variable rates. The value of derivative hedging instruments corresponding to this conversion is stated in note 27-4.

Cash and cash equivalents totalled €835 million at 31 December 2008. This cash surplus earns interest at variable rates, thus providing natural hedging for the Group s €2,928 million variable rate borrowings (excluding Mandatory Exchangeable Bonds and debt related to repurchases of minority interests). The risk of a rise in the cost of borrowings due to an increase in interest rates would essentially concern the variable-rate portion of total borrowings (excluding Mandatory Exchangeable Bonds) that is not offset by surplus cash, i.e. a total of €2,093 million. A one point increase in interest rates would result in an annual additional expense of €21 million.

EXCHANGE RATE RISKS

The Group s exposure to foreign exchange rate risks on commercial transactions is limited owing to the nature of its business activities in France and other countries. At 31 December 2008, foreign currency transactions to hedge this exposure only comprised forward currency sales agreements amounting to €40 million, and forward currency purchase agreements amounting to €83 million.

In general, normal operating activities are nanced through short-term and variable-rate borrowings denominated in the local currency, in order to avoid exchange rate risks.

For longer-term borrowings used to finance assets outside France, the Group occasionally converts borrowings obtained in euros into the local currency, using currency swaps. In 2008, currency swaps were entered into for periods of less than three months, and renewed at the end of each quarter. Based on exchange rates at 31 December 2008, the market value of these swap agreements did not show a signi cant difference.

The principal nancial transactions carried out in foreign currencies in France (servicing of the US dollar notes issued in 2001 and 2003) are hedged by forward currency purchase agreements.

2008 consolidated net sales were distributed as follows between the principal currencies:

Euros	59%
US dollar	10%
Pound sterling	8%
Swiss franc	5%
Other	18%
Total	100%

Based on accounting data for 2008, the sensitivity of recurring operating pro t before associates to a 10% decline in the respective exchange rates for the three main currencies against the euro over a full year, expressed in monetary terms before any adjustments, is as follows:

Currency	Impact on 2008 recurring operating profit before associates *(in millions of €)*
US dollar	(9)
Pound sterling	(5)
Swiss franc	(2)

EQUITY RISKS

The Group s principal direct and indirect investments in listed companies are:

/// Equity investments

Companies	Number of shares held	Percentage interest at 31 December 2008	Market price on 31 December 2008 *(in €)*	Market value at 31 December 2008 *(in €)*
Lagard•re SCA	4,179,948	3.19%	29.00	121,218,492
EADS	81,483,852	10.00%	12.03	980,250,740
Deutsche Telekom (formerly T-Online)	2,836,835	0.07%	10.75	30,495,976
Viel et Cie	8,917,677	12.30%	2.09	18,637,945

Changes in the value of treasury stock directly or indirectly held by Lagard•re are taken directly to equity.

As a listed company, EADS is subject to stock market uctuations. However, in view of the consolidation method applied for the EADS group, the value of this investment in Lagard•re s consolidated nancial statements is not affected by these uctuations. Also, as a result of the April 2006 issue of Mandatory Exchangeable Bonds (see note 27-3), the Lagard•re Group is guaranteed a price of no less than €32.60 per EADS share for 25% of its total investment.

The Deutsche Telekom shares were received in exchange for T-Online shares in 2006 and are included in Short-term investments at the amount of €30 million, i.e. their trading price on 31 December 2008.

The investment in Viel et Cie is included in Other non-current assets at the amount of €19 million, corresponding to their trading price on 31 December 2008.

28.1.2 RISK MANAGEMENT

Market risks are monitored at Group level by the Cash Management and Financing Division in cooperation with the Risks Division, under the responsibility of the Group s Chief Financial Executive.

Periodic reports are submitted to General Management. The Group has implemented a speci c policy to reduce risks, introducing authorisation procedures and internal controls and using risk management tools to identify and quantify these risks. Derivatives are used exclusively in non-speculative hedging transactions.

INTEREST RATE RISKS

The Group does not use active interest rate management techniques in relation to any of its nancial assets or liabilities.

Cash and cash equivalents are invested in money market mutual funds, with no related derivative instruments.

28-2 CREDIT AND COUNTERPARTY RISKS

The credit and counterparty risk represents the risk of nancial loss for the Group in the event of default by a customer or debtor on its contractual obligations. This risk mainly relates to trade receivables.

28.2.1 EXPOSURE

The Group s exposure to credit and counterparty risk arises principally from:

- customer credit or commitments received in connection with commercial contracts,
- short-term investments of surplus cash or to cover post-employment bene t obligations,
- hedging contracts in which the counterparties are nancial institutions.

Customer credit and commitments received under commercial contracts amounted to €2,162 million at 31 December 2008. The counterparties for most customer credit are distributors of Group products. Both in and outside France, receivables generally concern local customers and no single customer represents a high percentage of the sales concerned. The main commitments received relate to contracts for sales of sports rights.

The shares of consolidated net sales deriving from business with the Group s largest, ve largest and ten largest customers were as follows:

	2008	2007
Largest customer	1.0%	0.9%
Five largest customers	4.1%	3.7%
Ten largest customers	7.1%	6.4%

The Group s short-term investments and cash and cash equivalents amounted to €952 million at 31 December 2008. In addition to bank account balances, the majority of these resources are invested in instruments with rst rank banking establishments or government agencies.

Assets managed in connection with post-employment bene ts totalled €168 million (including €80 million in the UK and €58 million in Switzerland). 49% of these assets are invested in bonds.

Hedging contracts are primarily entered into to hedge foreign exchange and interest rate risks. Their notional amount was €777 million at 31 December 2008. The economic risk associated with these contracts depends on currency and interest rate uctuations, and only represents a fraction of this notional amount. The counterparties in these contracts are leading banks.

Overall, the Group has never experienced a signi cant rate of default. However, its counterparties remain exposed to the risks of the economic environment, and as a result default can never be considered totally impossible.

28.2.2 RISK MANAGEMENT

Each division is responsible for managing its own credit risks in a decentralised way as appropriate to the specificities of its market and customer base.

For new customers with the potential for large volumes of business with the Group, analyses are carried out and information (such as external credit ratings or bank references) is sought before entering into transactions, and specific guarantees or credit insurance may be arranged as a result. Counterparty-specific credit limits may also be set.

In newly-consolidated activities, action is taken for progressive introduction of monitoring procedures appropriate for credit risks.

In 2008 the Group stepped up the frequency and level of detail of periodic reporting on counterparty risks, for closer monitoring of the Group's consolidated exposure to risks on the principal counterparties and variations in accumulated receivables.

The Cash Management and Financing Division is responsible for ensuring that the financial institutions with which the Group does business are of good quality.

Note 29 FINANCIAL INSTRUMENTS

29-1 CARRYING AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value consist of the following derivative instruments:

/// Fair value of derivative financial instruments

	31 Dec. 2008	31 Dec. 2007
Financial instruments with positive fair values (current assets):	**435**	**459**
EADS Mandatory Exchangeable Bonds (*): effective portion of the hedge	420	424
EADS Mandatory Exchangeable Bonds (*): ineffective portion of the hedge (net value)	3	30
Financial instruments acquired as hedges of debt	7	
Currency swaps (effective portion)	3	
Currency swaps (ineffective portion)	2	5
Financial instruments with negative fair values (current liabilities):	**(82)**	**(174)**
Financial instruments acquired as hedges of debt	(80)	(174)
Currency swaps (effective portion)	(2)	
Total, net	**353**	**285**

(*) Details of this operation are given in note 27-3.

29-2 NOTIONAL AMOUNTS OF DEBT HEDGING CONTRACTS BY MATURITY

31 December 2008	2009	2010	2011	2012	2013	Over 5 years	Total
Value of debt including the effect of hedging instruments			404		250		**654**
Fair value of instruments acquired as hedges of debt			(76)		3		**(73)**
Fair value of debt covered by hedging instruments (balance sheet value)			328		253		**581**

29-3 BALANCE SHEET FINANCIAL INSTRUMENTS

	31 December 2008		Breakdown by type of instrument (*)				
	Carrying amount	Fair value	Loans and receivables	Assets available for sale	Debt at amortized cost	Fair value through profit or loss	Derivative financial instruments
Non-current investments	121	121		121			
Other non-current assets	81	81	81				
Trade receivables	1,647	1,647	1,647				
Derivative nancial instruments	435	432					435
Other current assets	942	942	942				
Short-term investments	117	117		117			
Cash equivalents	181	181				181	
Cash	654	654	654				
Assets	**4,178**	**4,175**	**3,324**	**238**	**0**	**181**	**435**
Mandatory Exchangeable Bonds	692	692			692		
Other bonds and bank loans	2,358	2,358			2,431		(73)
Other nancial debt	521	521			521		
Other non-current liabilities	252	252			252		
Trade payables	1,845	1,845			1,845		
Derivative nancial instruments	82	82					82
Other current liabilities	1,273	1,273			1,273		
Liabilities	**7,023**	**7,023**	**0**	**0**	**7,014**	**0**	**9**

(*) There were no reclassifications between categories of financial instruments in 2008.

	31 December 2007		Breakdown by type of instrument (*)				
	Carrying amount	Fair value	Loans and receivables	Assets available for sale	Debt at amortized cost	Fair value through profit or loss	Derivative financial instruments
Non-current investments	124	124		124			
Other non-current assets	81	81	81				
Trade eceivables	1,585	1,585	1,585				
Derivative nancial instruments	459	435					459
Other current assets	847	847	847				
Short-term vestmentsin	136	136		136			
Cash quivalents e	105	105				105	
Cash	628	628	628				
Assets	**3,965**	**3,941**	**3,141**	**260**	**0**	**105**	**459**
Mandatory Exchangeable Bonds	1,423	1,423			1,423		
Other bonds and bank loans	1,428	1,428			1,602		(174)
Other nancial debt	588	588			588		
Other non-current liabilities	193	193			193		
Trade ayables p	1,849	1,849			1,849		
Derivative nancial instruments	174	174					174
Other current liabilities	1,231	1,231			1,231		
Liabilities	**6,886**	**6,886**	**0**	**0**	**6,886**	**0**	**0**

(*) There were no reclassifications between categories of financial instruments in 2007.

Note 30 OTHER LIABILITIES

Other liabilities break down as follows:

	31 December 2008	31 December 2007
Due to suppliers of xed assets	226	162
Repayable advances		
Other advances and prepayments		
Derivative nancial instruments		
Other liabilities	26	31
Other non-current liabilities	**252**	**193**
Derivative nancial instruments	82	174
Accrued taxes and employee bene t expense	522	517
Advances and prepayments	15	17
Due to writers	221	190
Due to customers	96	123
Deferred income	190	190
Other liabilities	229	194
Other current liabilities	**1,355**	**1,405**
Total	**1,607**	**1,598**

Note 31 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

AT 31 DECEMBER 2007

Lagard•re signed an agreement on 21 December 2007 with Butler Capital Partners for the transfer of a majority investment in the Virgin Stores group. This operation was still awaiting the necessary regulatory and legal authorisations at 31 December 2007, and the balance sheet at that date reported the Virgin Stores group s assets and liabilities as assets held for sale and associated liabilities.

The sales and recurring operating loss of the Virgin Stores group for 2007 were +€ 397 million and -€ 2 million respectively.

Note 32 CONTRACTUAL OBLIGATIONS

The tables below summarise Lagard•re s contractual obligations. Future payments are reported at non-discounted nominal value.

	Payments expected			Total
	Under 1 year	1 to 5 years	Over 5 years	31 December 2008
Financial liabilities *including finance lease obligations*	4,378 *15*	2,620 *22*	25 *3*	7,023 *40*
Expected bank interest on debt (*)	40	65		105
Operating leases (**)	173	473	161	807
Minimum payments guaranteed under contracts for TV and marketing rights sales	114	200	150	464
Commitments for future capital expenditure	5	12	24	41
Total contractual obligations	**4,710**	**3,370**	**360**	**8,440**
Commitments received on sports rights sales contracts signed with distributors and partners	(191)	(226)	(98)	(515)

(*) Variable-rate interest payable has been calculated at the rates in force at 31 December 2008.

(**) Minimum future lease payments under non-cancellable operating leases, including minimum rentals provided for in retail shop concession agreements.

Recurring operating pro t includes rental expense of €184 million in 2008 (€188 million in 2007).

Financial liabilities break down as follows:

	Payments expected			Total	
	Under 1 year	1 to 5 years	Over 5 years	31 Dec.2008	31 Dec.2007
Mandatory Exchangeable Bonds	692			692	1,423
Bonds and bank loans (net of derivatives)	31	2,323	4	2,358	1,429
Other nancial debt	468	36	17	521	587
Other non-current nancial liabilities	1	247	4	252	193
Trade payables	1,845			1,845	1,849
Derivative nancial instruments	82			82	174
Current nancial liabilities	1,259	14		1,273	1,231
Total	**4,378**	**2,620**	**25**	**7,023**	**6,886**

Note 33 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

The information below relates to subsidiaries controlled and fully consolidated by Lagard•re.

33.1 OFF-BALANCE SHEET COMMITMENTS

	31 December 2008	31 December 2007
Commitments given in the normal course of business:		
Guarantees and performance bonds	59	44
Guarantees given to third parties and non-consolidated companies	95	73
Other commitments given	15	
Commitments on assets	2	3
Commitments to repurchase shares (estimated amount, excluding put options granted to minority shareholders of fully consolidated subsidiaries)	2	16
Commitments received:		
Counter-guarantees of commitments given	59	
Other commitments received	25	20
Con rmed, unused lines of credit	657	1,721

COMMITMENTS TO SELL SHARES

The Group has granted promises to sell valid at 31 December 2008 concerning certain investments, the two largest being:

- the shares held indirectly in EADS (10.00% subject to the gradual reduction of this investment to approximately 7.5% see note 27-3 on the issue of Mandatory Exchangeable Bonds). Lagard•re has undertaken a commitment to sell this investment at market value, but solely subject to certain events, namely non-execution of obligations stipulated in the shareholder agreement, or changes in control over Lagard•re or certain Lagard•re business divisions;
- the 20% investment held in Canal+ France following the agreement signed on 4 January 2007 between Vivendi, Canal+ Group and Lagard•re: Vivendi has a drag-along right that could force Lagard•re to sell its investment in Canal+ France should Vivendi accept an outside offer for acquisition of at least 95% of the capital of Canal+ France (subject to prior application of Lagard•re s pre-emptive bid right).

33.2 LITIGATION

The main litigations involving the EADS NV group and Canal+ France group are described in the EADS Registration Document and the Vivendi Annual Report respectively

CONSTRUCTION OF THE TAIPEI VAL

Within the framework of the VAL construction project in Taipei, the civil engineering works, for which DORTS (Department of Rapid Transit Systems) was responsible, were handed over to Matra Transport almost three years late. This delay caused cost overruns which led Matra Transport to take legal action. The Taipei arbitration tribunal decided on 6 October 1993 to award Matra Transport an amount in excess of FRF200 million (€30.49 million). DORTS contested this arbitration award in a succession of legal proceedings, but its appeal was nally rejected by a ruling of 24 November 2000.

As this made the arbitration award of 6 October 1993 enforceable, Matra Transport began proceedings before the District Court in 2001 for execution of the award. However, DORTS applied to the same District Court for non-execution of the decision, mainly on the grounds that Matra Transport s rights had expired. The litigation was nally settled when the Supreme Court found in favour of Matra Transport on 22 July 2005, and ruled on 21 March 2007 that contrary to DORTS claims, Matra Transport was legally able to start proceedings to end the suspension of execution of the 1993 arbitration award, which had been stayed in 2001. As a result of these two rulings, in 2007 DORTS paid Matra Transport the full sum it had been ordered to pay by the Taiwanese courts in execution of the arbitration award. As the method for calculation of the sum concerned contained certain errors to the prejudice of Matra Transport, the company applied to the Taiwanese courts for action to remedy the situation. In a ruling of 2 September 2008, the Supreme Court upheld Matra Transport s claim and transferred this aspect of the litigation to the District Court for reconsideration of its position on the matter.

Following this ruling, DORTS and Matra Transport began talks that resulted in a settlement. Consequently, all legal action in process between the two companies in connection with the Taipei VAL has now been terminated.

LITIGATION WITH ABN AMRO

A shareholder who converted bonds issued in 1993 and 1994 and exercised share subscription warrants issued in April 1994 initiated legal proceedings on the merits of the case before the Paris commercial court on 31 May 2006, claiming damages for the prejudice allegedly caused by the lack of adjustment of the terms for exercising the warrants and converting the bonds after Lagard•re SCA distributed dividends for 1992, 1993 and 1994 partly paid out of a contribution premium account. Following the appeal by Lagard•re SCA against the initial decision of 19 June 2007 by the Paris Commercial Court which partly upheld the claims of ABN AMRO, on 25 November 2008 the Paris Court (i) ordered Lagard•re SCA to compensate ABN AMRO for the prejudice suffered as a result of non-adjustment of the terms for exercising share subscription warrants, and (ii) asked the parties to provide further explanations regarding the admissibility of the claim for compensation lodged in an individual capacity by ABN AMRO on the grounds of the lack of adjustment of the terms for conversion of convertible bonds. ABN AMRO has appealed against this ruling, and Lagard•re SCA intends to le a cross-appeal against the same ruling, intending particularly to continue its assertion that the claims led by ABN AMRO are defective, primarily under the applicable statute of limitations.

ACTION FILED BY ODILE JACOB FOR CANCELLATION OF THE DECISION APPROVING WENDEL INVESTISSEMENT AS BUYER OF EDITIS ASSETS

The written action led by Odile Jacob for cancellation of the decision of January 2004 and the approval of Wendel Investissement as buyer of the Editis assets has come to an end, and the Court of First Instance of the European Communities (CFIEC) is due to set a date for hearing the two cases in 2009.

Even in the unlikely event that these decisions are questioned by the CFIEC, none of the existing information indicates with certainty that the sale of Editis assets to Wendel Investissement will be challenged.

APPEALS AGAINST THE CSA'S DECISION TO ENTER INTO AN AGREEMENT WITH MCM

After the French *Conseil d'État* cancelled the decision of 19 July 2005 by the French broadcasting authority (*Conseil Supérieur de l'Audiovisuel – CSA*) authorising MCM to operate the freeview digital musical TV channel Europe 2 TV (now renamed Virgin 17), a new agreement was concluded with the CSA on 24 June 2008, de ning Prime Time as 9am-12 noon and 3-11pm. This agreement, which did not involve a call for tenders, took effect from 1 July 2008.

INQUIRY BY THE STOCK MARKET REGULATOR AMF, CRIMINAL INVESTIGATION AND LEGAL ACTION BY EADS SHAREHOLDERS

Following uctuations in the EADS share price, particularly the drop observed on 14 June 2006 after EADS announcement on 13 June 2006 that there would be delays in deliveries of A380 aircraft by its subsidiary Airbus, several lawsuits were initiated by EADS shareholders and various investigations were begun by the competent authorities.

Lagard•re SCA (hereafter Lagard•re) is currently aware of the following proceedings, some of which are against Lagard•re (the EADS Registration Document also lists known proceedings and actions against EADS).

a) *AMF investigation*

On 1 April 2008, the French Stock Market Authority (AMF) published a statement in which it announced that the Board of AMF had met on 31 March 2008 to examine the ndings of the inquiry conducted by the Investigation and Market Surveillance Division (DESM) into trading in EADS shares and nancial disclosures made by EADS since 1 May 2005.

The announcement stated that the AMF considered it necessary to serve a statement of objections, rstly for non-compliance with the obligation incumbent upon all issuers of securities listed on a regulated market to provide information to the market, and secondly for non-compliance with the obligation incumbent upon persons in possession of inside information to abstain from trading on the market.

The AMF also stated that the entire le would be transferred without delay to the Paris Public Prosecutor s of ce, although naturally, the presumption of innocence would apply without reservation to the persons concerned.

A statement of objections was duly sent to Lagard•re by the AMF President on 8 April 2008.

It is based on the fact that Lagard•re sold a large portion of its holding in EADS through its 10 April 2006 issue of Mandatory Exchangeable Bonds, redeemable in EADS shares, at a time when the company could, in the opinion of AMF investigators, have been in possession of inside information on:

- the EADS group s margin and operating pro t objectives as expressed in EADS NV s Operative Planning for 2006/2010,
- the signi cant increase in development costs for the version of the A350 model launched in October 2005.

This statement of objections marked the start of the phase of the administrative sanction procedure during which both sides may present their arguments in the case. Lagard•re also received the Investigation and Market Surveillance Division report from the AMF, and thus had access to the AMF s le.

The Disciplinary Committee s *Rapporteur* gave Lagard•re until 10 September 2008 to submit its opposing memorandum and Lagard•re led its memorandum on that date.

Lagard•re was formally interviewed on 9 January 2009 by the Disciplinary Committee s *Rapporteur*.

In addition to ling its initial memorandum and this interview by the *Rapporteur*, once the *Rapporteur* has led his report Lagard•re may decide to le any further memoranda putting forward the arguments it considers will lead to dismissal of the accusations against the company.

b) *Action against person or persons unknown*

Following a complaint by an association of small EADS shareholders and one individual EADS shareholder, a legal investigation for insider trading was initiated.

Searches were conducted as part of this investigation, including on the premises of Lagard•re.

The magistrate heading the investigation placed a certain number of current and former EADS and Airbus managers under formal investigation during 2008.

To date, Lagard•re has not been interviewed or summoned by the investigating magistrate.

c) *Action by Crédit Mutuel group companies against Lagardère and Natixis*

On 17 June 2008, some companies of the Cr dit Mutuel group initiated action against Lagard•re and Natixis before the Paris Commercial Court, asking the court to cancel (i) the issuance of Mandatory Exchangeable Bonds by Lagard•re and their subscription by IXIS CIB (whose rights and obligations are now exercised by Natixis) in April 2006, and (ii) the forward sales concluded by the plaintiffs with Natixis.

This action concerned Lagard•re s 10 April 2006 issue of Mandatory Exchangeable Bonds, redeemable in EADS shares, subscribed by IXIS CIB and NEXGEN.

The companies bringing the action are seeking to have the bond issue contract declared null and void, alleging that Lagard•re was in possession of inside information and should therefore have abstained from any operation involving EADS shares. They claim that Lagard•re therefore breached a mandatory rule of law which renders the issue incontestably invalid, and argue that if the bond issue is declared null and void, the forward sales will also automatically be null and void.

Lagard•re considers that the challenge to the validity of the bond issue brought by these companies, which have no contractual relationship with Lagard•re, is particularly ill-founded, and will contest all their claims.

The rst case management hearing initially scheduled for 8 September 2008 took place on 7 October 2008 (following the plaintiffs failure to le the rst summons with the commercial court, Lagard•re and Natixis received a new summons on 11 September 2008 using the same terms as the original summons of 17 June 2008). Several hearings have taken place, including a hearing on 28 January 2009 during which the defendants led their submissions. A further hearing to receive the plaintiffs submissions is to take place on 6 May 2009.

d) *Class action initiated against Lagardère by certain EADS shareholders*

On 13 June 2008, the law rm Dreier LLP announced that it had led a complaint in the United States District Court for the Southern District of New York on behalf of persons who purchased listed EADS NV shares in the period 9 May 2005 to 11 March 2008 inclusive. The suit was brought on the grounds of alleged violation of the Securities Exchange Act of 1934 by Lagard•re, Daimler and certain EADS managers.

On 4 August 2008, the plaintiff in this case, Bobin v. Lagard•re et al., terminated the action and the case was therefore dismissed.

Lagard•re SCA, which had always considered that the complaint was defective and without foundation, took note of this termination.

CLAIMS ON REPRESENTATIONS AND WARRANTIES GIVEN IN THE SALE BY QUILLET OF DAILY REGIONAL PRESS BUSINESSES

When it sold its daily regional press interests to Groupe Hersant M dia in December 2007, Quillet granted representations and warranties in respect of assets and liabilities. Groupe Hersant M dia has twice made claims on these representations and warranties, but Quillet has in each case considered that the speci c claims made were defective and without foundation, and responded to that effect to Groupe Hersant M dia.

STATEMENT OF OBJECTIONS FROM THE FRENCH COMPETITION COUNCIL CONCERNING SPORTFIVE

On 23 June 2008, Sportfive received a statement of objections from the French Competition Council (*Conseil de la Concurrence*) concerning alleged arrangements with the French Football Federation (FFF) since 1992, and alleged abuses of its dominant market position since 2001 in managing the rights of the FFF. This statement of objections marked the first stage in the formal procedure initiated by the Competition Council, and Sportfive was then entitled to present its observations to the Council, which it did in a report filed in September 2008, and have access to the file. After this initial exchange of positions, on 2 February 2009 Sportfive received a report from the investigations department of the Competition Council responding to the observations submitted. This opens a second stage of written exchanges, and Sportfive must now file a further statement of its arguments.

No indication of the final outcome of the procedure can be inferred from observance of these stages.

This procedure is one of the events covered by the representations and warranties granted subject to certain conditions by certain former Sportfive shareholders to Lagardère Sports when it acquired Sportfive in 2007.

STATEMENT OF OBJECTIONS FROM THE FRENCH COMPETITION COUNCIL CONCERNING YOUTH CHANNELS

On 12 January 2009 Lagardère SCA and Lagardère Active received a statement of objections from the French Competition Council concerning alleged practices in the pay TV sector. This statement complained of various practices it claimed were used by several companies in this sector, and regarding Lagardère and Lagardère Active it maintained that exclusive rights awarded to Groupe Canal+ for distribution of the children's and youth channels *Canal J*, *Fille TV* and *Tiji* were incompatible with anti-competition laws. This statement of objections is the first stage in the formal procedure initiated by the Competition Council, and Lagardère SCA and Lagardère Active are now entitled to assert their rights and have access to the file. Observance of this phase is no indication of the final outcome of the procedure.

LITIGATION BETWEEN CANAL+ AND CANAL J

CNH, a Canal+ group company, filed a complaint with the French broadcasting authority (*Conseil Supérieur de l'Audiovisuel – CSA*) registered on 10 October 2008 with a view to settling a dispute with Canal J. CNH is claiming an amount of €2.4 million from Canal J for technical and management services supplied by CNH as operator of the R3 multiplex (MuX) which hosts Canal J (together with the Canal+ group's pay DTT channels).

Canal J is contesting payment of these amounts, considering that CNH applied cost-sharing methods incompatible with CSA rules, and is asking CNH to refund the excess payments made.

The CSA has decided to extend the proceedings and send out a questionnaire to the parties to the litigation, the distributors of the pay DTT channels and the various MuX operators.

In late December 2008, Canal J announced that it was returning its digital TV operating licence for Canal J to the CSA, and informed CNH that broadcasting would cease from 30 April 2009. CNH sent the CSA a request for extension of the referral procedure, and a claim for the corresponding amount based on an analysis whose legal grounds are contested by Canal J.

TAX AUTHORITIES – LAGARDÈRE

Normal tax audits carried out as part of their regular activity by the French and other national tax authorities, concerning several companies and fiscal years, have in some cases resulted in additional tax assessments. Provision has been made to take account of the additional assessments accepted by the companies, and also for the amount estimated as the risk corresponding to disputes over challenged reassessments. The Group is not aware of any dispute in process that concerns amounts which could have a significant impact on the consolidated financial statements.

GOVERNMENTAL, LITIGATION OR ARBITRATION PROCEDURES

In the normal course of its business, the Group is involved in a number of other disputes principally related to contract execution. Adequate provisions are made, where considered necessary, to cover any risks that may arise from general or specific disputes.

To the best of the Group's knowledge, in the twelve months immediately preceding publication of this Reference Document, there were no other governmental, litigation or arbitration procedures in existence (including any procedure of which the Group is aware which is suspended or threatened) which may have or recently had significant effects on its financial position or profits.

Note 34 RELATED PARTY TRANSACTIONS

34.1 MANAGEMENT REMUNERATION

The total gross remuneration attributed to the members of Lagard•re SCAs Executive Committee for 2008 (excluding remuneration paid by EADS) amounted to €8.8 million and €14.4 million including related charges; this gure includes a provision recorded for the additional pension plan. The corresponding gures for 2007 are €8.7 million and €14.3 million respectively.

Attendance fees received by the persons concerned as members of other Group companies Boards of Directors (excluding EADS) amounted to €49,846 in 2008 (€78,570 in 2007). In 2007, they were attributed 104,000 free shares of Lagard•re SCA.

34.2 RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH LAGARDÈRE CAPITAL & MANAGEMENT (LC&M)

Lagard•re Capital & Management, controlled and chaired by Mr. Arnaud Lagard•re, who is also a general and Managing Partner of Lagard•re SCA, is the material embodiment of the Group. LC&M provides an array of management resources and skills to both the Group and each of its component parts.

To accomplish its mission, LC&M employs the principal senior managers forming the Group s Executive Committee. The role of the Executive Committee, in collaboration with the Managing Partners, is to develop and ensure application of Group strategy, to lead the Group s development, to take the resultant necessary management decisions and implement them globally at Parent Company level and in the Group s different business activities. LC&M bears the expense of the entire pay package and related working expenses of its managers, and the fees of any outside French or international consultants they employ.

LC&M s mission is carried out within the framework of its agreement with Lagard•re Ressources, which is responsible for managing all of the Group s corporate resources. This agreement is described each year in the Statutory Auditors Report on related party agreements and commitments.

Since 2004, the remuneration of LC&M has been equal to the amount of expenses it incurs in carrying out its mission, plus a margin of 10%, with an absolute upper limit set at €1 million. Expenses charged are examined for each scal year by the Audit Committee, which issues an opinion on changes in these expenses. After examination by the Audit Committee, this procedure was approved by the Supervisory Board on 12 March 2004.

As a result, in 2008, LC&M invoiced €18.9 million to the Group, compared to €19.3 million in 2007. After deducting expenses (remuneration of Executive Committee members, support costs reimbursed to the Group and outside resource costs), operating pro t after tax under the above agreement stood at €0.7 million.

TRANSACTIONS WITH NOUVELLES MESSAGERIES DE LA PRESSE PARISIENNE (NMPP)

To distribute magazines and other publications in France, Lagard•re uses the services of the press distribution company NMPP, of which it owns 49%. In 2008, distribution commissions invoiced to the Lagard•re Group by NMPP amounted to €97 million (€106 million in 2007).

Lagard•re also invoiced NMPP a total of €12 million for services in 2008, including property rental (€11 million in 2007).

OTHER TRANSACTIONS

The other transactions with related parties in 2008 undertaken in the normal course of business are not considered signi cant for the Group. They took place under normal market conditions.

Note 35 FEES PAID TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

(in thousands of euros)	2008			
	Mazars	**%**	**Ernst & Young**	**%**
Audit				
Statutory audit, certi cation, examination of individual and consolidated nancial statements	3,255	88.6	3,755	76.3
Lagardère SCA	*155*	*4.2*	*182*	*3.7*
Fully-consolidated subsidiaries	*3,100*	*84.4*	*3,573*	*72.6*
Other procedures and services directly related to the statutory audit	301	8.2	898	18.2
Lagardère SCA	–	–	–	–
Fully-consolidated subsidiaries	*301*	*8.2*	*898*	*18.2*
Sub-total	**3,556**	**96.8**	**4,653**	**94.5**
Non-audit services rendered by network members to fully-consolidated subsidiaries				
Legal, tax, human resources	117	3.2	266	5.4
Other			5	0.1
Sub-total	**117**	**3.2**	**271**	**5.5**
Total	**3,673**	**100**	**4,924**	**100**

(in thousands of euros)	2007			
	Mazars	**%**	**Ernst & Young**	**%**
Audit				
Statutory audit, certi cation, examination of individual and consolidated nancial statements	3,270	79.9	3,874	78.4
Lagardère SCA	*145*	*3.6*	*164*	*3.3*
Fully-consolidated subsidiaries	*3,125*	*76.3*	*3,710*	*75.1*
Other procedures and services directly related to the statutory audit	519	12.7	728	14.8
Lagardère SCA	–	–	–	–
Fully-consolidated subsidiaries	*519*	*12.7*	*728*	*14.8*
Sub-total	**3,789**	**92.6**	**4,602**	**93.2**
Non-audit services rendered by network members to fully-consolidated subsidiaries				
Legal, tax, human resources	305	7.4	321	6.5
Other			16	0.3
Sub-total	**305**	**7.4**	**337**	**6.8**
Total	**4,094**	**100**	**4,939**	**100**

Note 36 LIST OF CONSOLIDATED COMPANIES

Fully consolidated companies at 31 December 2008

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
LAGARDÈRE PUBLISHING				
HACHETTE LIVRE	43 quai de Grenelle - 75015 PARIS (FRANCE)	602 060 147	100.00	100.00
AIQUE GRUPO EDITOR SA	BUENOS AIRES (ARGENTINA)		100.00	100.00
ARMAND COLIN SAS	21 rue du Montparnasse - 75006 PARIS (FRANCE)	451 344 162	100.00	100.00
AUDIOLIB	31 rue de Fleurus - 75006 PARIS (FRANCE)	499 165 694	45.00	75.00
BIBLIO PARTICIPATIONS	43 quai de Grenelle - 75015 PARIS (FRANCE)	377 627 583	100.00	100.00
BSSL	Place du Moulin-Wette - 60120 BONNEUIL-LES-EAUX (FRANCE)	711 720 458	100.00	100.00
CALMANN L VY	3 rue Auber - 75009 PARIS (FRANCE)	572 082 279	69.57	69.57
CHAMBERS HARRAPS PUBLISHER	EDINBURGH (UNITED KINGDOM)		100.00	100.00
CYBERTERRE	43 quai de Grenelle - 75015 PARIS (FRANCE)	434 661 419	50.00	50.00
DIFFULIVRE	SAINT SULPICE (SWITZERLAND)		100.00	100.00
DILIBEL	ALLEUR (BELGIUM)		100.00	100.00
DUNOD DITEUR SA	5 rue Laromigui•re - 75005 PARIS (FRANCE)	316 053 628	100.00	100.00
EDDL	5 rue du Pont de Lodi - 75006 PARIS (FRANCE)	403 202 252	99.88	99.88
DITION N° 1	43 quai de Grenelle - 75015 PARIS (FRANCE)	312 285 745	100.00	100.00
DITIONS GRASSET ET FASQUELLE	61 rue des Saints P•res - 75006 PARIS (FRANCE)	562 023 705	98.63	98.63
DITIONS JEAN-CLAUDE LATTéS	17 rue Jacob - 75006 PARIS (FRANCE)	682 028 659	100.00	100.00
DITIONS LAROUSSE	21 rue du Montparnasse - 75006 PARIS (FRANCE)	451 344 170	100.00	100.00
DITIONS STOCK	27 rue Cassette - 75006 PARIS (FRANCE)	612 035 659	100.00	100.00
DUCATION MANAGEMENT SA	58 rue Jean Bleuzen - 92170 VANVES (FRANCE)	582 057 816	100.00	100.00
FERNAND HAZAN DITEUR	58 rue Jean Bleuzen - 92170 VANVES (FRANCE)	562 030 221	99.94	99.94
GIE NORMA	103 avenue des Champs lys es - 75008 PARIS (FRANCE)	389 487 562	100.00	100.00
HATIER INTERNATIONAL GROUP	31 rue de Fleurus - 75006 PARIS (FRANCE)	572 079 093	100.00	100.00
GRUPO PATRIA CULTURAL	MEXICO CITY (MEXICO)		100.00	100.00
HL 93	43 quai de Grenelle - 75015 PARIS (FRANCE)	390 674 133	100.00	100.00
HL FINANCES	58 rue Jean Bleuzen - 92170 VANVES (FRANCE)	384 562 070	100.00	100.00
HACHETTE CANADA INC	MONTREAL (CANADA)		100.00	100.00
HACHETTE COLLECTIONS	43 quai de Grenelle - 75015 PARIS (FRANCE)	395 291 644	100.00	100.00
HACHETTE COLLECTIONS JAPON	TOKYO (JAPAN)		100.00	100.00
HACHETTE FASCICOLI	MILAN (ITALY)		100.00	100.00
HACHETTE UK HOLDING LTD (formerly HL UK LTD)	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE LIVRE USA	BOSTON (USA)		100.00	100.00
HACHETTE PARTWORKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HATIER DEVELOPPEMENT	58 rue Jean Bleuzen - 92170 VANVES (FRANCE)	302 655 089	100.00	100.00
LAROUSSE SA	21 rue du Montparnasse - 75006 PARIS (FRANCE)	401 457 213	100.00	100.00
LAROUSSE DITORIAL	BARCELONA (SPAIN)		100.00	100.00
LE LIVRE DE PARIS	58 rue Jean Bleuzen - 92170 VANVES (FRANCE)	542 042 114	100.00	100.00
LIBRAIRIE ARTHéME FAYARD	75 rue des Saints P•res - 75006 PARIS (FRANCE)	562 136 895	99.94	99.94
LIBRAIRIE G N RALE FRAN AISE (LGF)	43 quai de Grenelle - 75015 PARIS (FRANCE)	542 086 749	59.99	59.99
MULTIM DIA DUCATION R F RENCE	58 rue Jean Bleuzen - 92170 VANVES (FRANCE)	484 213 954	100.00	100.00
OCTOPUS PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
PIKA DITION	19 bis rue Pasteur - 92100 BOULOGNE-BILLANCOURT (FRANCE)	428 902 704	100.00	100.00
SAMAS SA	58 rue Jean Bleuzen - 92170 VANVES (FRANCE)	775 663 321	100.00	100.00
WATTS PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ESCALA GROUP				
ESCALA EDUCACIONAL	SAO PAULO (BAZIL)		51.00	51.00
LAROUSSE DO BRAZIL PARTICIPACOES LTDA	MADRID (SPAIN)		51.00	100.00
HATIER GROUP				
CENTRE DE TRAITEMENT DES RETOURS	137 route de Corbeil - Lieu-dit Balizy 91160 LONGJUMEAU (FRANCE)	381 737 519	100.00	100.00
EDELSA	MADRID (SPAIN)		100.00	100.00
LES DITIONS DIDIER	13 rue de l Od on - 75006 PARIS (FRANCE)	313 042 541	100.00	100.00
LES DITIONS FOUCHER	31 rue de Fleurus - 75006 PARIS (FRANCE)	352 559 066	100.00	100.00
LES DITIONS HATIER	8 rue d Assas - 75006 PARIS (FRANCE)	352 585 624	100.00	100.00
LIBRAIRIE PAPETERIE NATIONALE	CASABLANCA (MAROCCO)		100.00	100.00
RAGEOT DITEUR	6 rue d Assas - 75006 PARIS (FRANCE)	572 022 978	100.00	100.00
SCI ASSAS RASPAIL	8 rue d Assas - 75006 PARIS (FRANCE)	315 844 431	100.00	100.00
SCI du 63 boulevard RASPAIL	63 boulevard Raspail - 75006 PARIS (FRANCE)	315 830 034	100.00	100.00
SCI du 8-8 bis rue d ASSAS	8 rue d Assas - 75006 PARIS (FRANCE)	315 844 423	100.00	100.00
HACHETTE LIVRE GROUP (SPAIN)				
HACHETTE LIVRE ESPA A SA	BARCELONA (SPAIN)		100.00	100.00
EDITORIAL SALVAT SL	BARCELONA (SPAIN)		100.00	100.00
FORMENTO DE EDICION Y CULTURA SA	MADRID (SPAIN)		100.00	100.00
HACHETTE LATINO AMERICA	MEXICO CITY (MEXICO)		100.00	100.00
PAGSL	BARCELONA (SPAIN)		100.00	100.00
SALVAT EDITORES PORTUGAL	LISBON (PORTUGAL)		100.00	100.00
ANAYA GROUP				
GRUPO ANAYA SA	MADRID (SPAIN)		100.00	100.00
ALGAIDA EDITORES SA	SEVILLE (SPAIN)		100.00	100.00
ALIANZA EDITORIAL SA	MADRID (SPAIN)		99.60	99.60
COMERCIAL GRUPO ANAYA SA	MADRID (SPAIN)		100.00	100.00
EDITORIAL BARCANOVA SA	BARCELONA (SPAIN)		100.00	100.00
EDICIONES TORMES SA	MADRID (SPAIN)		100.00	100.00
EDICIONES XERAIS DE GALICIA SA	VIGO (SPAIN)		100.00	100.00
GRUPO EDITORIAL BRUNO SL	MADRID (SPAIN)		100.00	100.00
ORION GROUP				
ORION PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LITTLE HAMPTON BOOK SERVICE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE UK GROUP				
HACHETTE UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ALLIANCE DISTRIBUTION SERVICES PTY LTD	TUGGERA (AUSTRALIA)		100.00	100.00
BOOKPOINT LTD	ABINGDON (UNITED KINGDOM)		100.00	100.00
HEADLINE BOOK PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HODDER & STOUGHTON LTD	LONDRON (UNITED KINGDOM)		100.00	100.00
HACHETTE AUSTRALIA PTY LTD (formerly HACHETTE LIVRE AUSTRALIA PTY LTD)	SYDNEY (AUSTRALIA)		100.00	100.00

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
HACHETTE BOOK PUBLISHING INDIA	NEW DELHI (INDIA)		100.00	100.00
HACHETTE NEW ZEALAND (formerly HACHETTE LIVRE NEW ZEALAND)	AUCKLAND (NEW ZEALAND)		100.00	100.00
JOHN MURRAY PUBLISHER LTD	LONDON (UNITED KINGDOM)		100.00	100.00
PHILIP ALLAN PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE BOOK GROUP				
HACHETTE BOOK GROUP USA	BOSTON (USA)		100.00	100.00
HACHETTE BOOK GROUP CANADA LTD	TORONTO (CANADA)		100.00	100.00
HBG HOLDINGS INC DELAWARE	BOSTON (USA)		100.00	100.00
PUBLISHER S ADVERTISING LLC	BOSTON (USA)		100.00	100.00
LITTLE, BROWN BOOK GROUP				
LITTLE, BROWN BOOK GROUP	LONDON (UNITED KINGDOM)		100.00	100.00
PIATKUS BOOKS	LONDON (UNITED KINGDOM)		100.00	100.00
LAROUSSE MEXICO GROUP				
DITIONS LAROUSSE MEXIQUE	MEXICO CITY (MEXICO)		100.00	100.00
DIFUSORA LAROUSSE MEXICO	MEXICO CITY (MEXICO)		100.00	100.00

LAGARDÈRE ACTIVE

LAGARDÈRE ACTIVE - AUDIOVISUAL ACTIVITIES

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
LAGARDéRE ACTIVE	121 avenue de Malakoff - 75116 PARIS (FRANCE)	428 705 537	100.00	100.00
LAGARDéRE ACTIVE BROADCAST	57 rue Grimaldi - 98000 MONACO	775 751 779	99.18	99.32
AMAYA TECHNISONOR	24-26 quai Alphonse Le Gallo 92100 BOULOGNE-BILLANCOURT (FRANCE)	542 088 604	99.18	100.00
ANGEL PRODUCTIONS	24-26 quai Alphonse Le Gallo 92100 BOULOGNE-BILLANCOURT (FRANCE)	384 015 491	99.18	100.00
ATLANTIQUE PRODUCTIONS	24-26 quai Alphonse Le Gallo 92100 BOULOGNE-BILLANCOURT (FRANCE)	324 873 421	99.18	100.00
AUBES PRODUCTIONS	20 rue Pergol•se - 750116 PARIS (FRANCE)	429 138 019	99.18	100.00
CERT	SAARBRUCK (GERMANY)		98.99	99.81
CANAL J	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	343 509 048	99.18	100.00
DEMD PRODUCTIONS	14 rue Pergol•se - 75016 PARIS (FRANCE)	377 608 377	99.18	100.00
DITIONS MUSICALES FRANCOIS 1er	14 rue Pergol•se - 75016 PARIS (FRANCE)	381 649 771	99.18	100.00
EUROPE 1 IMMOBILIER	26 bis rue Fran•ois 1er - 75008 PARIS (FRANCE)	622 009 959	89.19	90.00
EUROPE 1 T L COMPAGNIE	26 bis rue Fran•ois 1er - 75008 PARIS (FRANCE)	542 168 463	99.08	100.00
EUROPE 1 INTERACTIVE	43-45 avenue Victor Hugo - 93534 AUBERVILLIERS (FRANCE)	415 096 502	99.08	100.00
EUROPE 2 COMMUNICATION	26 bis rue Fran•ois 1er - 75008 PARIS (FRANCE)	339 696 072	99.18	100.00
EUROPE 2 ENTREPRISES	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	352 819 577	99.18	100.00
EUROPE 2 NORMANDIE	10 rue Sadi Carnot - 14000 CAEN (FRANCE)	347 736 597	99.18	100.00
EUROPE IMAGES INTERNATIONAL	24-26, quai Alphonse Le Gallo 92100 BOULOGNE-BILLANCOURT (FRANCE)	339 412 611	99.18	100.00
EUROPE NEWS	26 bis rue Fran•ois 1er - 75008 PARIS (FRANCE)	343 508 750	99.08	100.00
GMT PRODUCTIONS	64 rue du Ch teau - 92100 BOULOGNE (FRANCE)	342 171 667	99.18	100.00
HACHETTE PREMIéRE & CIE	25 rue Fran•ois 1er - 75008 PARIS (FRANCE)	334 805 686	99.18	100.00
IMAGE & COMPAGNIE	14 rue Pergol•se - 75 016 PARIS (FRANCE)	334 027 620	99.18	100.00
IMAGES ET SON CONSEIL	57 rue Grimaldi - 98000 MONACO		99.18	100.00
JEUNESSE INTERACTIVE	12 rue d Oradour sur Glane - 75015 PARIS (FRANCE)	491 848 222	99.18	100.00
LAGARDéRE ACTIVE FM	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	441 942 760	99.18	100.00

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
LAGARDéRE ACTIVE MANAGEMENT	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	353 057 854	99.18	100.00
LAGARDéRE ACTIVE PUBLICIT	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	383 085 883	99.18	100.00
LAGARDéRE ACTIVE TV	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	334 595 881	99.18	100.00
LAGARDéRE ENTERTAINMENT (formerly LAGARDéRE IMAGES)	24-26 quai Alphonse Le Gallo 92100 BOULOGNE-BILLANCOURT (FRANCE)	309 001 477	99.18	100.00
LAGARDéRE MEDIA CONSULTING (formerly TOP 50)	25 rue Fran•ois 1er - 75008 PARIS (FRANCE)	307 718 320	99.18	100.00
LAGARDéRE METROPOLES (formerly LAGARDéRE ACTIVE PUBLICIT R GIONS)	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	329 209 993	99.18	100.00
LAGARDéRE TELEVISION INTERNATIONAL (formerly LAGARDéRE IMAGES INTERNATIONAL)	24-26 quai Alphonse Le Gallo 92100 BOULOGNE-BILLANCOURT (FRANCE)	612 039 164	99.18	100.00
LAGARDéRE TH MATIQUES	32 rue Fran•ois 1er - 75008 PARIS (FRANCE)	350 787 594	99.18	100.00
L O VISION	24-26 quai Alphonse Le Gallo 92100 BOULOGNE-BILLANCOURT (FRANCE)	383 160 942	99.18	100.00
LES PRODUCTIONS 22	24-26 quai Alphonse Le Gallo 92100 BOULOGNE-BILLANCOURT (FRANCE)	423 324 862	99.18	100.00
M5	24-26 quai Alphonse Le Gallo 92100 BOULOGNE-BILLANCOURT (FRANCE)	424 230 225	99.18	100.00
MATCH TV	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	438 604 738	97.18	99.80
MAXIMAL NEWS T L VISION	24-26 quai Alphonse Le Gallo 92100 BOULOGNE-BILLANCOURT (FRANCE)	384 316 907	99.18	100.00
MAXIMAL PRODUCTIONS	24-26 quai Alphonse Le Gallo 92100 BOULOGNE-BILLANCOURT (FRANCE)	432 608 313	99.18	100.00
MCM	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	384 939 484	99.18	100.00
MEZZO	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	418 141 685	59.51	60.00
PERFORMANCES	28 rue Fran•ois 1er- 75008 PARIS (FRANCE)	327 655 551	99.18	100.00
PROMOTION ET SPECTACLES D EUROPE 1	26 bis rue Fran•ois 1er - 75008 PARIS (FRANCE)	632 042 495	99.08	100.00
R GIE 1	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	383 154 663	50.38	51.00
R GIE RADIO MUSIC	26 bis rue Fran•ois 1er - 75008 PARIS (FRANCE)	341 949 923	99.18	100.00
RFM ENTREPRISES	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	405 188 871	99.18	100.00
RMI FM	POZNAN (POLAND)		99.18	100.00
SPORT FM	149-151 rue Anatole France 92534 LEVALLOIS-PERRET (FRANCE)	450 964 937	99.18	100 .00
TIMOON ANIMATION	4 place de Brazzavile - 75015 PARIS (FRANCE)	448 829 275	65.46	100.00
LARI INTERNATIONAL GROUP				
LAGARDéRE ACTIVE RADIO INTERNATIONAL	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	388 404 717	99.18	100.00
AD POINT	WARSAW (POLAND)		99.18	100.00
AVA PRESS (M LODIA SAINT-P TERSBOURG UKV)	SAINT-PETERSBURG (RUSSIA)		99.18	100.00
EDI POLOGNE	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	420 304 180	99.18	100.00
EDI ROMANIA	BUCHAREST (ROMANIA)		98.35	98.31
EKBY (M LODIA SAINT-P TERSBOURG FM)	SAINT-PETERSBURG (RUSSIA)		99.18	100.00
EPFU	KIEV (UKRAINE)		99.18	100.00
EUROPA M DIA GROUPE	MOSCOW (RUSSIA)		99.18	100.00
EUROPA PLUS FRANCE	26 bis rue Fran•ois 1er - 75008 PARIS (FRANCE)	354 076 176	99.18	100.00
EUROPE 2 PRAGUE	PRAGUE (CZECH REPUBLIC)		99.18	100.00
EUROPE DEVELOPPEMENT CZECH REPUBLIC	PRAGUE (CZECH REPUBLIC)		99.18	100.00
EUROZET	WARSAW (POLAND)		99.18	100.00
EUROZET CONSULTING	WARSAW (POLAND)		99.18	100.00
FM HOLDING	MOSCOW (RUSSIA)		99.18	100.00

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FM JAZZ	WARSAW (POLAND)		99.18	100.00
FORWARD-M DIA	BRATISLAVA (SLOVAKIA)		99.18	100.00
FRANKFURT BUSINESS RADIO GmbH	RANKFURT-AM-MAIN (GERMANY)		66.61	67.27
INFINITIV	PRAGUE (CZECH REPUBLIC)		99.18	100.00
KANOKO BV	AMSTERDAM (THE NETHERLANDS)		99.18	100.00
LARI DEUTSCHLAND GmbH	SAARBRUCK (GERMANY)		99.18	100.00
MUZYKA JAZZ RADIO	WARSAW (POLAND)		99.18	100.00
NOVOE PODMOSKOVYE	MOSCOW (RUSSIA)		99.18	100.00
OKEY RADIO	BRATISLAVA (SLOVAKIA)		50.58	51.00
PUH HITT	WARSAW (POLAND)		99.18	100.00
PUH HITT BIELSKO	WARSAW (POLAND)		99.18	100.00
RADIO 4 IN 1	FRANKFURT-AM-MAIN (GERMANY)		66.61	100.00
RADIO BONTON	MOSCOW (RUSSIA)		99.18	100.00
RADIO KATUSHA (ELDORADIO)	SAINT-PETERSBURG (RUSSIA)		99.18	100.00
RADIO LAS VEGAS	WARSAW (POLAND)		99.18	100.00
RADIO MERCHANDISING COMPANY	PRAGUE (CZECH REPUBLIC)		99.18	100.00
RADIO PLUS POLSKA	WARSAW (POLAND)		79.34	80.00
RADIO PLUS POLSKA ZACHOD	WARSAW (POLAND)		79.34	80.00
RADIO POGODA	LODZ (POLAND)		99.18	100.00
RADIO R GION (MELODIA MOSCOW)	MOSCOW (RUSSIA)		99.18	100.00
RADIO SBB RODLO	WARSAW (POLAND)		99.18	100.00
RADIO STACJA	WARSAW (POLAND)		99.18	100.00
RADIO WARMIA MAZURY	WARSAW (POLAND)		99.18	100.00
RADIO WARTA	WARSAW (POLAND)		99.18	100.00
RADIOZET	WARSAW (POLAND)		99.18	100.00
RG FREKVENCE 1	PRAGUE (CZECH REPUBLIC)		99.18	100.00
RRM BUCAREST	BUCHAREST (ROMANIA)		99.18	100.00
RRM PRAGUE	PRAGUE (CZECH REPUBLIC)		99.18	100.00
RRM SLOVAKIA	BRATISLAVA (SLOVAKIA)		99.18	100.00
RTS INFORM	MOSCOW (RUSSIA)		99.18	100.00
SAC (RADIO 7)	MOSCOW (RUSSIA)		99.18	100.00
SPECTRUM FM	WARSAW (POLAND)		99.18	100.00
SPOLKA PRODUCENCKA PLUS POLSKA	WARSAW (POLAND)		89.06	100.00
STUDIO ZET	WARSAW (POLAND)		99.18	100.00
EUROPA PLUS ZAO GROUP				
EUROPA PLUS ZAO	MOSCOW (RUSSIA)		99.18	100.00
EUROPA PLUS NIJNI NOVGOROD	NIJNI NOVGOROD (RUSSIA)		99.18	100.00
EUROPA PLUS SAINT-PETERSBURG ZAO	SAINT-PETERSBURG (RUSSIA)		99.18	100.00
EUROPA PLUS VYBORG	VIBORG (RUSSIA)		84.30	85.00
INTEGRATED NETWORKS	MOSCOW (RUSSIA)		50.58	51.00
LAROCCO GROUP	MOSCOW (RUSSIA)		99.18	100.00
MEDIA PLUS REGION	MOSCOW (RUSSIA)		50.58	51.00
MEDIA PLUS ZAO	MOSCOW (RUSSIA)		99.18	100.00
MMT	MOSCOW (RUSSIA)		50.58	51.00
OMEGA	MOSCOW (RUSSIA)		99.18	100.00

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RADIO FM	MOSCOW (RUSSIA)		99.18	100.00
RADIO FM SAINT-P TERSBOURG	SAINT-PETERSBURG (RUSSIA)		97.19	100.00
RADIO R TRO ZAO	MOSCOW (RUSSIA)		99.18	100.00
RADIO VOLNA	YEKATERINBURG (RUSSIA)		50.58	51.00
R TRO NOVOSIBIRSK	NOVOSIBIRSK (RUSSIA)		50.58	51.00
LAGARDÈRE ACTIVE - PRESS ACTIVITIES				
HACHETTE FILIPACCHI PRESSE	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	582 101 424	99.97	100.00
ARSIX PRESSE	16-18 rue de l Amiral Mouchez - 75014 PARIS (FRANCE)	338 932 270	99.97	100.00
BEIJING HACHETTE ADVERTISING	HONG KONG (CHINA)		99.97	100.00
COMPAGNIE IMMOBILIéRE EUROPA	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	407 662 329	99.98	100.00
COMPAGNIE INTERNATIONALE DE PRESSE ET DE PUBLICIT (CIPP)	MONTE-CARLO (MONACO)		50.98	51.00
DIGITAL SPY	LONDON (UNITED KINGDOM)		99.97	100.00
DIVERSIFIED MEDIA COMPANY LTD	NICOSIA (CYPRUS)		50.98	100.00
ECEP	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	300 938 826	99.97	100.00
DITIONS CHARLES MASSIN	16-18 rue de l Amiral Mouchez - 75014 PARIS (FRANCE)	542 083 118	99.97	100.00
EDITORAS DE REVISTAS Y SUPLEMENTOS SL	MADRID (SPAIN)		99.97	100.00
FEPUK LTD	LONDON (UNITED KINGDOM)		99.97	100.00
FENGISTONE HOLDING LTD	NICOSIA (CYPRUS)		50.98	100.00
FINANCIERE SCIPION	16-18 rue de l Amiral Mouchez - 75014 PARIS (FRANCE)	452 399 132	99.97	100.00
FRANCE-CANADA DITIONS ET PUBLICATIONS	MONTREAL (CANADA)		99.97	100.00
FULL FEEL FACTORY	45 rue Anatole France - 92300 LEVALLOIS- PERRET (FRANCE)	482 467 610	51.00	51.00
HACHETTE FILIPACCHI SA	MADRID (SPAIN)		99.11	99.14
HACHETTE FILIPACCHI 2000 SPOL	PRAGUE (CZECH REPUBLIC)		50.98	51.00
HACHETTE FILIPACCHI ASSOCI S	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	324 286 319	99.97	100.00
HACHETTE FILIPACCHI DUTCH TRADEMARK HOLDING BV	AMSTERDAM (THE NETHERLANDS)		99.97	100.00
HACHETTE FILIPACCHI EXPANSION	MEXICO CITY (MEXICO)		51.00	51.00
HACHETTE FILIPACCHI FILMS	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	572 028 959	99.97	100.00
HACHETTE FILIPACCHI HOLDINGS US	NEW YORK (USA)		99.97	100.00
HACHETTE FILIPACCHI HONG KONG LTD	HONG KONG (CHINA)		99.97	100.00
HACHETTE FILIPACCHI PRESSE POLSKA HOLDING	WARSAW (POLAND)		99.97	100.00
HACHETTE FILIPACCHI PRESSE UKRAINE	KIEV (UKRAINE)		50.98	100.00
HACHETTE FILIPACCHI TA WAN	TAIPEH (TAIWAN)		99.97	100.00
HACHETTE FILIPACCHI UK LTD	LONDON (UNITED KINGDOM)		99.97	100.00
HACHETTE FUJIN GAHO	TOKYO (JAPAN)		99.97	100.00
HACHETTE MAGAZINE VDB (formerly HACHETTE FILIPACCHI NETHERLANDS)	AMSTERDAM (PAYS-BAS)		96.70	96.70
HACHETTE MULTIM DIA	43-45 avenue Victor Hugo - 93534 AUBERVILLIERS (FRANCE)	390 287 407	100.00	100.00
HACHETTE RUSCONI EDITORE	MILAN (ITALY)		100.00	100.00
HACHETTE RUSCONI INREACTIF	MILAN (ITALY)		100.00	100.00
HACHETTE RUSCONI PUBBLICITA	MILAN (ITALY)		100.00	100.00
ID GROUPE	78 rue du Docteur Bauer - 93400 SAINT-OUEN (FRANCE)	425 059 987	99.97	100.00
LINDISPENSABLE	16-18 rue de l Amiral Mouchez - 75014 PARIS (FRANCE)	582 080 552	99.97	100.00
INTERQUOT	23 rue Baudin - 92300 LEVALLOIS-PERRET (FRANCE)	439 758 509	50.00	50.00
INFOBEBES	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	328 349 519	99.97	100.00

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INTERDECO	23 rue Baudin - 92300 LEVALLOIS-PERRET (FRANCE)	345 404 040	99.97	100.00
INTERDECO GLOBAL ADVERTISING SRO	PRAGUE (CZECH REPUBLIC)		50.98	100.00
INTERDECO MARKETING SERVICES	23 rue Baudin - 92300 LEVALLOIS-PERRET (FRANCE)	435 311 097	99.97	100.00
INTERNATIONAL MEDIA HOLDING BV (IMH)	AMSTERDAM (THE NETHERLANDS)		99.97	100.00
INTERNATIONAL PUBLICATIONS HOLDING (IPH)	AMSTERDAM (THE NETHERLANDS)		99.97	100.00
JADETIS	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	493 205 280	75.00	100.00
JUMPSTART AUTOMOTIVE MEDIA	SAN FRANCISCO (CALIFORNIA - USA)		99.97	100.00
LAGARDéRE ACTIVE BROADBAND	43-45 avenue Victor Hugo - 93534 AUBERVILLIERS (FRANCE)	343 611 208	100.00	100.00
LAGARDéRE ACTIVE BROADBAND MANAGEMENT	43-45 avenue Victor Hugo - 93534 AUBERVILLIERS (FRANCE)	420 442 428	100.00	100.00
LAGARDéRE ACTIVE DIGITAL	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	497 909 051	100.00	100.00
LAGARDéRE ACTIVE FINANCES (formerly HACHETTE FILIPACCHI PRESSE FINANCES)	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	410 208 136	99.97	100.00
LAGARDéRE ACTIVE PUBLICIT INTERNET	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	407 529 320	99.97	100.00
LAGARDéRE DIGITAL FRANCE	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	433 934 312	100.00	100.00
LAGARDéRE GLOBAL ADVERTISING	23 rue Baudin - 92300 LEVALLOIS-PERRET (FRANCE)	350 277 059	99.72	99.88
LEGION UK	LONDON (UNITED KINGDOM)		100.00	100.00
LES AGENCES TV SEAP	7-9 rue de la Bourse - 75002 PARIS (FRANCE)	391 817 467	99.97	100.00
LES DITIONS FILIPACCHI	151 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	712 003 516	99.97	100.00
MAISON D DITION HFS	MOSCOW (RUSSIA)		50.98	100.00
M TROPOLE M DIA PRESSE	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	424 798 577	99.97	100.00
MONTREUX PUBLICATIONS	MONTREUX (SWITZERLAND)		50.09	51.10
MULTIEDICIONES UNIVERSALES	MADRID (SPAIN)		99.97	100.00
NEWSWEB	34 avenue Berbard Palissy - 92210 SAINT-CLOUD (FRANCE)	424 905 172	100.00	100.00
NOU. MAG. SRL	MILAN (ITALY)		100.00	100.00
OPTION MEDIA	23 avenue Reille 75014 PARIS (FRANCE)	340 121 045	99.97	100.00
PRESSE PRATIQUE PARISIENNE	16-18 rue de l Amiral Mouchez - 75014 PARIS (FRANCE)	319 697 678	99.97	100.00
PRESSINTER	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	407 679 026	99.96	100.00
PUBLICATIONS FRANCE MONDE	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	562 113 787	99.94	99.97
PUBLICATIONS GROUPE LOISIRS (PGL)	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	338 195 720	99.97	100.00
QUILLET SA	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	542 043 971	99.96	100.00
SOCI T DE PRESSE F MININE	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	441 174 554	50.00	50.00
SOCI T DE PRESSE H & H	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	452 134 307	99.97	100.00
SOCI T DE TRAITEMENT DES PRODUITS DE PRESSE (STPP)	10 rue Thierry Le Luron - 92300 LEVALLOIS-PERRET (FRANCE)	732 053 491	99.97	100.00
SOGIDE	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	311 845 226	59.98	60.00
DOCTISSIMO GROUP				
DOCTISSIMO	33 rue Raffet - 75016 PARIS (FRANCE)	399 444 629	100.00	100.00
DOCTISSIMO SOFTWARE	33 rue Raffet - 75016 PARIS (FRANCE)	479 110 637	100.00	100.00
FLUCTUAT	7 impasse Charles Petit 4-6 bis impasse Cesselin - 75011 PARIS (FRANCE)	421 069 261	100.00	100.00
NEXTEDIA GROUP				
NEXTEDIA	5 rue Jules Lefebvre - 75009 PARIS (FRANCE)	483 962 361	100.00	100.00
ADDVISEM DIA	5 rue Jules Lefebvre - 75009 PARIS (FRANCE)	450 040 951	100.00	100.00
ADOC	5 rue Jules Lefebvre - 75009 PARIS (FRANCE)	403 028 616	100.00	100.00
BONNIE & CLYDE	5 rue Jules Lefebvre - 75009 PARIS (FRANCE)	483 494 498	60.00	60.00
CROSSVALUE	5 rue Jules Lefebvre - 75009 PARIS (FRANCE)	431 364 306	100.00	100.00

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
IMERGENCE	5 rue Jules Lefebvre - 75009 PARIS (FRANCE)	484 961 313	100.00	100.00
MONSIEUR WHITE	5 rue Jules Lefebvre - 75009 PARIS (FRANCE)	501 419 774	60.00	60.00
NEXTEDATA	5 rue Jules Lefebvre - 75009 PARIS (FRANCE)	505 282 764	87.50	100.00
NEXTEDIA TUNIS	5 rue Jules Lefebvre - 75009 PARIS (FRANCE)	3 902 661	100.00	100.00
NEXTPREMIUM	5 rue Jules Lefebvre - 75009 PARIS (FRANCE)	508 760 543	100.00	100.00
ONE REFERENCEMENT	5 rue Jules Lefebvre - 75009 PARIS (FRANCE)	448 134 015	100.00	100.00
POP OF THE COM	5 rue Jules Lefebvre - 75009 PARIS (FRANCE)	490 472 883	51.00	51.00
UN SOIXANTE DIX SEPT	5 rue Jules Lefebvre - 75009 PARIS (FRANCE)	484 903 182	100.00	100.00
PSYCHOLOGIES MAGAZINE GROUP				
PSYCHOLOGIES GROUP (formerly FINEV)	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	326 929 528	99.97	100.00
INTERPSYCHO	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	448 976 530	99.97	100.00
SELMA	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)	483 068 441	99.98	100.00
TELEPHONE PUBLISHING GROUP				
TELEPHONE PUBLISHING	MADRID (SPAIN)		71.75	72.40
GABINETE ASTROLOGICO	MADRID (SPAIN)		71.75	100.00
SISTEMAS TELEFONICOS AUXILIARES	MADRID (SPAIN)		71.75	100.00
IMG GROUP				
INTER MEDIA GROUP	MOSCOW (RUSSIA)		50.75	100.00
ANTENNA-MINSK	MINSK (RUSSIA)		28.00	55.00
ANTENNA-VORONEZH	VORONEZH (RUSSIA)		26.00	51.00
CHOP MIG MOSCOU	MOSCOW (RUSSIA)		50.98	100.00
EDITORIAL OFFICE OF NEWSPAPER ANTENNA	MOSCOW (RUSSIA)		100.00	100.00
EDITORIAL OFFICE TELESEM	ASTRAKHAN (RUSSIA)		26.00	51.00
EXPRESS-SOCTCHI	SOCTCHI (RUSSIA)		40.27	79.00
IMG-KICHINEV	KICHINEV (MOLDAVIA)		50.98	100.00
IMG PERM	PERM (RUSSIA)		37.47	73.50
IMG-SIBIR	SIBIR (RUSSIA)		38.23	75.00
IMG URAL	YEKATERINBURG (RUSSIA)		50.98	100.00
IMG-VOLGA	VOLGA (RUSSIA)		43.33	85.00
MEDIA RESERVE-CHISINAU	CHISINAU (RUSSIA)		26.00	51.00
MEDIA RESERVE-KURSK	KURSK (RUSSIA)		50.98	100.00
MEDIA RESERVE-RYAZAN	RYAZAN (RUSSIA)		26.00	51.00
MEDIA RESERVE-SOCTCHI	SOCTCHI (RUSSIA)		50.98	100.00
MEDIA RESERVE-VOLGOGRAD	VOLGOGRAD (RUSSIA)		50.98	100.00
RG PRESS-SERVICE	YEKATERINBURG (RUSSIA)		50.98	100.00
TELESEM-ASTRAKHANI	ASTRAKHAN (RUSSIA)		50.98	100.00
TELESEM-BARNAUD	BARNAUD (RUSSIA)		38.23	75.00
TELESEM-CHEBOKSARAKH	CHEBOKSARY (RUSSIA)		34.23	67.14
TELESEM-CHELIABINSK	CHELIABINSK (RUSSIA)		41.29	81.00
TELESEM-LIPETSK	LIPETSK (RUSSIA)		50.98	100.00
TELESEM-NOVOKUZNETSK	NOVOKUZNETSK (RUSSIA)		50.98	100.00
TELESEM-OMSK	OMSK (RUSSIA)		38.23	75.00
TELESEM-ORENBURG	ORENBURG (RUSSIA)		50.98	100.00
TELESEM-PENZA	PENZA (RUSSIA)		21.92	43.00
TELESEM-ROSTOVE	ROSTOV (RUSSIA)		50.98	100.00

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
TELESEM-RYAZAN	RYAZAN (RUSSIA)		26.00	51.00
TELESEM-SAINT P TERSBOURG	SAINT-PETERSBURG (RUSSIA)		25.48	50.00
TELESEM-SAMARA	SAMARA (RUSSIA)		50.98	100.00
TELESEM-SARATOV	SARATOV (RUSSIA)		50.98	100.00
TELESEM-STAVROPOL	STAVROPOL (RUSSIA)		50.98	100.00
TELESEM-SURGUT	SURGUT (RUSSIA)		50.98	100.00
TELESEM-TOMSK	TOMSK (RUSSIA)		43.33	85.00
TELESEM-TULA	TULA (RUSSIA)		50.98	100.00
TELESEM-TVERI	TVERI (RUSSIA)		26.00	51.00
TELESEM-TYUMEN	TYUMEN (RUSSIA)		50.98	100.00
TELESEM-UFE	UFE (RUSSIA)		26.00	51.00
TELESEM-ULIANOVSK	ULIANOVSK (RUSSIA)		50.98	100.00
TELESEM-VLADIVOSTOK	VLADIVOSTOK(RUSSIA)		50.98	100.00
TELESEM-VOLGOGRAD	VOLGOGRAD (RUSSIA)		26.00	51.00
TELESEM-YAROSLAVL	YAROSLAVL (RUSSIA)		50.98	100.00
TELESEM-VLADIMIR	VLADIMIR (RUSSIA)		38.23	75.00
TELESEM-VORONEZH	VORONEZH (RUSSIA)		50.98	100.00
LAGARDÈRE SERVICES				
LAGARDéRE SERVICES	2 rue Lord Byron - 75008 PARIS (FRANCE)	330 814 732	100.00	100.00
AELIA	114 avenue Charles De Gaulle 92200 NEUILLY-SUR-SEINE (FRANCE)	380 253 518	84.49	84.49
AELIA POLSKA	WARSAW (POLAND)		87.59	100.00
AELIA UK	LONDON (UNITED KINGDOM)		84.49	100.00
A ROBOUTIQUE FRANCE	114 avenue Charles De Gaulle 92200 NEUILLY-SUR-SEINE (FRANCE)	380 193 938	84.49	100.00
A ROBOUTIQUE INFLIGHT RETAIL	ZAC du Parc 12 rue Saint Exup ry - 77290 COMPANS (FRANCE)	408 053 809	55.56	65.76
A ROBOUTIQUE INFLIGHT RETAIL ESPA A	MADRID (SPAIN)		55.56	100.00
A ROBOUTIQUE INFLIGHT RETAIL ITALIA	MILAN (ITALY)		55.56	100.00
A ROBOUTIQUE INFLIGHT RETAIL NEDERLAND	AMSTERDAM (THE NETHERLANDS)		55.56	100.00
A ROBOUTIQUE INFLIGHT RETAIL UK	LONDON (UNITED KINGDOM)		55.56	100.00
A ROBOUTIQUE RETAIL GROUPE	LONDON (UNITED KINGDOM)		41.67	75.00
A ROBOUTIQUE SALES GROUPE	CASABLANCA (MAROCCO)		44.45	80.00
AMADEO	PRAGUE (CZECH REPUBLIC)		100.00	100.00
AMP	BRUSSELS (BELGIUM)		99.73	99.74
ALVADIS	BRUSSELS (BELGIUM)		100.00	100.00
CURTIS CIRCULATION COMPANY	PENNSAUKEN (USA)		100.00	100.00
DISTRIDIJLE	MALINES (BELGIUM)		100.00	100.00
LPA TRANSPORT	HASSELT (BELGIUM)		100.00	100.00
DISTRISUD	LIEGE (BELGIUM)		100.00	100.00
DISTRIWEST NV	REKKEM (BELGIUM)		100.00	100.00
DUTY FREE ASSOCIATES	114 avenue Charles De Gaulle 92200 NEUILLY-SUR-SEINE (FRANCE)	423 402 312	84.49	100.00
DYNAPRESSE	CAROUGE (SWITZERLAND)		65.00	100.00
EURODIS	114 avenue Charles De Gaulle 92200 NEUILLY-SUR-SEINE (FRANCE)	428 705 982	84.49	100.00
FERS	WIESBADEN (GERMANY)		100.00	100.00
HACHETTE DISTRIBUTION SERVICES	BRUSSELS (BELGIUM)		100.00	100.00

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
HACHETTE DISTRIBUTION INC.	PENNSAUKEN (USA)		100.00	100.00
HDS BELGIUM (formerly ZENDIS BELGIUM)	BRUSSELS (BELGIUM)		100.00	100.00
HDS CANADA	MONTREAL (CANADA)		100.00	100.00
HDS DEUTSCHLAND	HUERTH HERMUELHEIM (GERMANY)		100.00	100.00
HDS EINZELHANDEL	DIETZENBACH (GERMANY)		100.00	100.00
HDS HONG KONG	HONG KONG (CHINA)		100.00	100.00
HDS INMEDIO ROMANIA	BUCHAREST (ROMANIA)		100.00	100.00
HDS POLSKA	WARSAW (POLAND)		100.00	100.00
HDS RETAIL CZ	PRAGUE (CZECH REPUBLIC)		100.00	100.00
HDS RETAIL NORTH AMERICA	NEW YORK (USA)		100.00	100.00
HORESA	CAROUGE (SWITZERLAND)		65.00	100.00
IBD	OSTENDE (BELGIUM)		100.00	100.00
LS ASIA PACIFIC PTY LIMITED (formerly LS Australia)	SYDNEY (AUSTRALIA)		100.00	100.00
MEDICOM SANTE	126 rue Jules Guesde - 92300 LEVALLOIS-PERRET (FRANCE)	451 199 947	51.00	51.00
M. TRAFIK	PRAGUE (CZECH REPUBLIC)		100.00	100.00
MUSIC RAILWAY	52 avenue des Champs- lys es - 75008 PARIS (FRANCE)	414 434 431	100.00	100.00
NAVILLE	CAROUGE (SWITZERLAND)		65.00	100.00
NEWSLINK	SYDNEY (AUSTRALIA)		100.00	100.00
OLF	FRIBURG (SWITZERLAND)		65.00	100.00
PAYOT NAVILLE DISTRIBUTION	FRIBURG (SWITZERLAND)		65.00	65.00
PAYOT SA	LAUSANNE (SWITZERLAND)		65.00	100.00
PRESSE IMPORT SA	CORMINBOEUF (SWITZERLAND)		65.00	100.00
PRESS RELAY LOGAN	NEW YORK (USA)		87.00	87.00
PRESS RELAY/RMD - DELTA	NEW YORK (USA)		83.00	83.00
PRESS RELAY WASHINGTON NATIONAL	NEW YORK (USA)		90.00	90.00
PRESS-SHOP ALG	BRUSSELS (BELGIUM)		81.74	81.75
RELAY FRANCE (formerly RELAIS H)	126 rue Jules Guesde - 92300 LEVALLOIS-PERRET (FRANCE)	542 095 336	100.00	100.00
SCSC	126 rue Jules Guesde - 92300 LEVALLOIS-PERRET (FRANCE)	431 960 004	100.00	100.00
SIGMA	MADRID (SPAIN)		100.00	100.00
SOCIEDAD GENERAL ESPANOLA DE LIBRERIA (SGEL)	MADRID (SPAIN)		100.00	100.00
THE PURELY GROUP PTY LTD	SYDNEY (AUSTRALIA)		51.00	51 .00
TIZZIT	BRUSSELS (BELGIUM)		99.73	100.00
LAPKER GROUP				
LAPKER	BUDAPEST (HUNGARY)		80.01	80.01
BUVIHIR	BUDAPEST (HUNGARY)		80.01	100.00
HIRKER	BUDAPEST (HUNGARY)		80.01	100.00

LAGARDÈRE SPORTS

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
LAGARDéRE SPORTS	4 rue de Presbourg - 75116 PARIS (FRANCE)	453 759 078	100.00	100.00
L.O.N.A	4 rue de Presbourg - 75116 PARIS (FRANCE)	491 036 273	100.00	100.00
SPORTFIVE GROUP				
SPORTFIVE SA	70-72 rue du Gouverneur G n ral bou 92130 ISSY-LES-MOULINEAUX (FRANCE)	873 803 456	100.00	100.00
ACTIVE SPORTS MARKETING	LONDON (UNITED KINGDOM)		100.00	100.00

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
BATAILLE PRODUCTION	70-72 rue du Gouverneur G n ral bou 92130 ISSY-LES-MOULINEAUX (FRANCE)	350 857 686	100.00	100.00
BERMITZ SPORTS ADVERTISING	LONDON (UNITED KINGDOM)		100.00	100.00
FOOTBALL FRANCE PROMOTION	70-72 rue du Gouverneur G n ral bou 92130 ISSY-LES-MOULINEAUX (FRANCE)	324 592 674	100.00	100.00
FOX SPORTS	LONDON (UNITED KINGDOM)		100.00	100.00
GIE GDL	70-72 rue du Gouverneur G n ral bou 92130 ISSY-LES-MOULINEAUX (FRANCE)	428 857 171	100.00	100.00
INTERNATIONAL SPORTS MEDIA	MELBOURNE (AUSTRALIA)		100.00	100.00
ISPR	HAMBURG (GERMANY)		100.00	100.00
ISPR NORDIC	STOCKHOLM (SWEDEN)		100.00	100.00
JOHO SERVICE	AMSTERDAM (THE NETHERLANDS)		100.00	100.00
MEDIA FOOT BELGIQUE	BRUSSELS (BELGIUM)		99.87	99.87
MULTIMEDIA GLOBAL FINANCE	LUXEMBOURG (LUXEMBOURG)		100.00	100.00
RC&A SPORTS MANAGEMENT	LONDON (UNITED KINGDOM)		100.00	100.00
S5 ASIA Sdn.BHD	KUALA LUMPUR (MALAYSIA)		100.00	100.00
SOCI T D'EXPLOITATION DE DROITS SPORTIFS (S.E.D.S.)	70-72 rue du Gouverneur G n ral bou 92130 ISSY-LES-MOULINEAUX (FRANCE)	349 658 336	100.00	100.00
SPONSORMATIC	COPENHAGUE (DENMARK)		100.00	100.00
SPORTFIVE GmbH	COLOGNE (GERMANY)		100.00	100.00
SPORTFIVE GmbH & Co. KG	COLOGNE (GERMANY)		100.00	100.00
SPORTFIVE ARGENTINA	BUENOS AIRES (ARGENTINA)		100.00	100.00
SPORTFIVE FINANCIAL SERVICES GmbH	COLOGNE (GERMANY)		100.00	100.00
SPORTFIVE IBERIA	BARCELONA (SPAIN)		100.00	100.00
SPORTFIVE INTERMEDIATE GmbH	COLOGNE (GERMANY)		100.00	100.00
SPORTFIVE INTERNATIONAL	GENEVA (SWITZERLAND)		100.00	100.00
SPORTFIVE ITALY	TURIN (ITALY)		100.00	100.00
SPORTFIVE LTD	HERZELIYA PITUACH (ISRAEL)		100.00	100.00
SPORTFIVE MALAYSIA Sdn.	KUALA LUMPUR (MALAYSIA)		30.00	30.00
SPORTFIVE MARKETING ESPORTIVO	RIO DE JANEIRO (BAZIL)		100.00	100.00
SPORTFIVE POLAND Sp ZOO	WARSAW (POLAND)		100.00	100.00
SPORTFIVE SINGAPOUR PTE LTD	SINGAPORE (SINGAPORE)		100.00	100.00
SPORTFIVE TENNIS	70-72 rue du Gouverneur G n ral bou 92130 ISSY-LES-MOULINEAUX (FRANCE)	321 500 803	99.99	99.99
SPORTFIVE TURKEY	ISTANBUL (TURKEY)		100.00	100.00
SPORTFIVE UK INTERNATIONAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SPORTFIVE USA	LOS ANGELES (USA)		100.00	100.00
SPORTFIVE VERWALTUNGS GmbH	COLOGNE (GERMANY)		100.00	100.00
SPORTS RIGHT ACQUISITIONS BV	AMSTERDAM (THE NETHERLANDS)		100.00	100.00
SPORTS RIGHT ACQUISITIONS UK	LONDON (UNITED KINGDOM)		100.00	100.00
PR EVENT GROUP				
PR EVENT I SVERIGE	GOTEBORG (SWEDEN)		100.00	100.00
PR EVENT I GOETBORG AB	GOTEBORG (SWEDEN)		100.00	100.00
PR EVENT I BASTAD AB	GOTEBORG (SWEDEN)		100.00	100.00
IEC IN SPORTS GROUP				
IEC INVESTMENTS AB	STOCKHOLM (SWEDEN)		100.00	100.00
IEC HOLDING AB	STOCKHOLM (SWEDEN)		100.00	100.00

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
IEC IN SPORTS INTERNAL EVENTS AND COMMUNICATION	STOCKHOLM (SWEDEN)		100.00	100.00
IEC LAUSANNE	LAUSANNE (SWITZERLAND)		100.00	100.00
UPSOLUT GROUP				
DEUTSCHAND TOUR Gmbh	HAMBURG (GERMANY)		75.10	75.20
EVENTERPRISE	HAMBURG (GERMANY)		51.00	51.00
UPSOLUT EVENT Gmbh	HAMBURG (GERMANY)		100.00	100.00
UPSOLUT MERCHANDISING Gmbh & Co.KG	HAMBURG (GERMANY)		51.00	51.00
UPSOLUT SPORT AG	HAMBURG (GERMANY)		100.00	100.00
UPSOLUT VERWALTUNGS	HAMBURG (GERMANY)		51.00	100.00
OTHER ACTIVITIES				
LAGARDéRE SCA	4 rue de Presbourg - 75116 PARIS (FRANCE)	320 366 446	100.00	100.00
ARLIS	6 rue Laurent Pichat - 75116 PARIS (FRANCE)	400 231 056	100.00	100.00
AXELIS	11 rue Pierre Rigaud - 94200 IVRY-SUR-SEINE (FRANCE)	451 344 238	100.00	100.00
DARIADE	121 avenue de Malakoff - 75116 PARIS (FRANCE)	400 231 072	100.00	100.00
D SIRADE	121 avenue de Malakoff - 75116 PARIS (FRANCE)	402 345 268	100.00	100.00
CRINVEST 4	121 avenue de Malakoff - 75116 PARIS (FRANCE)	434 211 793	100.00	100.00
CRINVEST 7	121 avenue de Malakoff - 75116 PARIS (FRANCE)	451 291 371	100.00	100.00
DIFINANCE PARTICIPATIONS	121 avenue de Malakoff - 75116 PARIS (FRANCE)	440 143 741	100.00	100.00
FINANCIéRE DE PICHAT	6 rue Laurent Pichat - 75116 PARIS (FRANCE)	315 782 490	100.00	100.00
FINANCIéRE DE PICHAT ET CIE	6 rue Laurent Pichat - 75116 PARIS (FRANCE)	320 366 453	100.00	100.00
HACHETTE SA	4 rue de Presbourg - 75116 PARIS (FRANCE)	402 345 128	100.00	100.00
H LIOS	121 avenue de Malakoff - 75116 PARIS (FRANCE)	433 436 870	100.00	100.00
HOLPA	121 avenue de Malakoff - 75116 PARIS (FRANCE)	572 011 526	100.00	100.00
LAGARDéRE NORTH AMERICA, Inc	NEW YORK (USA)		100.00	100.00
LAGARDéRE PARIS RACING RESSOURCES	121 avenue de Malakoff - 75116 PARIS (FRANCE)	433 565 819	100.00	100.00
LAGARDéRE RESSOURCES	121 avenue de Malakoff - 75116 PARIS (FRANCE)	348 991 167	100.00	100.00
LAGARDéRE UK	LONDON (UNITED KINGDOM)		100.00	100.00
MNC	121 avenue de Malakoff - 75116 PARIS (FRANCE)	345 078 927	100.00	100.00
MP 65	121 avenue de Malakoff - 75116 PARIS (FRANCE)	348 971 854	99.42	100.00
MP 98	121 avenue de Malakoff - 75116 PARIS (FRANCE)	387 941 636	99.41	100.00
MATRA MANUFACTURING & SERVICES - DEP	4 rue de Presbourg - 75116 PARIS (FRANCE)	318 353 661	100.00	100.00
MATRA PARTICIPATIONS	4 rue de Presbourg - 75116 PARIS (FRANCE)	303 600 902	100.00	100.00
MATRAVISION INC	NEW YORK (USA)		100.00	100.00
PROMOTEC 5000 SL	MADRID (SPAIN)		100.00	100.00
SOFRIMO	121 avenue de Malakoff - 75116 PARIS (FRANCE)	569 803 687	100.00	100.00
SOPREDIS	5 place des Marseillais - 94220 CHARONTON-LE-PONT (FRANCE)	602 020 455	100.00	100.00
TEAM LAGARDéRE	121 avenue de Malakoff - 75116 PARIS (FRANCE)	482 741 725	100.00	100.00
TRANSPORT GROUP				
MATRA TRANSPORT	4 rue de Presbourg - 75116 PARIS (FRANCE)	662 000 447	100.00	100.00
SOFIMATRANS	4 rue de Presbourg - 75116 PARIS (FRANCE)	325 646 388	100.00	100.00

Companies consolidated using the equity method at 31 December 2008

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
LAGARDÈRE PUBLISHING				
DITIONS J'AI LU	87 quai Panhard et Levassor - 75013 PARIS (FRANCE)	582 039 673	35.33	35.33
HARLEQUIN SA	83 - 85 boulevard Vincent Auriol - 75013 PARIS (FRANCE)	318 671 591	50.00	50.00
LAGARDÈRE ACTIVE				
LAGARDÈRE ACTIVE - AUDIOVISUAL ACTIVITIES				
CAPITAL IMAGE	64 rue du Ch teau - 92100 BOULOGNE-BILLANCOURT (FRANCE)	453 909 848	49.59	50.00
EUROPE R GIES OUEST	16 avenue Henry Fr ville - 35200 RENNES (FRANCE)	410 666 150	48.60	49.00
GULLI	12 rue d'Oradour sur Glane - 75015 PARIS (FRANCE)	480 937 184	65.46	50.00
NOUVELLES T L VISONS NUM RIQUES	28 rue Fran•ois 1er - 75008 PARIS (FRANCE)	449 779 487	39.67	40.00
PHARE OUEST PRODUCTIONS	14 rue Pergol•se - 75116 PARIS (FRANCE)	449 491 166	49.59	50.00
VIRGIN MEGA	52 avenue des Champs- lys es - 75008 PARIS (FRANCE)	432 573 806	48.60	49.01
LARI INTERNATIONAL GROUP				
107.8 ANTENNE AC GmbH	W RSELEN (GERMANY)		50.72	49.00
107.8 ANTENNE AC GmbH & Co. KG	W RSELEN (GERMANY)		50.72	49.00
ACCELERATION MEDIA	CAPE TOWN (SOUTH AFRICA)		49.59	50.00
EURO RADIO SAAR	SARREBRUCK (GERMANY)		50.72	50.00
JACARANDA	CENTURION (SOUTH AFRICA)		19.84	20.00
MAX LOYD	PRAGUE (CZECH REPUBLIC)		33.72	34.00
RADIO XXI	BUCHAREST (ROMANIA)		19.84	20.00
RADIO 3000	EUPEN (BELGIUM)		24.85	49.00
RADMARK	RIVOGNA (SOUTH AFRICA)		29.75	50.00
LAGARDÈRE ACTIVE - PRESS ACTIVITIES				
BAYARD HACHETTE ROUTAGE (BHR)	Parc de Pontillat - 77340 PONTAULT-COMBAULT (FRANCE)	326 966 660	49.97	50.00
BURDA POLSKA	WARSAW (POLAND)		51.00	50.00
CANAL+ FRANCE	1 place du Spectacle - 92130 ISSY-LES-MOULINEAUX (FRANCE)	421 345 695	20.00	20.00
CELLFISH MEDIA LLC	NEW YORK (USA)		56.18	25.00
D3P	212 avenue Paul Doumer - 92500 RUEIL-MALMAISON (FRANCE)	484 455 001	50.00	50.00
DE AGOSTINI PERIODICI	NOVARA (ITALY)		51.00	50.00
DECOREVISTAS	MADRID (SPAIN)		49.99	50.00
DISNEY HACHETTE PRESSE	10 rue Thierry Le Luron - 92300 LEVALLOIS-PERRET (FRANCE)	380 254 763	49.99	50.00
DITIONS PHILIPPE AMAURY	25 avenue Michelet - 93400 SAINT-OUEN (FRANCE)	552 102 121	24.99	25.00
ELLE VERLAG	MUNICH (GERMANY)		49.99	50.00
GRIMOCO	CYPRUS		25.00	49.00
GUTS	99-103 rue de S•vres - 75008 PARIS (FRANCE)	399 391 879	50.00	50.00
HACHETTE EIN'S MEDIAS	SEOUL (SOUTH KOREA)		49.99	50.00
HACHETTE FILIPACCHI AUSTRALIA	SYDNEY (AUSTRALIA)		50.00	50.00
HACHETTE FILIPACCHI MAGAZINE SP	WARSAW (POLAND)		49.00	49.00
HACHETTE PACIFIC PTY LTD	SYDNEY (AUSTRALIA)		49.99	50.00
HACHETTE RIZZOLI INTERNATIONAL	AMSTERDAM (THE NETHERLANDS)		49.99	50.00
HAFIBA	11 rue de Rouvray - 92200 NEUILLY-SUR-SEINE (FRANCE)	410 476 592	49.98	50.00
HMC ITALIA (formerly HACHETTE MARIE CLAIRE ITALIA)	MILAN (ITALY)		49.00	49.00
HOLDING E PROUVOST	149 rue Anatole France - 92300 LEVALLOIS-PERRET (FRANCE)		41.99	42.00
HS 24	MILAN (ITALY)		49.99	50.00

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
LE MONDE INTERACTIF	16-18 quai de la Loire - 75019 PARIS (FRANCE)	419 388 673	34.00	34.00
LES PUBLICATIONS TRANSCONTINENTALES HACHETTE	MONTREAL (CANADA)		49.99	50.00
OEE LTD (BECAUSE)	LONDON (UNITED KINGDOM)		25.37	25.37
S.E.T.C.	48-50 boulevard Senard - 92210 SAINT-CLOUD (FRANCE)	378 558 779	39.29	39.31
SOCI T FRAN AISE D' DITIONS DE JOURNAUX ET D'IMPRIM S COMMERCIAUX (SFEJIC)	25 avenue du Pr sident Kennedy - 68000 MULHOUSE (FRANCE)	945 750 735	20.01	20.01
VOETBALL MEDIA BV	AMSTERDAM (THE NETHERLANDS)		49.75	50 .00
ZAO HMCR (formerly HACHETTE MARIE CLAIRE RUSSIE)	MOSCOW (RUSSIA)		24.99	49.00

LAGARDÈRE SERVICES

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
C-STORE	55 rue Deguingand 92689 LEVALLOIS-PERRET (FRANCE)	505 387 795	50 .00	50 .00
HUNGARO PRESSE	BUDAPEST (HUNGARY)		50.00	50.00
LOGAIR	4 place de Londres - 95726 ROISSY (FRANCE)	443 014 527	27.78	50.00
SOCI T DE DISTRIBUTION A ROPORTUAIRE	114 avenue Charles De Gaulle 92200 NEUILLY-SUR-SEINE (FRANCE)	552 016 628	42.20	50.00

LAGARDÈRE SPORTS

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
WORLD SPORT GROUP	SINGAPORE (SINGAPORE)		70.74	33.33
SPORTFIVE GROUP				
HSV-UFA STADIONMANAGEMENT & VERWALTUNGS	HAMBURG (GERMANY)		25.50	25.50
JUNIPER GROUP GmbH	BERLIN (GERMANY)		25.50	25.50
PBM GR PEOPLE BRAND MANAGEMENT GmbH	HAMBURG (GERMANY)		33.33	33.33
STADION FRANKFURT MANAGEMENT GmbH	FRANKFURT (GERMANY)		50.00	50.00
STADION FRANKFURT MANAGEMENT PAYMENT GmbH	FRANKFURT (GERMANY)		50.00	50.00
ZACHEL AG	BERLIN (GERMANY)		30.00	30.00

OTHER ACTIVITIES

COMPANY	HEAD OFFICE	REGISTRATION NUMBER	% HOLDING	% CONTROL
EADS (EADS GROUP and its subsidiaries)	AMSTERDAM (THE NETHERLANDS)		10.00	(1)
GLOBAL CAR SERVICES	121 avenue de Malakoff - 75016 PARIS (FRANCE)	304 233 406	50.00	50.00
SOGEADE	121 avenue de Malakoff - 75216 PARIS (FRANCE)	401 959 994	40.00	40.00

(1) Control as defined in the shareholders' agreement between Lagardère, Daimler and the French State.

Note 37 CONSOLIDATED FINANCIAL STATEMENTS FOR 2007 AND 2006

In application of European Commission regulation n 809/2004, the documents listed below are to be considered as an integral part of this Reference Document:

The consolidated nancial statements and the related audit report appearing on pages 138 to 244 of the French Reference Document for 2007, filed with the Autorit des March s Financiers (AMF) on 3 April 2008 under registration number D.08-0195.

The consolidated nancial statements and the related audit report appearing on pages 160 to 291 of the French Reference Document for 2006, filed with the Autorit des March s Financiers (AMF) on 3 April 2007 under registration number D.07-0268.

The information included in the documents listed above but not reproduced here is either irrelevant for investors or covered in another part of this Reference Document.

6 - 4 ANALYSIS OF LAGARDÈRE SCA PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2008

6-4-1 INCOME STATEMENT

The simpli ed income statement is as follows:

(in millions of euros)	2008	2007
Operating revenues	2	13
Operating loss	(39)	(33)
Financial income	432	684
Earnings before tax and exceptional items	393	651
Exceptional pro t	22	93
Income tax gain	76	89
Net profit	**491**	**833**

The operating loss of €39 million for 2008 resulted from operating costs incurred by the holding company and fees invoiced for services provided to that company. Operating revenues in 2008 and 2007 essentially consisted of fees included in operating expenses and reinvoiced to other Group entities, with no impact on the operating result.

Details of net nancial income are as follows:

(in millions of euros)	2008	2007
Interest income on marketable securities and other	13	28
Interest income on receivables and loans to subsidiaries	133	125
Interest on borrowings and other nancing	(151)	(162)
Interest on 1992 perpetual subordinated notes, less premium		(9)
Interest expenses	**(5)**	**(18)**
Dividends received or to be received	575	711
Changes in provisions	(138)	
Other		(9)
Financial income	**432**	**684**

Financial income for 2008 amounted to €432 million compared with €684 million in 2007.

This is primarily explained by the following factors:

- dividends received of €575 million, including €567 million from D sirade (the holding company for Lagard•re s investment in EADS) and €7 million from Matra Manufacturing & Services; in 2007, dividends totalled €711 million, including €691 million from D sirade and €15 million from Matra Manufacturing & Services.
- increases in provisions, amounting to €138 million in 2008 and essentially comprising:
  - a €111 million provision for write-down on call options for treasury share acquired from Barclays Bank PLC between 2005 and 2007 to cover the stock purchase option plans set up for Group employees, in order to adjust those options to their market value at 31 December 2008, i.e. €13 million;
  - a €35 million provision for write-down on the treasury share portfolio held for adjustment to year-end market value.

Exceptional items generated a pro t of +€22 million in 2008, mainly consisting of reversals of provisions for risks. In 2007, exceptional pro t amounted to +€93 million, including a gain of €88 million related to cancellation of the 1992 perpetual subordinated notes and the corresponding premiums.

The +€76 million income tax gain for 2008 was generated by tax consolidation as in previous years, and corresponds to taxes paid by tax consolidated subsidiaries in excess of the tax due by the whole tax consolidated group. At 31 December 2008, the Lagard•re tax group still had a tax loss carryforward.

6-4-2 BALANCE SHEET AND CASH FLOWS

/// Assets

(in millions of euros)	31 Dec. 2008	31 Dec. 2007
Fixed assets	7,099	6,802
Trade receivables and other	92	224
Group nancing		5
Cash and cash equivalents	134	37
Total assets	**7,325**	**7,068**

/// Liabilities and shareholders' equity

(in millions of euros)	31 Dec. 2008	31 Dec. 2007
Shareholders equity	3,222	3,059
Other permanent funds		
Provisions for risks and liabilities	103	134
Borrowings	3,919	3,802
Short-term bank loans		1
Other liabilities	81	72
Total liabilities and shareholders' equity	**7,325**	**7,068**

Cash provided by operating activities amounted to €654 million for 2008, including €575 million of dividends received.

Net cash of €518 million was used in investing activities, including principally a €355 million increase in loans to Group subsidiaries and €102 million for purchases of treasury shares (net of resales).

Cash used in nancing activities amounted to -€38 million in 2008, resulting from the following:

- dividends paid (-€174 million);
- redemption upon maturity of the second tranche of Mandatory Exchangeable Bonds (-€664 million), the 7-year US private placement notes issued in 2001 (-€169 million) and the 2003 structured loan (-€70 million);
- a +€1,080 million drawing on the 2005 syndicated loan;
- a -€41 million decrease in Group nancing.

Cash and cash equivalents amounted to €134 million at 31 December 2008, an increase of €98 million from the previous year.

On 21 July 2008, Lagard•re SCA cancelled 3 million treasury shares (representing 2.23% of its share capital), resulting in a €18 million reduction in the share capital and a €122 million reduction in share premiums.

Changes in total net indebtedness, which is calculated as cash and cash equivalents plus current account advances to subsidiaries less nancial liabilities, were as follows:

(in millions of euros)	31 Dec. 2008	31 Dec. 2007
Net indebtedness	**(3,785)**	**(3,761)**

Net indebtedness increased by €24 million in 2008, mostly because the cash used in paying dividends (-€174 million) exceeded the cash provided by operating and investing activities (+€136 million).

6 - 5 PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2008

/// Parent Company Balance Sheet at 31 December 2008

ASSETS *(in millions of euros)*	**31 Dec. 2008 Gross**	**31 Dec. 2008 Depreciation, amortization and provisions**	**31 Dec. 2008 Net**	**31 Dec. 2007 Net**
Tangible assets				
Financial assets:				
Investments in subsidiaries and affiliates	3,373	119	3,254	3,164
Loans and advances to subsidiaries and affiliates	3,733	7	3,726	3,460
Other long-term investments	160	41	119	178
Loans				
Other financial items				
Fixed assets	**7,266**	**167**	**7,099**	**6,802**
Trade receivables				
Other receivables	154	113	41	178
Marketable securities	121		121	27
Cash and cash equivalents	13		13	10
Prepaid expenses				
Current assets	**288**	**113**	**175**	**215**
Deferred charges				
Translation adjustment	51		51	51
Total assets	**7,605**	**280**	**7,325**	**7,068**

LIABILITIES AND SHAREHOLDERS' EQUITY *(in millions of euros)*	31 Dec. 2008 Net	31 Dec. 2007 Net
Share capital	800	818
Share and other premiums	1,063	1,198
Reserves:		
Legal reserve	87	87
Tax regulated reserves		
Other reserves	31	31
Retained earnings	750	92
Net pro t for the year	491	833
Shareholders' equity	**3,222**	**3,059**
Provisions for risks and liabilities	103	134
Special borrowings		
Borrowings:		
Bonds	1,204	2,069
Bank loans	1,845	822
Loans from subsidiaries and af liates	870	911
Trade payables	4	15
Other payables	26	10
Deferred income		
Translation adjustment	51	48
Total liabilities and shareholders' equity	**7,325**	**7,068**

/// Parent Company Income Statement for the year ended 31 December 2008

(in millions of euros)	2008	2007
Operating revenues	1	13
Operating expenses	(40)	(46)
Operating loss	**(39)**	**(33)**
Financial income	830	938
Financial expenses	(340)	(229)
Changes in provisions	(58)	(25)
Net financial income	**432**	**684**
Earnings before tax and exceptional items	**393**	**651**
Exceptional profit	**22**	**93**
Income tax gain	76	89
Net profit	**491**	**833**

/// Parent Company Statement of Cash Flows for the year ended 31 December 2008

(in millions of euros)	**2008**	**2007**
Net pro t	491	833
Depreciation, amortization and provision expense	110	16
Gain on disposals of xed assets		(1)
Gain on cancellation of 1992 perpetual subordinated notes		(88)
Changes in working capital	53	(22)
Cash provided by operating activities	**654**	**738**
Acquisitions of long-term investments	(845)	(1,478)
Proceeds from disposals of long-term investments	10	45
Decrease in loans and receivables	317	219
Cash used in investing activities	**(518)**	**(1,214)**
Cash provided by (used in) operating and investing activities	**136**	**(476)**
Dividends paid	(174)	(163)
Decrease in borrowings and nancial liabilities	(903)	(664)
Capital increase		
Increase in borrowings	1,080	600
Change in Group nancing	(41)	24
Cash used in financing activities	**(38)**	**(203)**
Change in net cash and cash equivalents	98	(679)
Cash and cash equivalents at beginning of the year	36	715
Cash and cash equivalents at end of the year	**134**	**36**

PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2008

GENERAL COMMENT

Since Lagard•re SCA is a holding company, balance sheet items principally comprise investments in and loans and advances to subsidiaries and af liates, and the Group s nancing resources.

ACCOUNTING POLICIES

1 GENERAL

Lagard•re SCAs annual nancial statements have been prepared in accordance with the accounting methods and principles established by the laws and regulations applicable in France. In particular, they comply with Regulation 99-03 issued by the French Accounting Standards Committee (*Comité de la Réglementation Comptable*).

All gures in the tables below are expressed in millions of euros.

2 LONG-TERM INVESTMENTS

Investments in subsidiaries and af liates are stated at acquisition cost or subscription price. Provisions for write-downs are booked to cover any unrealised losses, which are generally estimated on the basis of a review of the past year and expected future prospects, together with any other relevant information that may contribute to a meaningful valuation.

3 MARKETABLE SECURITIES

Marketable securities are stated at purchase cost using the FIFO method. Provisions for write-downs are booked when the market price or realisable value of the securities at year-end is lower than their initial acquisition cost.

Gains and losses on disposals of marketable securities are reported net of revenues generated by the same securities on a single line of the income statement, such that the economic bene t of transactions on these securities is directly visible.

4 TRANSACTIONS IN FOREIGN CURRENCIES

Amounts receivable and payable in foreign currencies are translated into euros at year-end rates.

Unrealised exchange gains are deferred and are not credited to pro t and loss.

All unrealised exchange losses are provided for in full, unless:

- the foreign currency transaction is associated with a parallel transaction intended to hedge the results of any exchange rate uctuations (forward hedge): in such cases, the provision covers only the unhedged portion of the risk,
- the unrealised gains and losses concern transactions with similar settlement dates: in such cases, a provision is only established to the extent of the unrealised net loss.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

All gures are expressed in millions of euros.

1 FIXED ASSETS

Changes in the gross value of xed assets were as follows:

	1 January 2008	Increase	Decrease	31 Dec. 2008
Tangible assets	–	–	–	–
Financial assets				
Investments in subsidiaries and af liates and other long-term investments	3,512	208	187	3,533
Loans and advances to subsidiaries and af liates	3,484	807	558	3,733
Other nancial assets				
Total fixed assets	**6,996**	**1,015**	**745**	**7,266**

Changes in depreciation, amortization and provisions for write-downs can be analysed as follows:

	1 January 2008	Increase	Decrease	31 Dec. 2008
Financial assets				
Investments in subsidiaries and af liates and other long-term investments	170	100	110	160
Loans and advances to subsidiaries and af liates	24		17	7
Tot al	**194**	**100**	**127**	**167**

2 RECEIVABLES

At 31 December 2008, the maturity of receivables was as follows:

	Gross	Due within one year	Due after one year
Long-term receivables	3,733	47	3,686
Short-term receivables	154	30	124
Total	**3,887**	**77**	**3,810**

3 MARKETABLE SECURITIES

	31 Dec. 2008	31 Dec. 2007
Atc ost	121	27
Provision for write-down		
Net book value	121	27
Market value	121	27
Unrealised gains	–	–

4 CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders equity are analysed below:

	Share capital	Share premium and other reserves	Retained earnings	Profit for the year	Total
Shareholders equity at 31 December 2007	818	1,316	92	833	3,059
Capital reduction and recognition of the loss on the absorption of MP 55 (*)	(18)	(136)			(154)
Dividends paid			(174)		(174)
Allocation of net pro t for 2007			833	(833)	
Net pro t for the year				491	491
Shareholders' equity at 31 December 2008	**800**	**1,180**	**751**	**491**	**3,222**

(*) On 21 July 2008, Lagardère cancelled 3,000,000 shares with total value of €140 million. Following this operation, the share capital comprised 131,133,286 shares with par value of €6.10.
The €14 million loss arising on 29 April 2008 when the subsidiary MP 55 was absorbed by the Company was charged to share premiums.

5 BONDS

A) ON 24 JANUARY 2001, THE COMPANY ISSUED US$500 MILLION OF US PRIVATE PLACEMENT NOTES, IN THREE TRANCHES:

a 5-year tranche for US$125 million with a 7.06% coupon, redeemed in 2006,

a 7-year tranche for US$150 million with a 7.25% coupon, redeemed in 2008,

a 10-year tranche for US$225 million with a 7.49% coupon, not yet redeemed at 31 December 2008.

Each tranche was comprised of notes speci c to the amounts subscribed by investors.

This xed-rate US$ issue was simultaneously hedged through swap agreements concluded with various banks, resulting in a total borrowing of €254 million at 31 December 2008, with annual average coupon of EURIBOR +1.288%.

The interest expense for 2008 amounted to €16 million.

B) ON 10 JULY 2003, THE COMPANY ISSUED €100 MILLION WORTH OF BONDS (100,000 BONDS OF €1,000 EACH) WITH THE FOLLOWING CHARACTERISTICS:

Term: 10 years.

Maturity: 10 July 2013.

Following a swap agreement concluded with a bank at the time of issue, Lagard•re SCA pays effective interest at 3-month EURIBOR +1.035%, on a quarterly basis.

The interest expense for 2008 amounted to €6 million.

C) ON 24 JULY 2003, THE COMPANY ISSUED US PRIVATE PLACEMENT NOTES FOR US$38 MILLION AND €116 MILLION, IN TWO TRANCHES:

a US$38 million tranche of Senior Notes, Series D with a 5.18% coupon, maturing 24 July 2013,

a €116 million tranche of Senior Notes, Series E with a 4.965% coupon, maturing 24 July 2013.

The US$38 million issue was hedged through a currency and interest rate swap agreement, resulting in a borrowing of €34 million, with half-yearly interest payments at 6-month EURIBOR +0.87%.

Following an interest rate swap agreement concluded with a bank, Lagard•re SCA pays interest half-yearly on the €116 million tranche at 6-month EURIBOR +0.88%.

The interest expense for 2008 amounted to €8 million.

D) ON 10 APRIL 2006, LAGARDÈRE SCA UNDERTOOK A BOND ISSUE ENTIRELY SUBSCRIBED BY NATIXIS (FORMERLY IXIS CIB), FOR A TOTAL NOMINAL AMOUNT OF €1,992,186,000. THE BONDS WERE EXCHANGEABLE FOR A MAXIMUM OF 61,110,000 EXISTING EADS NV SHARES, IN THREE TRANCHES OF A MAXIMUM OF 20,370,000 SHARES EACH, ON 25 JUNE 2007, 2008 AND 2009. AN AMENDMENT SIGNED ON 26 JANUARY 2009 BY LAGARDÈRE SCA AND NATIXIS HAS BROUGHT THE DATE FOR REDEMPTION OF THE THIRD TRANCHE FORWARD TO 24 MARCH 2009 INSTEAD OF 25 JUNE 2009.

When the bonds are exchanged, Lagard•re SCA will be entitled to receive the full bene t of any rise in the EADS share price up to a maximum of 115% of the reference price set at €32.60 per share, by reducing the number of EADS shares to deliver to bondholders to a number no lower than 53,139,130 shares. Conversely, Lagard•re cannot be obliged to deliver more than 61,110,000 EADS shares in the event the share price declines to below the reference price.

61,110 Mandatory Exchangeable Bonds were issued on 10 April 2006 at the price of €32,600 each, paying an annual coupon of 7.7%.

The interest expense for 2008 amounted to €47 million.

6 MATURITIES OF LIABILITIES

	31 December 2008	Due within one year	Due between one and five years	Due after five years
Bonds	1,204	700	504	
Bank loans	1,845	14	1,831	
Other debt	870	516		354
Trade and other payables	30	30		
Total	**3,949**	**1,260**	**2,335**	**354**

7 PROVISIONS

Type of provisions	1 January 2008	Increases	Reversals	31 Dec. 2008
Provisions for risks and charges	**134**	**1**	**32 (*)**	**103**
Provisions for write-downs	**196**	**211**	**127**	**280**
– Investments	*194*	*100*	*127*	*167*
– Other	*2*	*111*	*–*	*113*
Total	**330**	**212**	**159**	**383**
Including increases and reversals:				
– Relating to financial items	–	*211*	*134*	–
– Relating to exceptional items	–	*1*	*25*	–

(*) Analysed as follows:
– used: 9
– unused: 23

8 TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES (NET VALUES) – BALANCE SHEET

	Assets		Liabilities
Financial assets	6,980	Borrowings	870
Short-term receivables	22	Trade and other payables	25
Other	51	Other	51

9 TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES – INCOME STATEMENT

	Expenses		Revenues
Interest on loans	39	Income from subsidiaries and af liates	748
Losses related to subsidiaries	89	Pro ts related to subsidiaries	133

10 ACCRUED INCOME AND EXPENSES

	Amount		Amount
Amount of accrued income included in the following balance sheet items:		**Amount of accrued expenses included in the following balance sheet items:**	
Financial assets	1	Borrowings	51
Short-term receivables		Trade and other payables	3
Cash and cash equivalents			
Total	**1**	**Total**	**54**

11 NET FINANCIAL INCOME

	2008	2007
Financial income		
Financial income on long-term investments	748	878
Income on other investments and long-term receivables		7
Other interest and similar income	12	12
Net income on marketable securities	1	15
Reversals of provisions	133	6
Foreign exchange gains	70	26
Financial expenses		
Interest and similar expenses	(268)	(225)
Increases in provisions	(191)	(31)
Foreign exchange losses	(73)	(4)
Net financial income	**432**	**684**

12 EXCEPTIONAL PROFIT

	2008	2007
Net gain on disposals of assets	1	1
Increases and reversals of provisions	24	2
Other exceptional income and expenses	(3)	90
Exceptional profit	**22**	**93**

In 2007, other exceptional income and expenses included a €88 million gain on cancellation of the 1992 perpetual subordinated notes and the corresponding premiums.

13 INCOME TAX

The €76 million tax gain for 2008 corresponds primarily to taxes paid by subsidiaries included in the tax consolidation group. At 31 December 2008, the tax group comprising Lagard•re SCA and its subsidiaries had a tax loss carryforward of some €500 million.

14 OFF-BALANCE SHEET COMMITMENTS

Commitments given	Amount	Commitments received	Amount
Guarantees given on behalf of subsidiaries to cover contract-related nancial commitments	47	Waivers of debt to be reinstated if the bene ciary becomes pro table	1
Rent guarantees given to subsidiaries	3	Unused lines of credit	520
Guarantees given in favour of unrelated parties	46	Counter-guarantees received from third parties	45
Commitments to deliver shares under employee stock option plans	394		
Bank interest on long-term loans	102		

TRANSACTIONS ON DERIVATIVES

a) Lagard•re uses purchases of call options or sales with a repurchase option to cover all the stock purchase option plans introduced for Group employees in the years 2002 to 2006.

At 31 December 2008, positions were as follows:

• ***Call options:***

1,353,068 options at €51.45 for Lagard•re Plan 2003 stocks .... €70 million

1,515,831 options at €51.92 for Lagard•re Plan 2004 stocks .... €79 million

1,651,194 options at €56.97 for Lagard•re Plan 2005 stocks .... €94 million

1,821,900 options at €55.84 for Lagard•re Plan 2006 stocks .... €102 million

• ***Sales with a repurchase option:***

1,029,048 options at €51.45 for Lagard•re Plan 2002 stocks .... €53 million

Call options are carried at their market value of €13 million in the balance sheet at 31 December 2008, leading to recognition of a €111 million write-down in 2008.

b) As part of its nancial policy to reduce foreign exchange and interest rate risks, the Company takes hedging positions using nancial instruments listed on organised markets or arranged by private contracts.

The following operations are concerned at 31 December 2008:

Forward sales of currencies .... €377 million

Currency swaps .... €664 million

Commitments arising from interest rate hedging transactions (contractual amounts):

Interest rate swaps (€) .... €366 million

Other interest rate swaps .... €288 million

FREE SHARE ALLOCATION PLAN OF 28 DECEMBER 2007 (594,350 SHARES)

The main characteristics of the plan are as follows:

Grant date: 28 December 2007.

Vesting date: 29 December 2009.

End of minimum holding period: 29 December 2011.

Quoted opening price at grant date: €51.14.

Performance condition: the average of the twenty opening prices prior to 29 December 2009 must be no less than €51.14.

Service condition: the bene ciary must not have resigned, been made redundant or been dismissed for serious misconduct at the vesting date.

At 31 December 2008, the market price for Lagard•re SCAs share was €29. Given the performance condition concerning the required quoted price for deliveries of shares in December 2009, no expense has been recognised in connection with this plan in the 2008 nancial statements.

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/// Subsidiaries and affiliates at 31 December 2008

(in thousands of euros)	**Capital**	**Reserves**	**Share of capital held (%)**	
Information on investments with book value in excess of 1% of Lagardère SCA's share capital or with significant influence				
A. Subsidiaries (Lagardère SCA's holding: at least 50%)				
D SIRADE (121 avenue de Malakoff - 75116 Paris) (FRANCE)	466,933	(369,361)	100.00	
HACHETTE SA (4 rue de Presbourg - 75116 Paris) (FRANCE)	832,570	1,220,110	100.00	
HOLPA (121 avenue de Malakoff - 75116 Paris) (FRANCE)	536	3,004	100.00	
MATRA MANUFACTURING & SERVICES (4 rue de Presbourg - 75116 Paris) (FRANCE)	13,528	71,765	100.00	
LAGARDéRE RESSOURCES (121 avenue de Malakoff - 75116 Paris) (FRANCE)	10,000	12,307	100.00	
MATRA PARTICIPATIONS (4 rue de Presbourg - 75116 Paris) (FRANCE)	15,250	(6,397)	100.00	
MATRAVISION Inc. (1633 Broadway - 45 th Floor New York, NY 10019) (USA)	$30	$137,380	99.99	
M N C (121 avenue de Malakoff - 75116 Paris) (FRANCE)	89,865	28,015	100.00	
SOFIMATRANS (4 rue de Presbourg - 75116 Paris) (FRANCE)	29,884	16,365	100.00	
B. Affiliates (Lagardère SCA's holding: 10 to 50%)				
FINANCIéRE DE PICHAT & Compagnie (6 rue Laurent Pichat - 75116 Paris) (FRANCE)	99,169	29,765	99.23	
C. Other significant investments (Lagardère SCA's holding: less than 10%)				
Information concerning other subsidiaries and affiliates:				
A. Subsidiaries not included under paragraph A above				
Other subsidiaries				
B. Affiliates not included under paragraph B above				
Other af liates				
C. Other significant investments not included under paragraph C above				
Other investments				

	Book value of shares held		Outstanding loans and advances granted by the Company	Guarantees given by the Company	Net sales for the last fiscal year	Net profit (loss) for the last fiscal year	Dividends received by the Company during the year
	Gross	Net					
	612,312	612,312				566,110	567,165
	2,163,272	2,163,272	1,241			(10,304)	
	16,938	3,623				82	
	94,035	94,035			43,336	5,288	6,764
	60,332		10,561			(13,663)	
	25,444	25,444				17,287	
	85,168	85,168					
	112,732	101,427				(17,907)	
	36,789	36,789				216	
	165,424	131,443				3,532	1,697
	502	502					

/// Investment portfolio at 31 December 2008

(in thousands of euros)

I. Investments in subsidiaries and affiliates

A. Investments in French companies		
Book value above €15,000		3,168,585
Number of shares held:		
122,233,852	D sirade	612,312
54,592,187	Hachette	2,163,272
107,284	Holpa	3,623
845,465	Matra Manufacturing & Services	94,035
999,981	Matra Participations	25,444
7,848,480	MNC	101,427
6,452,659	Financi•re de Pichat & Compagnie	131,443
1,953,210	So matrans	36,789
5,000	Sogeade G rance	50
776	Lagardere Active Broadcast	190
Book value below €15,000		
Total investments in French companies		**3,168,585**
B. Investments in non-French companies		
Number of shares held:		
325,100	Lagard•re UK	355
30,112	Matravision Inc.	85,168
Book value below €15,000		0
Total investments in non-French companies		**85,523**
Total investments in subsidiaries and affiliates		**3,254,108**

II. Other long-term investments

C. Investment funds		181
Total investment funds		**181**
D. Treasury shares		118,877
Total treasury shares		**118,877**
Total other long-term investments		**119,058**

III. Short-term investments

A. French securities		
1. Mutual funds		**6,570**
Number of shares or units held:		
305	CAAM Tr so institution	6,570
2. Collective investment funds		**114,610**
Number of shares or units held:		
3,388	SGAM Cash euro FCP	37,816
173	CLAM Eonia	36,467
734	BNP Paribas Cash invest	40,327
Total short-term investments (book value)		**121,180**

/// Five-year financial summary

	2004	2005	2006	2007	2008
I Financial position *(in euros)*					
a) Share capital	858,993,979	866,456,932	870,416,509	818,213,044	799,913,044
b) Number of ordinary shares outstanding	140,818,685	142,042,120	142,691,231	134,133,286	131,133,286
c) Maximum number of shares to be issued upon exercise of stock options	1,944,724 [1]	1,706,788 [1]			
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	1,072	258	13,245	12,711	1,551
b) Earnings before tax, depreciation, amortization and provisions	(9,021)	76,291	91,035	767,000	449,149
c) Income tax	65,396 [2]	87,008 [2]	79,708 [2]	89,271 [2]	76,004 [2]
d) Earnings after tax, depreciation, amortization and provisions	131,631	196,553	218,565	832,655	491,335
e) Total dividends	410,518	153,613	160,423	169,167	[3]
III Earnings per share *(in euros)*					
a) Earnings per share after tax but before depreciation, amortization and provisions	0.40	1.15	1.20	6.38	4.00
b) Earnings per share after tax, depreciation, amortization and provisions	0.93	1.38	1.53	6.21	3.75
c) Dividend per share	1.00+2.00 [4]	1.10	1.20	1.30	[3]
IV Personnel					
a) Average number of employees					
b) Total wages and salaries					
c) Total employee bene t expense					

(1) The number of shares indicated relates to stock options with exercise prices below market price at 31 December.

(2) Mainly the tax gain resulting from the tax consolidation.

(3) The Annual General Meeting will be asked to approve the distribution of a dividend of €1.30 per share.

(4) Exceptional dividend of €2 per share.

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

6 - 6 STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the shareholders of Lagard•re SCA,

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

- the audit of the accompanying nancial statements of Lagard•re SCA;
- the justi cation of our assessments;
- the speci c veri cations and information required by law.

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

I OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the nancial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the nancial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the nancial statements. We believe that the audit evidence we have obtained is suf cient and appropriate to provide a basis for our audit opinion.

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

II JUSTIFICATION OF OUR ASSESSMENTS

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

Accounting principles and valuation methods

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

As part of our assessments of the accounting principles and methods used by your Company, we veri ed 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 nancial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the rst part of this report.

III SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed the speci c veri cations required by law.

We have no matters to report regarding:

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

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

Courbevoie and Neuilly-sur-Seine, 23 March 2009

The Statutory Auditors

Ernst & Young et Autres	Mazars
Jean-Fran•ois Ginies	Bruno Balaire

6 - 7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders:

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

- the audit of the accompanying consolidated nancial statements of Lagard•re SCA, as attached to this report;
- the justi cation of our assessments;
- the speci c veri cation required by French law.

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

I OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated nancial 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 nancial statements. An audit also includes assessing the accounting principles used, the signi cant estimates made by the management, and the overall nancial statements presentation. We believe that the evidence we have obtained is suf cient and appropriate to provide a basis for our audit opinion.

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

II JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de Commerce*) relating to the justi cation of our assessments, we bring to your attention the following matters.

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

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

III SPECIFIC VERIFICATION

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

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

Courbevoie and Neuilly-sur-Seine, 23 March 2009

The Statutory Auditors

Mazars	Ernst & Young et Autres
Bruno Balaire	Jean-Fran•ois Ginies

6 - 8 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Dear Partners,

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

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

NO NOTIFICATION RECEIVED OF ANY AGREEMENT OR COMMITMENT.

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

AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS YEARS WHICH WERE APPLICABLE DURING THE PERIOD

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

Lagardère Capital & Management

Service agreements

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

Following the various reorganizations that have taken place since 1988, this agreement is now between Lagard•re Capital & Management and Lagard•re Ressources.

The remuneration of Lagard•re Capital & Management was modi ed with effect from 1 July 1999 by an amendment approved in principle by the Supervisory Board on 22 September 1999 and in its   nal 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 Lagard•re Capital & Management as of 1 January 2004.

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

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

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

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

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

For 2008, the amount billed by Lagardère Capital & Management amounted to €19,113 thousand euros including an expense of €3,441 thousand euros for the additional pension plan, compared to €19,343 thousand euros (including an expense of €3,591 thousand euros for the additional pension plan) in 2007.

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

Neuilly-sur-Seine and Courbevoie, 23 March 2009

The Statutory Auditors

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

CHAPTER 7

Organisation of the Company and the Group Corporate Governance

7 - 1 GENERAL PRESENTATION OF FRENCH LIMITED PARTNERSHIPS WITH SHARES AND OF LAGARDÈRE SCA

7-1-1 LEGAL CHARACTERISTICS OF FRENCH LIMITED PARTNERSHIPS WITH SHARES

A French limited partnership with shares (*société en commandite par actions* – SCA) has two categories of partners:

one or more general partners (*associés commandités*) they are inde nitely liable for the company s liabilities;

limited partners (*associés commanditaires* or shareholders) their situation is the same as that of shareholders in a corporation (*société anonyme*). Their holdings can be sold or otherwise transferred under the same conditions as shares in a corporation, and they are liable for the company s liabilities only to the extent of their contribution. They are represented by a Supervisory Board.

A limited partnership with shares is managed by one or more Managing Partners (*Gérants*), who may be individuals or corporate entities. They are selected from amongst the limited partners or third parties, but may not be shareholders.

Because of the two categories of partners, corporate decisions are taken at two different levels: by the limited partners in general meetings, and by the general partners. Members of the Supervisory Board are appointed only by the limited partners. If a general partner is also a limited partner he cannot take part in the vote.

7-1-2 PRESENTATION OF LAGARDÈRE SCA

Both French law and the speci cities of its by-laws (see Chapter 8, section 8-2) give Lagard•re SCA, a French limited partnership with shares, a very modern structure that is perfectly suited to the demands of corporate governance, as it effectively applies the two basic principles of establishing a clear distinction between management and control while closely involving shareholders in control of the Company.

This structure is characterised as follows:

It establishes a very clear distinction between the Managing Partners, who are responsible for running the business, and the Supervisory Board which represents the shareholders and is responsible for control of the Company s accounts and management. The Managing Partners cannot be members of the Supervisory Board, and the general partners cannot take part in appointing the members of the Supervisory Board.

The Supervisory Board is entitled to oppose the appointment of a Managing Partner or the renewal of his appointment by the general partners. The nal decision is vested in the ordinary general meeting (see Chapter 8, section 8-2-6). The term of of ce of a Managing Partner cannot exceed six years but may be renewed.

The two general partners unlimited liability to the full extent of their assets is evidence of the proper balance between nancial risk, power and responsibility.

The Supervisory Board is entitled to receive the same information and wields the same powers as the Statutory Auditors.

The Supervisory Board must report to the meeting of shareholders on any operation entailing an increase or a decrease in the share capital that requires approval from the shareholders.

It consequently obviates the confusion, for which French corporations are criticised, between the role of the Chairman (*Président*) when the latter is also Chief Executive Of cer (*Directeur-Général*) and the Board of Directors of which he is a member.

7 - 2 GENERAL PARTNERS, MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD

7-2-1 GENERAL PARTNERS

Arnaud Lagardère
4 rue de Presbourg 75116 Paris, France

Arjil Commanditée-Arco
A French corporation with share capital of €40,000
121 avenue de Malakoff 75116 Paris, France

7-2-2 MANAGING PARTNERS

7-2-2-1 ARNAUD LAGARDÈRE

4 rue de Presbourg 75116 Paris, France

Born 18 March 1961

Number of Lagard•re SCA shares held personally: 4,937

Mr. Arnaud Lagard•re s appointment was renewed by the Supervisory Board on proposal of the general partners on 11 March 2009, for a period of six years to run until 11 March 2015.

In addition, Mr. Arnaud Lagard•re is the Chairman of Lagard•re (SAS) and Lagard•re Capital & Management (SAS) and also holds the share capital of these companies, which held 10.30% of Lagard•re SCA s share capital on 31 December 2008.

Mr. Arnaud Lagard•re holds a DEA higher degree in economics from the University of Paris Dauphine. He was appointed Director and Chief Executive Of cer of the company MMB (which became Lagard•re SCA) in 1987. He was Chairman of the US company Grolier Inc. from 1994 to 1998.

A) *Principal position*

Managing Partner

B) *Other positions and appointments held in the Group (at 28 February 2009)*

Chairman and Chief Executive Of cer, Hachette SA (Lagard•re Media)
4 rue de Presbourg 75116 Paris

Director, Hachette Livre (SA)
43 quai de Grenelle 75015 Paris

Chairman of the Supervisory Board, Lagard•re Services (SAS) (formerly Hachette Distribution Services)
2 rue Lord Byron 75008 Paris

Chairman of the Supervisory Board, Lagard•re Active (SAS)
149-151 rue Anatole France 92300 Levallois-Perret

Chairman of the Supervisory Board, Lagard•re Sports (SAS)
4 rue de Presbourg 75116 Paris

Permanent representative of Lagard•re Active Publicit
to the Board of Directors, Lagard•re Active Radio International (SA)
28 rue Fran•ois 1er 75008 Paris

Director, Lagard•re Ressources (SAS)
121 avenue de Malakoff 75216 Paris

Director and Chairman, Sogeade G rance (SAS)
121 avenue de Malakoff 75216 Paris

Member of the Board of Directors, European Aeronautic Defence and Space Company EADS NV
Le Carr , Beechavenue 130-132, 1119 PR, Schiphol-Rijk The Netherlands

Member of the Board of Directors, EADS Participations BV
Teleportboulevard 140, 1043 EJ Amsterdam
PO BOX 2838, 1000 CV The Netherlands

President, Fondation Jean-Luc Lagard•re
4 rue de Presbourg 75116 Paris

President, Lagard•re Paris Racing Ressources sports association
121 avenue de Malakoff 75216 Paris

President, Lagard•re Paris Racing sports association
121 avenue de Malakoff 75216 Paris

Chairman, Lagard•re (SAS)
121 avenue de Malakoff 75216 Paris

Chairman, Lagard•re Capital & Management (SAS)
121 avenue de Malakoff 75216 Paris

Chairman and Chief Executive Of cer, Arjil Commandit e-Arco (SA)
121 avenue de Malakoff 75216 Paris

C) *Other positions and appointments held outside the Group*

Member of the Supervisory Board, Daimler AG
Epplestrasse 225 D 70546 Stuttgart M hringen, Germany

Director, LVMH Mo‘ t Henessy-Louis Vuitton (SA)
22 avenue Montaigne 75008 Paris

President, Association des Amis de Paris Jean-Bouin CASG

D) *Other positions and appointments held during the last five years*

Co-Manager, IS-9 (SARL)
28 rue Fran•ois 1er 75008 Paris (*until May 2003*)

Manager, Lagard•re Active Publicit (SNC)
28 rue Fran•ois 1er 75008 Paris (*until May 2003*)

Director, Soci t d Agences et de Diffusion (SA)
33 rue Hainard 75012 Paris (*until June 2003*)

Manager, Nouvelles Messageries de la Presse Parisienne NMPP (SARL)
52 rue Jacques Hillairet 75012 Paris (*until July 2003*)

Director, CanalSatellite (SA)
85-89 quai Andr Citro‘ n 75015 Paris (*until December 2003*)

Director, Lagard•re-Soci t s (SAS)
121 avenue de Malakoff 75216 Paris (*until December 2003*)

Director, Editions P. Amaury (SA)
25 avenue Michelet 93400 Saint Ouen (*until December 2003*)

Chairman, Lagard•re Images (SAS)
28 rue Fran•ois 1er 75008 Paris (*until October 2004*)

Chairman and Chief Executive Of cer, Lagard•re Th matiques (SA)
28 rue Fran•ois 1er 75008 Paris (*until November 2004*)

Manager, Lagard•re levage
Le Haut d Ouilly 14690 Pont d Ouilly (*until March 2005*)

Deputy Chairman of the Supervisory Board, Arjil & Compagnie (SCA)
43 rue Vineuse 75016 Paris (*until April 2005*)

President, Club des Entreprises Paris 2012 (*until January 2006*)

Director, Fimalac (SA)
97 rue de Lille 75007 Paris (*until January 2006*)

Chairman, Lagard•re Active (SAS)
121 avenue de Malakoff   75216 Paris (*until October 2006*)

Director, Hachette Filipacchi M dias (SA)
149-151 avenue Anatole France   92534 Levallois-Perret (*until October 2006*)

Permanent representative of Hachette SA to the Managing Board, SEDI TV-TEVA (SNC)
89 avenue Charles de Gaulle   92200 Neuilly-sur-Seine (*until December 2006*)

Chairman, Lagardere Active Broadcast (a Monaco SA)
57 rue Grimaldi   98000 Monaco (*until March 2007*)

Member of the Supervisory Board, Lagard•re Sports (SAS)
28 rue Fran•ois 1er   75008 Paris (*until April 2007*)

Director, Lagard•re Management, Inc.
1633 Broadway, 45th Floor   New York, NY 10019   USA (*until October 2007*)

Chairman of the Board of Directors, Lagard•re Active North America, Inc.
1633 Broadway, 20th Floor   New York, NY 10019   USA (*until October 2007*)

Chairman of the Supervisory Board, Hachette Holding (SAS)
(formerly Hachette Filipacchi M dias)
149-151 avenue Anatole France   92534 Levallois-Perret (*until December 2007*)

Director, France Telecom (SA)
6 place d Alleray   75015 Paris (*until January 2008*)

Member of the Supervisory Board, Virgin Stores (SA)
16 boulevard du G n ral Leclerc   92115 Clichy (*until February 2008*)

Member of the Supervisory Board, Le Monde (SA) (*until February 2008*)

Chairman, Lagardere Active Broadband (SAS)
121 avenue de Malakoff   75216 Paris (*until June 2008*)

7-2-2-2 ARJIL COMMANDITÉE-ARCO

A French corporation with share capital of €40,000
121 avenue de Malakoff   75116 Paris, France

Represented by **Mr. Arnaud Lagardère**, **Mr. Philippe Camus** and **Mr. Pierre Leroy**

Arjil Commandit e-Arco was appointed Managing Partner for a period of six years on 17 March 1998. This appointment was renewed by the Supervisory Board on proposal of the general partners on 12 March 2004 for a further six-year period.

Positions held by Arjil Commanditée-Arco in other companies:

None

Positions held by legal representatives of Arjil Commanditée-Arco in other companies (at 28 February 2009):

Arnaud Lagardère (see above)

Philippe Camus

4 rue de Presbourg   75116 Paris, France
Born 28 June 1948

Number of Lagard•re SCA shares held: 3,808

Mr. Philippe Camus is a former student of the   cole Normale Sup rieure de Paris (Ulm Paris), and holds a degree from the Institut d   tudes Politiques de Paris (Economics and Finance) and the highest-level teaching quali cation *agrégation* in Physics and Actuarial Science.

He was appointed Chairman of Aerospatiale Matra s Management Board in 1999, and was Chief Executive Of cer of EADS between 2000 and 2005.

A) Principal positions

Co-Managing Partner, Groupe Lagard•re

B) Other positions and appointments held in the Group (at 28 February 2009)

Permanent representative of Lagard•re SCA to the Board of Directors, Hachette SA

Member of the Supervisory Board, Lagard•re Active (SAS)

Director, Editions P. Amaury (SA)

Permanent representative of Hachette SA to the Board of Directors, Lagard•re Services (SA) (formerly Hachette Distribution Services)

Chairman, President and CEO, Lagard•re North America, Inc.

Director, Cell sh Media, LLC

Deputy Chairman and Chief Operating Of cer, Arjil Commandit e-Arco (SA)

C) Other positions and appointments held outside the Group

Chairman of the Board of Directors, Alcatel-Lucent

Director, Cr dit Agricole SA

Director, Schlumberger

Senior Managing Director, Evercore Partners, Inc.

Honorary Chairman, Groupement des Industries Fran•aises A ronautiques et Spatiales (GIFAS)

D) Other positions and appointments held during the last five years

Director, Cr dit Lyonnais (*until 30 July 2003*)

Chairman, EADS France (SAS) (*until 11 May 2005*)

Co-Chief Executive Of cer, EADS NV (The Netherlands) (*until 11 May 2005*)

Co-Chief Executive Of cer, EADS Participations BV (The Netherlands) (*until 11 May 2005*)

Chairman, Groupement des Industries Fran•aises A ronautiques et Spatiales (GIFAS) (*until 11 May 2005*)

Director, Dassault Aviation (SA) (*until 11 May 2005*)

Member of the Remuneration Committee, Airbus (SAS) (*until 11 May 2005*)

Member of the Partners Committee, Airbus (SAS) (*until 11 May 2005*)

Director, La Provence (SA) (*until 16 October 2006*)

Director, Nice Matin (SA) (*until 23 October 2006*)

Director, Hachette Filipacchi M dias (transformed into a simpli ed corporation (SAS) on 25 October 2006)

Member of the Supervisory Board of Hachette Holding (SAS) (formerly Hachette Filipacchi M dias) (*until December 2007*)

Permanent representative of Lagard•re Active to the Board of Directors, Lagardere Active Broadcast (Monaco) (*until December 2007*)

Director, Accor (*until September 2008*)

Pierre Leroy

4 rue de Presbourg 75116 Paris, France
Born 8 October 1948

Number of Lagard•re SCA shares held: 2,027

Mr. Pierre Leroy, a graduate of cole Sup rieure de Commerce de Reims with a university degree in law, has spent his entire career with the Lagard•re Group.

He was appointed Director and Chief Executive Of cer of the company MMB (which became Lagard•re SCA) in 1987, Chairman and Chief Executive Of cer of Lagard•re-Soci t s in 1988 and Group Secretary General in 1993.

A) Principal positions

Co-Managing Partner, Groupe Lagard•re

Secretary General

B) *Other positions and appointments held in the Group (at 28 February 2009)*

Chairman, Lagard•re Ressources (SAS)
Director, Hachette SA (Lagard•re Media)
Director, Hachette Livre (SA)
Member of the Supervisory Board, Lagard•re Services (SAS) (formerly Hachette Distribution Services)
Member of the Supervisory Board, Lagard•re Active (SAS)
Member of the Supervisory Board, Lagard•re Sports (SAS)
Director, Lagard•re Active Broadcast (a Monaco company)
Director, Lagard•re Entertainment (SAS)
Member of the Supervisory Board, Le Monde SA
Chairman, D sirade (SAS)
Director, Sogeade G rance (SAS)
Member of the Supervisory Board, Arlis (SAS)
Manager, Financi•re de Pichat & Compagnie (SCA) (formerly Arjil & Cie)
Member of the Supervisory Board, Matra Manufacturing & Services (SAS)
Chairman, Matra Participations (SAS)
Chairman, Lagard•re Expression (SAS)
Chairman, Sofrimo (SAS)
Chairman, Holpa (SAS)
Permanent representative of Matra Participations to the Board of Directors, Galice (SA)
Director, Ecrinvest 4 (SA)
Administrator, Fondation Jean-Luc Lagard•re
Chairman and Chief Executive Of cer, Lagard•re Paris Racing Ressources (SASP)
Manager, TeamLagard•re (SNC)

Director, Lagard•re Capital & Management (SAS)
Director, Chief Operating Of cer, Arjl Commmanit e-Arco (SA)

C) *Other positions and appointments held outside the Group*

Director, IMEC (Institut M moires de l dition Contemporaine)
President, Fondation pour la M moire de la Cr ation Contemporaine
Member of the Consultative Committee, Sotheby s
Member of the Board of Directors, Association Doucet-Litt rature
Member of the Medicis Prize jury

D) *Other positions and appointments held during the last five years*

Permanent representative of Matra Participations to the Board of Directors, Diolede (SA) (*until April 2003*)

Permanent representative of Matra Participations to the Board of Directors, Sogemat Participations (SA) (*until November 2003*)

Permanent representative of Matra Hachette G n ral to the Board of Directors, Segera (SA) (*until December 2003*)

Chairman, Lagard•re-Soci t s (SAS) (*until December 2003*)

Permanent representative of Matra Participations to the Board of Directors, MP 71 (SA) (*until May 2004*)

Chairman, Cibejy (SAS) (*until July 2004*)

Permanent representative of Matra Participations to the Board of Directors, CVT (SA) (*until May 2006*)

Permanent representative of Matra Participations to the Board of Directors, Hagena (SA) (*until July 2006*)

Director, Hachette Filippacchi M dias (transformed into a simpli ed corporation (SAS) on 25 October 2006)

Director, Lagard•re T l vision Holdings SA (*until January 2007*)

Chairman of the Supervisory Board, Matra Manufacturing & Services (SAS)
(formerly Matra Automobile) (*until December 2007*)

Member of the Supervisory Board, Hachette Holding (SAS) (formerly Hachette Filipacchi M dias)
(*until December 2007*)

Chairman of the Supervisory Board, Financi•re de Pichat (SAS) (formerly Arjil & Associ s) (*until April 2008*)

Director, Hachette Filipacchi Presse (SA) (*until June 2008*)

Director, Lagard•re (SAS) (*until June 2008*)

7-2-3 MEMBERS OF THE SUPERVISORY BOARD

/// List of members of the Supervisory Board during 2008

		Date of first appointment or renewal	End of current period of office
Chairman of the Board Chairman of the Audit Committee	**Raymond H. Lévy**	11 May 2004	AGM 2010(*)
Member of the Board	**Bernard Arnault**	11 May 2004	AGM 2010(*)
Member of the Board	**René Carron**	11 May 2004	AGM 2010(*)
Member of the Board	**Martine Chêne**	29 April 2008	AGM 2014(*)
Member of the Board	**Georges Chodron de Courcel**	2 May 2006	AGM 2012(*)
Member of the Board Member of the Audit Committee	**François David**	29 April 2008	AGM 2014(*)
Member of the Board	**Groupama SA** represented by **Mr. Helman le Pas de Sécheval** (Chief Financial Of cer, Groupama) Member of the Audit Committee	29 April 2008	AGM 2014(*)
Member of the Board	**Pierre Lescure**	29 April 2008	AGM 2014(*)
Member of the Board Member of the Audit Committee	**Christian Marbach**	2 May 2006	AGM 2012(*)
Member of the Board Member of the Audit Committee	**Bernard Mirat**	2 May 2006	AGM 2012(*)
Member of the Board	**Javier Monzón**	29 April 2008	AGM 2014(*)
Member of the Board Member of the Audit Committee	**Didier Pineau-Valencienne**	29 April 2008	AGM 2014(*)
Member of the Board	**Henri Proglio**	11 May 2004	AGM 2010(*)
Member of the Board	**Felix G. Rohatyn**	11 May 2004	(**)
Member of the Board	**François Roussely**	11 May 2004	AGM 2010(*)
Corporate Secretary	**Laure Rivière-Doumenc**		

(*) Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.
(**) Mr. Rohatyn's term of office ended upon the Annual General Meeting of 29 April 2008, as he did not wish to stand for re-election to the Board.

Raymond H. Lévy

40 rue de Garches 92420 Vaucresson, France
Born 28 June 1927

Date of appointment: 11 May 2004

End of current period of of ce: AGM 2010(*)

Number of Lagard•re SCA shares held: 15,230

Chairman of the Supervisory Board and the Audit Committee of Lagard•re SCA

Mr. Raymond H. L vy is a graduate engineer belonging to the Corps des Mines, and has been Deputy Chairman and Chief Executive Of cer of Elf Aquitaine, Chairman of Usinor, Chairman of the Board and director of Cockerill-Sambre, Chairman of R gie Nationale des Usines Renault and Consortium de R alisation.

Positions and appointments held in other companies

Member of the Supervisory Board, Sogeade

Director, Sogeade G rance

Honorary Chairman, Renault SA

Other positions and appointments held during the last five years

Chairman of the Supervisory Board, Sogeade

Director, Renault Finance (Switzerland)

Director, Louis Dreyfus Citrus

Bernard Arnault

22 avenue Montaigne 75008 Paris, France
Born 5 March 1949

Date of appointment: 11 May 2004

End of current period of of ce: AGM 2010(*)

Number of Lagard•re SCA shares held: 150

Mr. Bernard Arnault is a former student of the cole Polytechnique. He has been Chairman and Chief Executive Of cer of Ferret-Savinel, Financi•re Agache and Christian Dior, and is currently Chairman and Chief Executive Officer of LVMH.

Positions and appointments held in other companies

In France:

Chairman and Chief Executive Of cer, LVMH Mo‘ t Hennessy-Louis Vuitton SA

Chairman of the Board of Directors, Christian Dior SA

Chairman, Groupe Arnault SAS

Director, Christian Dior Couture SA

Director, Raspail Investissements SA

Director, Soci t Civile du Cheval Blanc

Chairman of the Board of Directors, The Louis Vuitton Foundation for Creation

Director, Carrefour SA

Member of the Supervisory Board, M tropole T l vision M6 SA

Outside France:

Director, LVMH Mo‘ t Hennessy Louis Vuitton (Japan) KK, Japan

Other positions and appointments held during the last five years

Chairman and Chief Executive Of cer, Montaigne Participations et Gestion SA, France

Director, Mo‘ t Hennessy Inc., USA

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

Legal representative of Montaigne Participations et Gestion, Chairman of Gasa D veloppement SAS, France

Permanent representative of Montaigne Participations et Gestion, Director of Financi•re Agache SA, France

René Carron

91-93 boulevard Pasteur 75015 Paris, France

Born 13 June 1942

Date of appointment: 11 May 2004

End of current period of of ce: AGM 2010(*)

Number of Lagard•re SCA shares held: 150

Mr. Ren Carron is a former member of France s third-ranking constitutional assembly, the Conseil conomique et Social. He is currently Chairman of the Board of Directors of Cr dit Agricole SA.

Positions and appointments held in other companies

In France:

Chairman of the Board of Directors, Cr dit Agricole SA

Chairman, Caisse R gionale de Cr dit Agricole des Savoie

Deputy Chairman, F d ration Nationale du Cr dit Agricole

Deputy Chairman, Conf d ration Nationale de la Mutualit , de la Coop ration et du Cr dit Agricole (CNMCCA)

Chairman, Conf d ration Internationale du Cr dit Agricole (CICA)

Member of the Management Committee, Gecam

Director, Cr dit Agricole Solidarit et D veloppement

Administrator, Fondation du Cr dit Agricole Pays de France

Permanent representative of Cr dit Agricole SA, Administrator of Fondation de France

Director, Sacam

Director, Sacam Participations

Director, GDF Suez

Director, Scicam

President, Fondation pour l Agriculture et la Ruralit dans le Monde (FARM)

President, Grameen-Cr dit Agricole Micro nance Foundation

Outside France:

Director, Fiat Spa

Other positions and appointments held during the last five years

Director and Deputy Chairman, Banca Intesa Spa (Italy)

Chairman, Caisse Locale de Cr dit Agricole de Yenne

Chairman, Gecam

Conseiller G n ral of Savoie

Member of the Supervisory Board, Eurazeo

Director, Rue Imp riale

Director, Sapacam

Director, So nco

Director, Fonds Coop ration Cr dit Agricole Mutuel

Mayor of the town of Yenne, France

Advisor, Banque de France in Savoie

Director, Cr dit Agricole Indosuez

Director, Cr dit Lyonnais

Chairman, Rue La Bo tie SAS

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

Martine Chêne

2 all e des Peupliers   95610 Eragny-sur-Oise, France
Born 12 May 1950

Date of appointment: 29 April 2008

End of current period of of ce: AGM 2014(*)

Number of Lagard•re SCA shares held: 150

Mrs Martine Ch•ne joined the Lagard•re Group in 1984, and is now employed as an archivist at Hachette Filipacchi Associ s (HFA). She is the secretary of HFA s Works Committee, a CFDT union representative and an employee representative. She represents the CFDT union on the Group Employees Committee.

Positions and appointments held in other companies

Mrs Martine Ch•ne exercises no positions in any other companies.

Other positions and appointments held during the last five years

Mrs Martine Ch•ne has not held any positions or appointments in the last   ve years.

Georges Chodron de Courcel

23 avenue Mac Mahon   75017 Paris, France
Born 20 May 1950

Date of appointment: 2 May 2006

End of current period of of ce: AGM 2012(*)

Number of Lagard•re SCA shares held: 150

Mr. Georges Chodron de Courcel is a graduate engineer of the   cole Centrale des Arts et Manufactures de Paris. He is currently Chief Operating Of cer of BNP Paribas.

Positions and appointments held in other companies

In France:

Chief Operating Of cer, BNP Paribas

Director, Bouygues

Censor, Scor SE

Director, Nexans

Director, Alstom

Director, FFP (Soci t   Fonci•re, Financi•re et de Participations)

Censor, Safran

Chairman, Compagnie d Investissement de Paris SAS

Chairman, Financi•re BNP Paribas SAS

Director, Verner Investissements SAS

Censor, Exane

Outside France:

Chairman BNP Paribas (Switzerland)

Director, BNPP ZAO (Russia)

Director, Erb   SA (Belgium)

Director, Scor Holding (Switzerland) AG (Switzerland)

Other positions and appointments held during the last five years

Director, Banca Nazionale del Lavoro (Italy)

Member of the Supervisory Board, Sagem

Chairman, BNP Paribas Bank Polska (Poland)

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

Chairman and Director, BNP US Funding (USA)
Chairman, BNP Paribas Emergis SAS
Chairman and Director, BNP Paribas UK Holdings Ltd (United Kingdom)
Director, BNP Paribas Canada
Chairman, BNP Paribas Peregrine Limited (Malaysia)
Director, BNP Prime Peregrine Holdings Limited (Malaysia)
Director, BNP Paribas Securities Corp (USA) (formerly Paribas Corporation) (USA)
Director, BNP Paribas (Suisse) SA (Switzerland)
Director, Capstar Partners SAS
Member of the Supervisory Board, Scor SA
Censor, Scor Global Life (formerly Scor Vie)

François David

12 cours Michelet 92800 Puteaux, France
Born 5 December 1941
Date of appointment: 29 April 2008
End of current period of of ce: AGM 2014[*]
Number of Lagard•re SCA shares held: 150
Member of the Audit Committee of Lagard•re SCA

Mr. Fran•ois David is a graduate of the Institut d tudes Politiques de Paris and has a degree in sociology. He began his career at the French Finance Ministry in 1969, as an administrative officer with a range of duties in the Foreign Trade Mission. In 1986 he was appointed Chief of Staff at the Foreign Trade Ministry. He became Head of Foreign Trade relations at the French Ministry of Finance and Economics in 1987, and was the General Director of International Affairs at A rospatiale from 1990 to 1994. Mr. Fran•ois David has been Chairman of the Board of Directors of Coface since 1994.

Positions and appointments held in other companies

In France:
Chairman of the Board of Directors, Coface
Chairman of the Board of Directors, Coface Services
Director, Vinci
Director, Rexel

Outside France:
Chairman of the Supervisory Board, Coface Kerditversicherung AG (Germany)
Chairman of the Board of Directors, Coface Assicurazioni (Italy)

Other positions and appointments held during the last five years

Director, EADS
Chairman, International Credit Insurance & Surety Association (ICISA)
European Adviser, CityGroup

Groupama SA [1]

A French corporation with share capital of €1,239,777,322
8-10 rue d Astorg 75008 Paris, France
Date of appointment: 29 April 2008
End of current period of of ce: AGM 2014[*]
Number of Lagard•re SCA shares held by Groupama SA: 150

(*) Annual General Meeting to be held in the year indicated to approve the financial statements for the previous year.
(1) A list of all positions and appointments held by Groupama SA as manager, director, member of the Management Board or member of the Supervisory Board in other companies during the last five years is available for inspection at 121, avenue de Malakoff – 75116 Paris, France. A copy can be sent out on request.

Represented by **Mr. Helman le Pas de Sécheval**
Chief Financial Of cer, Groupama
Born 21 January 1966

Member of the Audit Committee of Lagard•re SCA

Mr. Helman le Pas de S cheval is a graduate engineer belonging to the Corps des Mines and a graduate of the cole Normale Sup rieure. He was formerly head of the operations department and nancial information at the French stock market regulator Commission des Op rations de Bourse, and is currently Chief Financial Of cer of Groupama.

Positions and appointments held in other companies

In France:

Chief Financial Of cer, Groupama SA

Chairman of the Board of Directors, Groupama Immobilier

Chairman of the Board of Directors, Compagnie Fonci•re Parisienne

Chairman of the Board of Directors, Groupama Asset Management

Chairman of the Board of Directors, Finama Private Equity

Deputy Chairman of the Supervisory Board, Banque Finama

Director, Bouygues SA

Permanent representative of Groupama SA to the Board of Directors, Silic

Censor, Supervisory Board, Gimar Finance & Compagnie

Permanent representative of Groupama to the Board of Directors, GIE Groupama Syst•mes d Information

Permanent representative of Groupama SA, co-manager, SCA d Agassac

Outside France:

Director, Groupama Vita Spa

Director, Groupama Assicurazioni Spa

Director, Nuova Tirrena

Other positions and appointments held during the last five years

Director, Groupama International

Permanent representative of Gan Assurance Vie to the Supervisory Board, Locindus

Director, Scor

Director, Scor Vie

Pierre Lescure

38 rue Guynemer 75006 Paris, France
Born 2 July 1945

Date of appointment: 29 April 2008

End of current period of of ce: AGM 2014(*)

Number of Lagard•re SCA shares held: 150

Mr. Pierre Lescure is a journalist who has been Editor in Chief of the television channel France 2, and Chairman and Chief Executive of the pay TV channel Canal+.

Positions and appointments held in other companies

In France:

Manager, Th atre Marigny, Paris

Chairman, AnnaRose Productions (SAS)

Director, Havas Advertising

Member of the Supervisory Board, Le Monde SA

Member of the Board of Directors, Thomson SA

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

Outside France:

Member of the Board of Directors, Kudelski (Switzerland)

Other positions and appointments held during the last five years

Chairman, Lescure Farrugia Associ s

Member of the Board of Directors, Canal+ France

Member of the Board of Directors, Vivendi Universal

Member of the Board of Directors, Studio Canal

Member of the Board of Directors, Paris Saint-Germain Football Club

Member of the Management Board, Canal+ Groupe

Christian Marbach

17 avenue Mirabeau 78600 Maisons-Laf tte, France
Born 9 October 1937

Date of appointment: 2 May 2006

End of current period of of ce: AGM 2012(*)

Number of Lagard•re SCA shares held: 406

Member of the Audit Committee of Lagard•re SCA

Mr. Christian Marbach is a graduate engineer belonging to the Corps des Mines, and a former Chairman of the French innovation agency ANVAR.

Positions and appointments held in other companies

Director, Compagnie G n rale de G ophysique-Veritas (CGG)

Censor, So nnova

Other positions and appointments held during the last five years

Director, Erap

Chairman, Oseo-Services (formerly the Agence des PME)

Bernard Mirat

91 avenue de La Bourdonnais 75007 Paris, France
Born 3 July 1927

Date of appointment: 2 May 2006

End of current period of of ce: AGM 2012(*)

Number of Lagard•re SCA shares held (with Mrs Mirat): 2,310

Member of the Audit Committee of Lagard•re SCA

Mr. Bernard Mirat is a graduate of the Institut d tudes Politiques de Paris. He holds degrees in both literature and law and is a former student of the cole Nationale d Administration. He was formerly Deputy General Secretary of the Compagnie des Agents de Change, and Deputy Chairman and Chief Executive Of cer of its successor the Soci t des Bourses Fran•aises.

Positions and appointments held in other companies

None

Other positions and appointments held during the last five years

Deputy Chairman of the Supervisory Board, GT Finance

Director, Fimalac

Censor, Holding Cholet-Dupont

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

Javier Monzón

Avenida De Bruselas, 33-35, 28108 Arroyo de la Vega Alcobendas, Madrid, Spain
Born March1956

Date of appointment: 29 April 2008

End of current period of of ce: AGM 2014(*)

Number of Lagard•re SCA shares held: 150

Mr Javier Monz n has a degree in economics and has held the following main positions during his career: Corporate Banking Director at Caja Madrid where he began his career; after occupying the posts of Finance Director, then General Manager for development of international business, he became Chairman of Telefonica International; Worldwide Partner in Arthur Andersen and Managing Partner of Corporate Finance Consulting Services in Spain. He is presently Chairman of the Spanish technology rm Indra.

Positions and appointments held in other companies

Outside France:

Member of the Board of Directors, ACS Actividades de Construcci n y Servicios SA (Spain)

Member of the Board of Directors, ACS Servicios y Concesiones SL (Spain)

Permanent representative of Indra Sistemas SA to the Board of Directors, Banco Inversis, SA (Spain)

Member of the Board of Directors, YPF SA (Argentina)

Other positions and appointments held during the last five years

Member of the Board of Directors, Indra SI, SA (Argentina)

Permanent representative of Indra Sistemas SA to the Board of Directors, Inversis Networks, SA (Spain)

Permanent representative of Indra Sistemas SA to the Board of Directors, Marco Polo Investments SCRSA (Spain)

Chairman of the Board of Directors, Europraxis Atlante, SL (subsidiary of Indra Sistemas SA in Spain

Didier Pineau-Valencienne

24-32 rue Jean Goujon 75008 Paris, France
Born 21 March 1931

Date of appointment: 29 April 2008

End of current period of of ce: AGM 2014(*)

Number of Lagard•re SCA shares held: 2,850

Member of the Audit Committee of Lagard•re SCA

Mr. Didier Pineau-Valencienne is a graduate of the Paris Business School HEC, Tuck School of Business Administration (Dartmouth College) and Harvard Business School. He is a former Chairman and Chief Executive Of cer of Schneider SA.

Positions and appointments held in other companies

In France:

Chairman of the Investment Committee, Sagard

Director, Pernod Ricard

Director, Fleury Michon

Chairman of the International Consultative Committee, Audiencia (formerly ESC Nantes Atlantique)

Director, BIPE Association

Executive lecturer, HEC Paris Business School

Advisor, Centre d Enseignement Sup rieur de la Marine

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

Outside France

Director, Swiss Helvetia Fund (USA)

Member of the Advisory Board, Booz Allen & Hamilton (USA)

Member of the Board of Overseers, Tuck School of Business Administration, Dartmouth College (USA)

Member of the Trustees, American University of Paris

Other positions and appointments held during the last five years

Director, Wendel Investissement

Director, Aventis

Director, AFEP

Director, Axa

Director, Vivarte

Director, AON

Member of the Trustees, IASC (USA)

Director, Axa Financial (USA)

Senior Advisor, Cr dit Suisse

Henri Proglio

36-38 avenue Kl ber 75116 Paris, France
Born 29 June 1949

Date of appointment: 11 May 2004

End of current period of of ce: AGM 2010(*)

Number of Lagard•re SCA shares held: 150

Mr. Henri Proglio is a graduate of the Paris Business School HEC. He is currently Chairman and Chief Executive Of cer of Veolia Environnement.

Positions and appointments held in other companies

In France:

Chairman and Chief Executive Of cer, Veolia Environnement

Director, EDF

Director, CNP Assurances

Censor, Supervisory Board, Caisse Nationale des Caisses d Epargne

Member of the Supervisory Board, Natixis

Director, Dassault Aviation

Manager, Veolia Eau

Chairman of the Board of Directors, Veolia Propret

Chairman of the Board of Directors, Veolia Water

Chairman of the Board of Directors, Veolia Transport

Director, Sarp Industries

Director, Dalkia International

Director, Soci t des Eaux de Marseille

Member of the Supervisory Boards A and B, Dalkia (SAS)

Chairman of the Supervisory Board, Dalkia France

Outside France:

Director, Veolia ES Australia

Director, Veolia Transport Australasia

Director, Veolia Environmental Services UK, Plc

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

Director, Siram

Director, Veolia Transport Northern Europe

Director, Veolia ES North America Corp.

Director, Veolia UK Ltd (United Kingdom)

Director, Veolia Environment North America Operations

Other positions and appointments held during the last five years

Director, Thales

Member of the Supervisory Board, Elior

Member of the Supervisory Board, CNP Assurances

Chairman of the Management Board, Vivendi Environnement

Director, EDF International

Director, Vinci

Member of the Supervisory Board, CEO

Member of the Supervisory Board, CFSP

Director, Comgen Australia

Director, Connex Leasing (United Kingdom)

Director, Connex Transport AB (Sweden)

Director, Connex Transport UK (United Kingdom)

Member of the Supervisory Board, Soci t des Eaux de Melun

Director, Esterra

Director, B 1998 SL and FCC (Spain)

Director, Grucycsa (Spain)

Director, Onyx UK Holdings (United Kingdom)

Director, Sa se

Director, Wasco (formerly USFilter) (USA)

Director, Sarp

Director, Veolia ES Asia

Director, Casino, Guichard-Perrachon

François Roussely

22-30 avenue de Wagram 75008 Paris, France
Born 9 January 1945

Date of appointment: 11 May 2004

End of current period of of ce: AGM 2010[*]

Number of Lagard•re SCA shares held: 150

Mr. Fran•ois Roussely is a graduate of the Institut d tudes Politiques de Paris and the Paris Law and Economics University, and a former student of the cole Nationale d Administration. He is a former Chairman and Chief Executive Of cer of EDF, a senior-level magistrate at the national audit of ce Cour des Comptes and Chairman of Cr dit Suisse.

Positions and appointments held in other companies

Chairman and Chief Executive Of cer, Cr dit Suisse France

Chairman, Cr dit Suisse Banque d Investissement France

Deputy Chairman, Cr dit Suisse Banque d Investissement Europe

Conseiller Maître, Cour des Comptes

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

Other positions and appointments held during the last five years

Chairman of the Board of Directors, EDF

Director, AFII

Member, Comit de l nergie Atomique (CEA)

Member of the Supervisory Board, Dalkia Holding

President, Fondation EDF

Chairman of the Board of Directors, cole Nationale des Ponts et Chauss es - ENPC

Member of the Consultative Council, Banque de France

Honorary Chairman, EDF

7-2-4 ADDITIONAL INFORMATION ON MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGING PARTNERS

7-2-4-1 DECLARATION OF NON-CONVICTION AND COMPETENCE

To the best of Lagard•re SCAs knowledge:

- no member of the Supervisory Board or Managing Partner has been convicted of fraud in the last ve years;
- no member of the Supervisory Board or Managing Partner has been associated with bankruptcy, receivership or liquidation proceedings in the last ve years;
- no member of the Supervisory Board or Managing Partner has been subject to charges or of cial public sanction by statutory or regulatory authorities (including designated professional bodies);
- no member of the Supervisory Board or Managing Partner has been barred by a court from acting as a member of a governing, management or supervisory body or participating in a companys business management or governance in the last ve years.

7-2-4-2 SERVICE CONTRACTS BETWEEN A MEMBER OF THE SUPERVISORY BOARD OR MANAGING PARTNER AND LAGARDÈRE SCA OR ANY OF ITS SUBSIDIARIES

To the best of Lagard•re SCAs knowledge, no member of the Supervisory Board or Managing Partner is bound to Lagard•re SCA or any of its subsidiaries through a service contract, with the exceptions, in the case of the Supervisory Board, of Mr. Raymond L vy and Mrs Martine Ch•ne who have an employment agreement, and Groupama SA which has signed a service agreement with Arlis for the management of its shareholder base, and in the case of the Managing Partners, of the service agreement between LC&M (controlled by Mr. Arnaud Lagard•re) and Lagard•re Ressources. For more information on this agreement, see section 7-5-1 below.

7-2-4-3 CONFLICTS OF INTEREST

To the best of Lagard•re SCAs knowledge, no arrangement or agreement exists with the main shareholders, customers, suppliers or other parties for the selection of members of the Supervisory Board or Managing Partners.

To the best of Lagard•re SCAs knowledge, no potential con ict of interest exists between the duties of the members of the Supervisory Board or the Managing Partners to Lagard•re SCA and their personal interests, or between those duties and any other responsibilities they may hold.

7-2-4-4 RESTRICTIONS ON THE SALE BY MEMBERS OF THE SUPERVISORY BOARD OR MANAGING PARTNERS OF THEIR INVESTMENT IN LAGARDÈRE SCA

To the best of Lagard•re SCAs knowledge:

- no restriction has been accepted by members of the Supervisory Board concerning the sale of their investment in the Company s share capital within a certain period, except for the rules for trading in Lagard•re SCA shares set forth in the internal rules of the Supervisory Board (see section 7-4-2-2);
- no restriction has been accepted by the Managing Partners concerning the sale of their investment in the Company s share capital within a certain period, except for :
  - the rules for trading in Lagard•re SCA shares de ned in the laws in force or the Charter for trade in Lagard•re SCA shares by Lagard•re Group employees ;
  - the holding period set by the Supervisory Board on 12 march 2008 for free shares allocated on 28 December 2007 (see section 7-3-1-3);
- in application of article L.125-197-1 of the French Commercial Code, the Supervisory Board decided that 25% of the free shares of the Company which were allocated on 28 December 2007 to Messrs Philippe Camus and Pierre Leroy, employees of Lagard•re Capital & Management, in their capacity as legal representatives of Arjil Commandit e-Arco, must be held until their bene ciary ceases to occupy his position as legal representative in the management of Lagard•re SCA.

7 - 3 REMUNERATION AND BENEFITS

Announcement by Lagard•re on 9 December 2008:

"Lagardère SCA has decided to implement the AFEP-MEDEF recommendations on the compensation of executive corporate officers of listed companies, published on 6 October 2008.

These recommendations are in line with the company's corporate governance practice.

As a result, pursuant to the law of 3 July 2008 implementing EU Directive 2006/46/EC of 14 June 2006, the AFEP-MEDEF code as amended will from this year onwards constitute the corporate governance code to which the Lagardère Group will refer for preparation of the report required by article 226-10-1 of the Commercial Code."

7-3-1 MANAGING PARTNERS AND MEMBERS OF THE EXECUTIVE COMMITTEE

At 31 December 2008, the Executive Committee included:

Messrs	Arnaud Lagard•re,	General and Managing Partner,	
	Philippe Camus,	Co-Managing Partner,	**Managing Partners**
	Pierre Leroy,	Co-Managing Partner, Secretary General,	
	Dominique D Hinnin,	Chief Financial Of cer,	
	Thierry Funck-Brentano,	Chief Human Relations and Communications Of cer,	
	Jean-Paul Gut,	Chief International Affairs Of cer,	
	Arnaud Molini ,	Chief Strategy and Development Of cer.	

Members of the Executive Committee

- receive immediate and deferred remuneration (retirement bene ts),
- may be granted share subscription or purchase options and rights to the allocation of free shares.

Remuneration paid to the members of the Executive Committee for their positions in the Lagard•re Group excluding EADS is entirely borne by their employer, Lagard•re Capital & Management (LC&M) and accounts for most of the management fees charged by LC&M to Lagard•re Ressources (see section 7-5-1). Messrs Arnaud Lagard•re and Dominique D Hinnin also receive remuneration from EADS for the functions they occupy on the EADS Board of Directors. This remuneration is reported in the following tables, but is not concerned by the comments in section 7-3-1-1.

7-3-1-1 COMPONENTS OF REMUNERATION

A) SALARIES

Salaries consist of a xed portion and a variable portion.

The xed portion is paid in twelve equal monthly instalments over the year.

The variable portion is determined on the basis of rules defined in 2003 and unchanged to date. Each year, it comprises the following, assessed in the light of individual targets:

- a qualitative component determined by Mr. Arnaud Lagard•re, taking into account each person s contribution to the development of the Group, changes in valued added, the quality of management, relevance of its organisation and motivation of its teams,
- a corporate performance-related component based on two parameters of equal importance in relation to the individual targets:
  - the difference between the recurring operating pro t before associates of companies in the Media segment for the year in question, considered in relation to net sales, and the level of recurring operating pro t before associates corresponding to the midpoint of the forecast range announced to the market at the start of the year,
  - the difference between net cash from operating activities as stated in the Group s consolidated cash flow statement for the year in question, and net cash from operating activities forecast in the budget for that year.

Since the variable portion of salaries can only be calculated after the year-end, it is paid during the following year.

B) PENSIONS

The members of the Executive Committee who are also salaried employees of LC&M benefit from an additional pension plan set up by LC&M from 1 July 2005 to complement the basic pension.

Under this plan, they acquire additional pension entitlements equivalent to 1.75% of the benchmark remuneration per year of seniority, up to a limit of 20 years seniority. The income replacement rate of the additional pension is limited to 35% of the benchmark remuneration.

The benchmark remuneration is the average gross annual remuneration over the last ve years (xed + variable up to a maximum of 100% of the xed portion), and cannot exceed 50 times the annual limits de ned by the French social security system.

The plan is a conditional bene t plan, and the pension will only be payable if the bene ciary is still with the company at retirement age, except in the event of termination after the age of 55, early retirement or invalidity.

After the bene ciary s death, 60% of the pension is transferable to the surviving spouse.

At 31 December 2008, the Group s Defined Benefit Obligation as defined by IAS 19 under this plan amounted to €24.3 million.

C) TERMINATION INDEMNITIES

Neither LC&M nor any other Group company has undertaken any commitment or given any promise to grant termination indemnities to the Managing Partners or other members of the Executive Committee.

D) OTHER COMPONENTS

- Travel and entertainment expenses incurred by the Managing Partners or members of the Executive Committee in the course of their duties are borne by the Group.
- Bene ts in kind generally take the form of use of a company car for personal purposes.
- Attendance fees may be paid for Board of Directors meetings at companies in which the Lagard•re Group has interests.

7-3-1-2 REMUNERATION AND BENEFITS OF THE MEMBERS OF THE EXECUTIVE COMMITTEE

A) GROSS REMUNERATION PAID

	2007	2008
Ç LAGARDERE È	(1)	(2)
Fixed salary and bene ts in kind	5,153,795	6,296,183
Variable portion of salary paid (in respect of the previous year)	3,794,600	3,455,060
Attendance fees	78,570	49,846
TOTAL	9,026,965	9,801,089
Ç EADS È	(3)	(4)
Fixed salary and bene ts in kind	60,000	60,000
Variable portion of salary paid (in respect of the previous year)	43,750	125,500
Attendance fees	75,000	50,000
TOTAL	178,750	235,500

(1) Messrs Lagardère, Camus, Leroy, D'Hinnin, Gut (full-time from 17 September 2007), Funck-Brentano, Molinié (from 1 July 2007).

(2) Messrs Lagardère, Camus, Leroy, D'Hinnin, Gut, Funck-Brentano, Molinié (full-time).

(3) Mr. Lagardère for his position on the Board of Directors.

(4) Messrs Lagardère and D'Hinnin for their positions on the Board of Directors

The Lagard•re variable portion of salary to be paid in 2009 in respect of 2008 amounts to €2,564,041. Members of EADS Board of Directors are no longer paid a variable portion of salary.

B) SHARE SUBSCRIPTION AND PURCHASE OPTIONS

Date of Plan /Date of AGM	Number of options originally granted	Exercise price	Number of bene ciaries	Options exercised in 2008	Options forfeited at end 2008	Options outstanding at end 2008 (*)	Exercise period
Subscription options							
None							
Purchase options							
Plan expired:							
19/12/01 23/05/00	185,000	€46.48	7	0	0	0	19/12/03 to 19/12/08
Plans in force:							
19/12/02 23/05/00	185,000	€51.45	7	0	0	187,053	19/12/04 to 19/12/09
18/12/03 23/05/00	178,000	€51.45	6	0	0	179,976	18/12/05 to 18/12/13
20/11/04 11/05/04	178,000	€51.92	6	0	0	179,991	20/11/06 to 20/11/14
20/11/05 11/05/04	240,000	€56.97	6	0	0	240,000	21/11/07 to 21/11/15
14/12/06 11/05/04	242,000	€55.84	6	0	0	242,000	14/12/08 to 14/12/16

(*) After adjustment in 2005.

C) FREE SHARE ALLOCATION RIGHTS

Date of Plan / Date of AGM	Number of rights granted	Number of bene ciaries	Number of shares vested in 2008	Number of rights cancelled in 2008	Number of rights outstanding at end 2008	Vesting date
Allocation of free shares						
28/12/07 27/04/07	107,000	7	0	0	107,000	29/12/09

7-3-1-3 REMUNERATION AND BENEFITS OF THE MANAGING PARTNERS

Mr. Arnaud Lagardère

Summary of remuneration and benefits			
Gross amounts (in euros)	*Received in 2007*	*Received in 2008*	*To be received in 2009*
« LAGARDERE »			
Fixed salary paid for the year	914,700	978,729	978,729
Variable portion of salary (paid in respect of the previous year)	854,841	976,506	534,072
TOTAL salary	1,769,541	1,955,235	1,512,801
Attendance fees (paid in respect of the previous year)	8,300	6,334	6,650
Bene ts in kind	3,120	3,600	12,516
TOTAL	1,780,961	1,965,169	1,531,967
« EADS »			
Fixed salary paid for the year	60,000	54,375	100,000
Variable portion of salary (paid in respect of the previous year)	43,750	113,734	None
TOTAL salary	103,750	168,109	100,000
Attendance fees (paid in respect of the year)	60,000	10,000	NA
Bene ts in kind	None	None	None
TOTAL	163,750	178,109	100,000
TOTAL	**1,944,711**	**2,143,278**	**1,631,967**

Total remuneration and benefits received and stock options and performance shares granted		
	Exercice 2007	Exercice 2008
Remuneration and bene ts received for the year (details in previous table)	2,134,394	1,587,426
Value of options granted during the year	None	None
Value of performance shares granted during the year	None	None
TOTAL	**2,134,394**	**1,587,426**

The variable portion of salary paid to Mr. Lagard•re includes no individually-assessed component, and depends totally on Group performance as described in section 7-3-1-1 - A.

Since his appointment as Managing Partner in 2003, Mr. Arnaud Lagard•re has not received any options on Lagard•re SCA shares nor any rights to the allocation of free shares.

Subscription or purchase options granted during the year: None

Subscription or purchase options exercised during the year: None

Performance shares granted during the year: None

Performance shares that vested during the year: None

Mr. Philippe Camus

Summary of remuneration and benefits			
Gross amounts (in euros)	*Received in 2007*	*Received in 2008*	*To be received in 2009*
Fixed salary paid for the year	998,923[1]	1,123,458[1]	1,088,000[2]
Variable portion of salary (paid in respect of the previous year)	347,503	369,835	274,647
TOTAL salary	1,346,426	1,493,293	1,362,647
Attendance fees (paid in respect of the previous year)	6,450	None	None
Bene ts in kind	None	None	None
TOTAL	**1,352,876**	**1,493,293**	**1,362,647**

(1) Fixed annual salary of €1,088,000 excluding exchange rate effects due to the fact that most of Mr. Camus' salary is paid in the US by Lagardère North America.
(2) Before exchange rate effects.

Total remuneration and benefits received and stock options and performance shares granted		
	Exercice 2007	Exercice 2008
Remuneration and bene ts received for the year (details in previous table)	1,368,758	1,398,105
Value of options granted during the year	None	None
Value of performance shares granted during the year	579,000	None
TOTAL	**1,947,758**	**1,398,105**

On 28 December 2007, Mr. Philippe Camus was allocated 20,000 free shares of Lagard•re SCA, subject to the conditions described in section 7-3-5 of the 2007 Reference Document led with the Financial Markets Authority (AMF) on 3 April 2008.

Subscription or purchase options granted during the year: None

Subscription or purchase options exercised during the year: None

Performance shares granted during the year: None

Performance shares that vested during the year: None

Mr. Pierre Leroy

Summary of remuneration and benefits			
Gross amounts (in euros)	*Received in 2007*	*Received in 2008*	*To be received in 2009*
Fixed salary paid for the year	864,000	924,000	924,000
Variable portion of salary (paid in respect of the previous year)	751,512	782,977	614,895
TOTAL salary	1,615,512	1,706,977	1,538,895
Attendance fees (paid in respect of the previous year)	20,220	7,600	11,406
Bene ts in kind	3,120	3,600	7,512
TOTAL	**1,638,852**	**1,718,177**	**1,557,813**

Total remuneration and benefits received and stock options and performance shares granted		
	Exercice 2007	Exercice 2008
Remuneration and bene ts received for the year (details in previous table)	1,657,697	1,553,901
Value of options granted during the year	None	None
Value of performance shares granted during the year	579,000	None
TOTAL	**2,236,697**	**1,553,901**

On 28 December 2007, Mr. Pierre Leroy was allocated 20,000 free shares of Lagard•re SCA, subject to the conditions described in section 7-3-5 of the 2007 Reference Document filed with the Financial Markets Authority (AMF) on 3 April 2008.

Subscription or purchase options granted during the year: None

Subscription or purchase options exercised during the year: None

Performance shares granted during the year: None

Performance shares that vested during the year: None

/// SHARE SUBSCRIPTION AND SHARE PURCHASE OPTIONS

Date of AGM	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan
Date of Board of Directors or Executive Board meeting as relevant	Not relevant to Lagard•re SCA which is a limited partnership with shares Date of grant = date of decision by the Managing Partners					
Total number of shares available for subscription and purchase	1,271,740 (*)	1,313,639 (*)	1,453,451 (*)	1,586,519 (*)	1,683,844	1,844,700
Of which: number that may be subscribed and purchased by Managing Partners and Members of the Supervisory Board:						
Mr. Arnaud Lagard•re	50,560	50,554	0	0	0	0
Mr. Pierre Leroy	30,336	30,333	40,444	40,447	50,000	50,000
Mr. Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Date from which options can be exercised	19 Dec. 2003	19 Dec. 2004	18 Dec. 2005	20 Nov. 2006	21 Nov. 2007	14 Dec. 2008
Date on which options expire	19 Dec. 2008	19 Dec. 2009	18 Dec. 2013	20 Nov. 2014	21 Nov. 2015	14 Dec. 2016
Subscription or purchase price	46.48€(*)	51.45€(*)	51.45€(*)	51.92€(*)	56.97€	55.84€
Number of shares subscribed at 15 March 2009	30,336(1)					
Total number of subscription and purchase options cancelled or forfeited						
Mr. Arnaud Lagard•re	50,560					
Mr. Pierre Leroy						
Mr. Philippe Camus	20,224					
Subscription and purchase options outstanding at year-end:						
Mr. Arnaud Lagard•re		50,554				
Mr. Pierre Leroy		30,333	40,444	40,447	50,000	50,000
Mr. Philippe Camus		20,222	30,333	30,336	50,000	50,000

(*) After adjustment on 6 July 2005.

(1) Exercised by Mr. Pierre Leroy on 20 December 2005.

7-3-2 SUPERVISORY BOARD

7-3-2-1 REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD

The Combined General Meeting of 11 May 2004 xed a total amount of €600,000 to be paid each year to members of the Supervisory Board as attendance fees.

Each member of the Supervisory Board is paid basic remuneration (€20,000 until 2007). Members who are also members of the Audit Committee receive an additional amount equal to twice the basic remuneration, and the Chairmen of the Supervisory Board and the Audit Committee receive a further additional amount equal to the basic remuneration.

The Supervisory Board decided at its meeting of 12 March 2008 to modify the distribution of attendance fees between its members. The basic remuneration is no longer set at €20,000; it is now equal to the total attendance fees divided by the number of shares held for each member.

Attendance fees paid to members of the Supervisory Board were as follows (in euros):

	2007	2008
Raymond H. L vy	100,000	125,000
Bernard Arnault	20,000	25,000
Hubert Burda (Germany)	20,000[1]	
Ren Carron	20,000	25,000
Martine Ch•ne		
Georges Chodron de Courcel	20,000	25,000
Fran•ois David		
Bernard Esambert	5,000	
Groupama SA	60,000	75,000
Pehr G. Gyllenhammar (UK)	15,000[1]	
Pierre Lescure	20,000	25,000
Christian Marbach	60,000	75,000
Bernard Mirat	60,000	75,000
Javier Monz n		
Didier Pineau-Valencienne	60,000	75,000
Henri Proglio	20,000	25,000
Felix G. Rohatyn (USA)	20,000[1]	25,000[1]
Fran•ois Roussely	20,000	25,000
Total attendance fees paid	**520,000**	**600,000**

(1) Less withholding tax.

Mr. Raymond H. L vy also received from the Group a gross amount of €224,456 in 2008 in consideration for his advisory services (€216,840 in 2007). In his capacity as director or member of the Supervisory Boards of several other Group companies, Mr. L vy also received attendance fees in the amount of €12,456 (€15,200 in 2007).

7-3-2-2 SHARE SUBSCRIPTION AND PURCHASE OPTIONS GRANTED TO THE MEMBERS OF THE SUPERVISORY BOARD

None.

7-3-2-3 FREE SHARE ALLOCATION RIGHTS GRANTED TO THE MEMBERS OF THE SUPERVISORY BOARD

None.

7-3-3 TRANSACTIONS IN LAGARDÈRE SCA SHARES BY THE MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD AND THEIR RELATIVES DURING 2008

7-3-3-1 MANAGING PARTNERS

Arnaud Lagardère

Operations entered into by Lagardère Capital & Management

17 June 2008: forward sale of shares at a unit price of €40.03,
giving a total price of €7,340,743.

20 June 2008: change of exercise price and maturity date of puts at an average unit price of €2.8416,
giving a total price of €7,340,743.

4 July 2008: change of maturity date of puts at an average unit price of €0.094,
giving a total price of €213,125.

4 July 2008: purchase of puts against the sale of calls and payment of an average net premium of €8.87,
giving a total price of €5,909,994.

4 July 2008: purchase of puts at an average unit price of €9.015,
giving a total price of €6,009,994.

4 July 2008: closing out of a sale of calls at an average unit price of €0.125,
giving a total price of €80,729.

4 July 2008: sale of calls at an average unit price of €0.64,
giving a total price of €413,334.

4 July 2008: forward sale of shares at a unit price of €30.31,
giving a total price of €11,845,709.

All of these over-the-counter transactions were arranged outside the market with a top-ranking French bank.

Philippe Camus

None.

Pierre Leroy

None.

7-3-3-2 MEMBERS OF THE SUPERVISORY BOARD

Acquisition of shares by the three new members of the Supervisory Board, as required by the by-laws.

4 July 2008: acquisition of shares by Mrs Martine Ch•ne at the unit price of €32.68 for a total of €4,902.

9 July 2008: acquisition of shares by Mr. Fran•ois David at the unit price of €33.24 for a total of €4,986.

10 July 2008: acquisition of shares by Mr. Javier Monz n at the unit price of €32.11 for a total price of €4,816.50.

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To the best of the Company s knowledge, no other transactions in company shares were undertaken in 2008 by Managing Partners or Supervisory Board members or their relatives.

7-3-4 STOCK OPTIONS GRANTED TO EMPLOYEES ON SHARES OF LAGARDÈRE SCA OR ITS SUBSIDIARIES

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

Ladies and Gentlemen, Dear Shareholders,

In application of article L.225-184 of the French Commercial Code, you will nd below the information required by the said article on changes in stock subscription and purchase options during 2008.

GENERAL

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

The main characteristics of the plans in force at the end of 2008 or which expired in 2008 are summarised in the table below.

Plan	Date of AGM	Number of options originally granted	Exercise price (in €)	Number of beneficiaries	Options exercised in 2008	Options forfeited at end of 2008	Options outstanding at end of 2008	Period of exercise
Subscription options								
None								
Purchase options								
Plan expired:								
19 Dec. 2001	23 May 2000	1,258,000	46.48	421	2,558	105,902		19 Dec. 2003 to 19 Dec. 2008
Plans in force:								
19 Dec. 2002	23 May 2000	1,299,000	51.45	416	1,500	94,973	1,031,087	19 Dec. 2004 to 19 Dec. 2009
18 Dec. 2003	23 May 2000	1,437,250	51.45	445	2,000	69,976	1,340,953	18 Dec. 2005 to 18 Dec. 2013
20 Nov. 2004	11 May 2004	1,568,750	51.92	481	2,023	81,674	1,494,185	20 Nov. 2006 to 20 Nov. 2014
21 Nov. 2005	11 May 2004	1,683,844	56.97	495		48,250	1,635,594	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006	11 May 2004	1,844,700	55.84	451		27,300	1,817,400	14 Dec. 2008 to 14 Dec. 2016

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

2) In the course of 2008, no new options to subscribe or purchase shares were granted by companies under the majority control of Lagard•re SCA.

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

Date of AGM Date of grant	Exercise price (in €)	Exercise period	Number of options granted	Number of beneficiaries	Number of options forfeited	Options outstanding at end 2008	Period of repurchase [2]
Hachette Holding [1]							
18 June 1997 22 July 1999	253.85[1]	22 July 1999 to 21 July 2009	1,525 [3]	63	75	732 [3]	23 July 2004 to 23 July 2009
Virgin Stores							
25 Sept. 2002 5 July 2004	99.40	5 July 2008 to 5 July 2014	10,000	6	10,000	0 [4]	5 July 2008 to 5 July 2014

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

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

(3) Each option entitles the holder to subscribe 500 Hachette SA shares.

(4) Following agreements for the sale of Virgin Stores, in February 2008 the beneficiaries abandoned their rights to shares still under option.

INFORMATION ON THE COMPANY'S OFFICERS AND LAGARDÈRE GROUP EMPLOYEES

In 2008, members of the managing bodies of Lagard•re SCA and their legal representatives did not purchase any Lagard•re SCA shares under the share purchase options granted to them in the years 2001 to 2006.

Also in 2008, the total number and unit price of shares subscribed or purchased through the exercise of one or more options on the shares of Lagard•re SCA or one of its subsidiaries as stated above, by any of the ten main bene ciaries (in fact three bene ciaries) (employees of the Group other than members of Lagard•re SCAs managing bodies), were as follows:

Total number of shares subscribed or purchased	Subscription or purchase price (in €)	Company	Date of grant
2,558	46.48	Lagard•re SCA	19 Dec. 2001
1,500	51.45	Lagard•re SCA	19 Dec. 2002
2,000	51.45	Lagard•re SCA	18 Dec. 2003
2,023	51.92	Lagard•re SCA	20 Nov. 2004

The Managing Partners

7-3-5 FREE SHARE ALLOCATION RIGHTS GRANTED TO EMPLOYEES ON SHARES OF LAGARDÈRE SCA OR ITS SUBSIDIARIES

SPECIAL REPORT OF THE MANAGING PARTNERS ON ALLOCATIONS OF FREE SHARES

Ladies and Gentlemen, Dear Shareholders,

In application of article L.225-197-4 of the French Commercial Code, you will nd below the information required by the said article on free shares allocated to employees during 2008.

During 2008, no free shares were allocated in the conditions defined by article L.225-197-2 by Lagard•re SCA or its related companies, or by its controlled companies as de ned by article L.233-16.

The Managing Partners

7 - 4 ORGANISATION, OPERATION AND CONTROL OF THE COMPANY AND THE GROUP

7-4-1 GENERAL ORGANISATION OF THE GROUP

The consolidated nancial statements of the Lagard•re Group include some 550 companies. The full list of consolidated companies with their addresses can be found in the notes to the consolidated nancial statements (see Chapter 6).

Lagard•re SCA is the holding company that controls all the subsidiaries and other participating interests, draws up the strategy for the Group, guides and nances its development, makes the main management decisions to this end, and ensures those decisions are implemented both at its own level as the Group s Parent Company and in the operating subsidiaries.

Lagard•re SCA itself has no personnel; the human and operational resources required for policy implementation and control of its Group s business activities belong to a service company called Lagard•re Ressources, a wholly-owned subsidiary of Lagard•re SCA as its sole shareholder.

Operational activities of the Group include:

- Activities in the eld of the Media, through Hachette SA (named Lagard•re Media for commercial purposes) which controls operational business activities in the Book Publishing, Distribution Services, Press, Radio/Television, Audiovisual Production, New Media and Sports divisions, respectively via the following companies: Hachette Livre, Lagard•re Services, Lagard•re Active and Lagard•re Sports.
- The 7.5% interest in EADS NV (after the sale in March 2009 of 2.5% of the share capital in redemption of the last Mandatory Exchangeable Bonds), held through a subsidiary itself owned by the French State and the Lagard•re Group.

Other smaller business activities constitute the Other Activities segment and are under the direct control of Lagard•re SCA.

7-4-2 ORGANISATION AND OPERATION OF LAGARDÈRE SCA

7-4-2-1 THE MANAGING PARTNERS

The general management of the Company is the responsibility of the Managing Partners who are appointed by the Supervisory Board on the unanimous proposal of the general partners. The Managing Partners represent the Company in its relations with third parties and engage its responsibility.

Drawing on the Executive Committee, comprised of several Group key management executives under the chairmanship of Arnaud Lagard•re, the Managing Partners role is to:

- draw up the strategy of the Group,
- guide development and control,
- take the major management decisions required for this and ensure those decisions are implemented both at the level of the Parent Company and in the various operating units.

The Executive Committee enlists the help of any of the Group s senior managers it considers to be of use to accomplish its mission.

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To make sure the decisions taken are fully implemented and to check their implementation, the Managing Partners have set up a speci c organisation, mainly composed of:

- the Group s Central Divisions, and
- the Financial Committee.

The Group's Central Divisions

Three members of the Executive Committee have been given the task of organising and leading the Group s major central structures. The responsibilities necessary for implementation of the decisions taken, as well as follow-up and monitoring, are allocated between their three posts: the Group Secretary General, the Group Chief Financial Of cer and the Chief Human Relations and Communications Of cer.

The Internal Audit Division as well as certain specific divisions or departments, report directly to the Managing Partners.

In order to carry out the different missions entrusted to them, the Group s Central Divisions, their teams, and the corresponding material resources are grouped together within a single company, Lagard•re Ressources, a wholly-owned subsidiary of Lagard•re SCA. This company, chaired by the Co-Managing Partner and Group Secretary General, employs almost 200 people, all reporting to the Central Directors and therefore ultimately to the Managing Partners of Lagard•re SCA. As the missions entrusted to these central divisions are just as much for the bene t of Lagard•re SCA as for all of the subsidiaries, these companies have various service agreements with Lagard•re Ressources, which receives a fee for its services, generally of 0.9% of sales revenues (or gross margin for Hachette Distribution Services).

The Operating Units

Operating activities are conducted by legally independent companies grouped together in the following divisions or operating units: Lagard•re Publishing, Lagard•re Services, Lagard•re Active (which now covers all the Group s activities in the media, audiovisual and digital sectors), and Lagard•re Sports.

Each division has its own organisation, which has been set up by the Head of the division under the Managing Partners control; the various companies and resources in the division are grouped together under a speci c holding company: Hachette Livre for the Lagard•re Publishing division, Lagard•re Services for the Press Distribution division, etc.

Each Division Head is responsible for the general management of the holding company concerned whose supervisory board members (Board of Directors in the case of Hachette Livre) are mostly also members of Lagard•re SCA s Executive Committee.

Thus, all the members of these holding companies governing, managing and supervisory bodies are appointed by Lagard•re SCA through its subsidiary Hachette SA as the sole shareholder of the said companies.

The Financial Committee

After the Executive Committee, the Financial Committee is the second most important entity for the tracking and control of the Group s operational activities.

The Financial Committee is chaired by the Group s Chief Financial Of cer, and members include representatives of each of the Group s principal Central Divisions, as well as their respective management controllers, providing all the requisite skills for it to accomplish its mission.

Its principal task is to examine and monitor the following, in cooperation with the chief managers of each division concerned:

- the budget for the coming year;
- the three-year plan;
- the annual nancial statements;
- any signi cant investments (or disposals), particularly acquisitions of shareholdings in non-Group companies.

The Financial Committee reports directly to the Managing Partners since they are not represented at its meetings.

Other Committees

Each month, the Reporting Committee, also chaired by the Group s Chief Financial Of cer, conducts a review with all operating units nancial managers of the results achieved against the budget and the new budgetary forecasts, to enable the Managing Partners to monitor the progress and nancial position of each division on a monthly basis, and take any necessary corrective action.

7-4-2-2 THE SUPERVISORY BOARD

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 and discussed at an Audit Committee meeting held for the purpose. The Supervisory Board approved the terms of the report at its meeting of 11 March 2009.

Membership and renewal of appointments

The Supervisory Board is composed of a maximum of fteen members, appointed for a maximum term of six years. One third of the Board is renewed every two years. Since the Annual General Meeting of 29 April 2009, the Board has comprised the following 14 members.

		Date of first appointment or renewal	End of current period of office
Chairman of the Board Chairman of the Audit Committee	**Raymond H. Lévy** Honorary Chairman of Renault SA	11 May 2004	AGM 2010
Member of the Board	**Bernard Arnault** Chairman and Chief Executive Of cer of LVMH	11 May 2004	AGM 2010
Member of the Board	**René Carron** Chairman of the Board of Directors of Cr dit Agricole SA	11 May 2004	AGM 2010
Member of the Board	**Martine Chêne** Archivist at Hachette Filipacchi Associ s. A CFDT union representative on the Group Employees Committee	29 April 2008	AGM 2014
Member of the Board	**Georges Chodron de Courcel** Chief Operating Of cer of BNP Paribas	2 May 2006	AGM 2012
Member of the Board Member of the Audit Committee	**François David** Chairman of the Board of Directors of Coface SA	29 April 2008	AGM 2014
Member of the Board	**Groupama SA** represented by Mr. Helman le Pas de S cheval (Chief Financial Of cer, Groupama) Member of the Audit Committee	29 April 2008	AGM 2014
Member of the Board	**Pierre Lescure** Former Chairman and Chief Executive of Canal+ SA	29 April 2008	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 Of cer of Soci t des Bourses Fran•aises	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	**Didier Pineau-Valencienne** Former Chairman and Chief Executive Of cer of Schneider SA	29 April 2008	AGM 2014
Member of the Board	**Henri Proglio** Chairman and Chief Executive Of cer of Veolia Environnement	11 May 2004	AGM 2010
Member of the Board	**François Roussely** Chairman of Cr dit Suisse-France	11 May 2004	AGM 2010

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 ten Supervisory Board members more than two thirds of the Board currently qualify as independent directors as de ned by the AFEP-MEDEF report on corporate governance for listed companies, as applied by Lagard•re (see 3, below). The ten members are:

Mrs Martine Ch•ne,

Mr. Fran•ois David,

Mr. Helman le Pas de S cheval, Groupama s representative,

Mr. Pierre Lescure,

Mr. Christian Marbach,

Mr. Bernard Mirat,

Mr. Javier Monz n,

Mr. Didier Pineau-Valencienne,

Mr. Henri Proglio,

Mr. Fran•ois Roussely.

Operation of the Supervisory Board

The terms and conditions of the Supervisory Board s organisation and operations are set forth in a set of internal rules (updated on 11 March 2009) which also de ne 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 xed 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, con dentiality 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 con ict 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 de ned periods,

it is recommended that acquisitions should take place once a year, at the end of the shareholders meeting, in the form of a block purchase for all Board members carried out through the Company,

shares must be retained for at least six months after the end of a Board member s term of of ce,

the Chairman, Managing Partners and Financial Markets Authority (AMF) must be informed of any transactions in shares within ve days of their completion.

5) **The existence of an Audit Committee:** its task is to prepare the Board meetings for subjects within its remit.

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The Supervisory Board meets regularly to review the financial situation and operations of the Company and its subsidiaries, the annual and interim nancial statements, the outlook for each of the business activities and the Group s strategy. It also de nes an annual schedule for the coming year s meetings: at least four are planned for 2009.

During 2008, the Supervisory Board met four times, in March, June, September and December, with an attendance rate of 67% at the March meeting, 71% at the June meeting and the September meeting, and 64% at the December meeting.

The meetings of March and September were held primarily to examine the parent company and consolidated nancial statements; they were, like the other meetings, preceded by an Audit Committee meeting. The March meeting also involved preparatory work for the annual general meeting, nalising the Board s report to the shareholders, renewing the terms of of ce of three members of the Board, and appointing three new members. At the June and December meetings, presentations of Lagard•re Active s entertainment business, and speci c aspects of the book publishing business (developments in digital activities, distribution and international business) were given by the teams from the relevant entities.

Audit Committee

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

to review the accounts, to ensure the continuity of the methods, quality, exhaustiveness and sincerity of the nancial statements;

to be informed on the existence and proper operation of the internal control procedures, especially in terms of risk exposure;

more speci cally to review, as regards the internal auditing of the Company, its business activities, audit programme, organisation, operation and realisations;

to review the agreements binding the Group and the senior managers of Lagard•re SCA.

The members of the Audit Committee interview the Group s main senior managers, 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 four times in 2008, in March, June, July and November.

These four half-day meetings were attended by all Committee members (with the exception of one who sent his apologies for the March 2008 meeting, and one who sent his apologies for the November 2008 meeting). In addition to the annual and half-yearly financial statements, the Committee reviewed the activities of the Group s Audit department, the internal control procedures, legal risk management, a current and prospective analysis of Lagard•re Sports and the nancial statements of Lagard•re Capital and Management (LC&M), presented by one of the Managing Partners. The Committee also examined changes in the remuneration of the Managing Partners and Executive Committee, including the components and criteria for variation. It had no observations to make on those changes.

With the exception of the remuneration review, these meetings took place in the presence of the Chief Financial Of cer, the Central Accountancy Director (at the meetings reviewing the annual and half-yearly nancial statements), the Group s Legal Director (at the meeting concerning management of legal risks, the Director of Management Controls, the Director of Internal Audit, and the Statutory Auditors.

When the Audit Committee reviewed the nancial statements, the Chief Financial Of cer gave a presentation of risk exposure and signi cant off balance sheet commitments.

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

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 December 2008. This Code is available from the Corporate Governance section of Lagard•re 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, limited partnerships with shares have 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 Lagard•re s speci cities in terms of French law and its own by-laws as a limited partnership with shares, the Board has adopted an organisation structure considered 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 Lagard•re, 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 1) above), higher than the Code s recommendation of one third for controlled companies.

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 Ch•ne s employee status does not disqualify her as an independent member, since she bene ts from a protective legal status due to her functions as union representative on the Group Employees Committee. However, in the case of Mr. R.H. L vy, employee status has been considered incompatible with quali cation as an independent Board member;
- 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 Lagard•re SCA or a company in which a Managing Partner or Supervisory Board member of Lagard•re SCA holds a non-executive position does not affect the independence of Mr. Fran•ois David, who was a director of EADS from 2004 to 2007, or of Mr. Pierre Lescure or Mr. Pierre Leroy (Co-Managing Partner of Lagard•re SCA), who are both members of the Supervisory Board of Le Monde SA.

B) TERMS OF OFFICE

It has been 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, is highly appropriate. Furthermore, given the number of members, with a six-year term one third of the Board can be renewed every two years.

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 six members (ve 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, nance and audit.

Since Lagard•re systematically renews one third of Board members every two years, it has considered it unnecessary to set up an Appointments Committee. The Board itself can carry out the relevant work.

Finally, given Lagard•re s speci cities in terms of French law and its own by-laws as a limited partnership with shares, and the fact that Management is paid by another company, LC&M, through its service agreement with the Group, the Board considers that there is currently no need to set up a Remuneration Committee. Nevertheless, since the service agreement is treated as a regulated agreement and is closely monitored by the Board, the Board has asked the Audit Committee to have LC&M s accounts for this agreement presented to it every year. The Committee will carry out a detailed review of trends and components of the remuneration concerned, which form an essential component of LC&M s expenses, and report to the Board on this review and any resulting comments.

D) OPERATION OF THE BOARD

The Board has not previously considered it desirable to implement a procedure to evaluate the way its organisation and operations. However, as recent regulations have signi cantly 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 the Audit Committee.

E) REMUNERATION OF THE SUPERVISORY BOARD

The proposal will be made at a future Board meeting to modify the distribution of attendance fees between members, in order to re ect the actual participation by Board members in Board and Audit Committee meetings.

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 . The Company s by-laws can be consulted on its website (Investor relations Corporate governance Articles of Association).

Internal control and risk management procedures

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

A working party has been set up with the Group s Finance, Audit and Legal Divisions to de ne 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 Division of the Lagard•re Group to draw up a brief report on internal control and risk management procedures existing in the Division, based on supporting documents and prede ned speci cations. I have personally examined the corresponding reports.

The working party s analysis using 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 7-4-3 of the 2008 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 system, which is described in the Vivendi Annual Report. These procedures are not reported in the Lagard•re Reference Document.

The Chairman of the Supervisory Board

7-4-3 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

7-4-3-1 DESCRIPTION OF INTERNAL CONTROL PROCEDURES

A) FRAMEWORK, RESPONSIBILITIES, OBJECTIVES AND SCOPE

A-1 GUIDELINES FOLLOWED AND DUTIES

The following description of internal control procedures in force at Lagard•re SCA is based on the published internal control framework recommended by the Financial Markets Authority (AMF). This description has been prepared by a working party set up within the Group to establish its methods and monitor application; this working party based its analysis on the areas for attention de ned in this framework and the associated implementation guidelines.

Each division head in the Group has been asked to draw up a brief description, following prede ned speci cations, of their own division s internal control and risk management procedures, based on the relevant supporting documents.

A-2 OBJECTIVES AND LIMITATIONS OF THE INTERNAL CONTROL SYSTEM

Lagard•re SCA has introduced a certain number of internal control procedures designed to ensure:

- compliance with applicable laws and regulations;
- application of the instructions and orientations de ned by the Managing Partners;
- proper operation of the Group s internal processes, particularly regarding safeguarding of its assets;
- reliability of nancial information; and in general to contribute to control of its business, ef ciency of operations and ef cient use of resources.

However, the effectiveness of the internal control procedures is affected by the limitations inherent to any organised system.

A-3 SCOPE OF THE INTERNAL CONTROL SYSTEM

The procedures described below apply to subsidiaries that are fully consolidated in the Lagard•re Group nancial statements.

As Lagard•re SCA only exercises signi cant in uence over companies accounted for by the equity method, those companies are not covered by the Group s internal control system, although the Group may have speci c control rights related to its status as a special shareholder. The internal control system in place in 2008 at EADS NV and Canal+ France (which is subject to Vivendi group procedures) are described in the EADS Registration Document and the Vivendi Annual Report respectively.

Companies that have recently entered the scope of the Lagard•re SCA internal control system are progressively adapting their own internal control procedures for harmonisation with the Group s system.

B) ORGANISATION AND DEFINITION OF RESPONSIBILITIES

Section 7-4-2 contains a description of the Group s internal organisation and operations: Managing Partners, Central Divisions, Operating Units, the Financial Committee and other committees. Each of them has a duty to implement internal control for the scope under its responsibility.

Some bodies are more speci cally involved in implementation of internal control, mainly the following divisions: the Audit Division, the Group s Legal Division, and in the Finance Division, the Management Control, Accounting and Risks Divisions.

C) INTERNAL CONTROL FOR PREPARATION OF FINANCIAL AND ACCOUNTING INFORMATION

C-1 REFERENCE DOCUMENTS AND PROCEDURE GUIDES FOR FINANCIAL REPORTING AND THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

All persons concerned by the Group's financial reporting must adhere to a collection of reference documents defining the common principles for establishing the consolidated financial statements and monitoring forecasts. In particular, the *Guide du Reporting du Groupe Lagardère* (Lagardère Group Reporting system guide) provides details of a Charter for consolidation procedures, and a set of definitions of the main indicators used in the consolidated reporting package. There are also user and operator guides to the management system used by all Group companies, with details of the corresponding tasks.

Other key documents are provided to all concerned, particularly for the preparation of the consolidated financial statements. They include:

- a document setting out the methods for annual impairment tests applied to intangible assets and goodwill arising upon acquisitions;
- a framework document defining the off-balance sheet items to be reported in the notes to the financial statements, and the treatment applicable;
- specific instructions issued when there are changes in accounting standards or their application.

C-2 PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS, REPORTING SYSTEM

C-2-1 *The reporting system: frequency and timing*

The Lagardère Group's reporting system is structured by Operating Units (OUs). It is decentralised, hence each Operating Unit is responsible for producing its own figures.

The financial and non-financial information collected and consolidated using the Lagardère Group's reporting system must comply with legal requirements and satisfy the Group's own control and management needs. This information includes an income statement by activity and management indicators specific to each business type.

The overall reporting cycle is based on common principles and uses a single data base and management system shared by all the financial departments in charge of providing the information required, whether specific to management indicators or intended for publication.

This unified organisation of the cycle relies on the financial departments of each Operating Unit, and the Group's Finance Division. Under the supervision of the Group's Finance Division, the reporting system is designed to meet management control needs and also to guarantee the relevance and quality of the financial information published, thus fostering greater coherence between the various reporting systems, the business activities covered and the consolidation methods used.

C-2-2 *Preparation of budgets*

During the final quarter of the calendar year, all divisions of the Group establish their three-year budgets, and submit to the Financial Committee a summary comprising the following key information with notes:

- sales;
- operating income and expenses;
- profit before finance costs and tax;
- net finance costs;
- profit for the year;
- cash flows from operations;
- free cash flow;
- cash flows from operating and investing activities;
- capital increases;
- dividends;
- capital employed;
- net indebtedness.

These data are integrated into the common data base referred to above, and used in preparing the Group's annual three-year plan.

C-2-3 Reporting, monthly Group reports

Each Group company s nancial departments enter data from their own monthly accounts into the Group s nancial data base.

For each Operating Unit, these data include a balance sheet and an income statement with notes, and the principal key indicators from the income statement.

Careful attention is paid to regular revision of forecast gures such as year-end estimates.

These data are included in the Monthly Group Report established by the Group s Management Control Division and submitted to the Managing Partners and Group s principal managers. This document lists the evolutions in the following key indicators for each division, with comments for each Operating Unit:

- sales;
- operating pro t before associates;
- income from associates and other information;
- net nance costs;
- income tax expense;
- net income before discontinued operations and minority interests;
- cash ow from operations;
- change in working capital requirement;
- income taxes paid, interest paid and received;
- net purchases of tangible and intangible assets;
- free cash ow;
- net cash from nancing activities;
- cash ows from operating and investing activities;
- change in cash surplus or net indebtedness;
- capital employed;
- cash surplus or net indebtedness.

The Monthly Group Report is presented to the Group s Chief Financial Of cer before nal distribution.

The Finance Division also prepares a monthly analysis of cash ows and balances for each Operating Unit, and a breakdown of bank covenants described in note 28-1-1 to the consolidated nancial statements, in Chapter 6.

C-2-4 Half-yearly and annual consolidated financial statements

Additional information is supplied for the establishment of the half-yearly or annual consolidated nancial statements for publication.

Chapter 6 contains a description of the principles and methods used in establishing the consolidated financial statements. For certain types of information, such as breakdowns of intercompany transactions, off-balance sheet commitments and derivatives, procedures are set out in memos applicable to all Group companies.

C-3 RELIABILITY AND CHANGES IN THE SINGLE DATABASE AND MANAGEMENT SYSTEM

C-3-1 Reliability of data entry

The single management system includes blocking controls which help prevent incidents and problems, and improve the reliability of data entry.

C-3-2 Security

As described in 7-4-3-2 - D-7 (System and IT network security), the Group s IT Division, together with the Risks Division, carries out frequent internal-evaluation surveys to assess the security of the systems and IT networks contributing to improve the security of these systems and networks.

C-3-3 Changes in the single database and management system

The single database and management system and its settings are upgraded to the latest versions as often as necessary. Speci c resources (as described in C-3-2) are dedicated to data integrity, availability and con dentiality.

D) CONTROL PROCEDURES FOR COMMITMENTS AND CASH FLOWS

D-1 INVESTMENT AND DIVESTMENT PROCEDURE

The Group s investment procedure applies to:

- all nancial investments or divestments and
- all acquisitions and disposals of tangible or intangible assets of over €10 million if previously planned, or €5 million if the transaction was not included in budgets, or lower amounts if the transaction has any effect related to anti-trust regulations, namely with regard to mono and plurimedia concentration thresholds.

The acquisitions and disposals under consideration are presented to the Financial Committee, which is chaired by the Group s Chief Financial Of cer.

The Financial Committee issues an opinion by any appropriate means to the Managing Partners, after assessing the strategic value of the proposed transaction, after verifying that the risks generated by the transaction are known and can be managed, and after validating the underlying assumptions used to analyse pro tability, based on the methodology and spreadsheets de ned by the Group s Finance Division.

This procedure does not apply to cash management, or to capital increases by consolidated and/or controlled companies through incorporation of current account advances.

D-2 FINANCE AND CASH MANAGEMENT

The Cash Management and Financing Division de nes the circumstances in which it uses banks for external nancing or cash management services.

D-2-1 External financing

In general, only Lagard•re SCA uses medium or long-term bank or market nancing, and nances the divisions itself. Apart from the nancing of normal business operations, the divisions retain responsibility for certain previously-negotiated transactions, or speci c operations such as securitisation; however, these operations require advance authorisation and are reported to the Group s Finance Division on a regular basis.

The Group s Finance Division can thus monitor the use of capital by companies in the Group. As explained in section C-2-3, this division permanently monitors bank covenants which are binding on the whole Group.

D-2-2 Cash/Treasury management

Cash investments must be in xed-income instruments issued by top quality issuers, with maturities appropriate to the expected term of the investments. Speculative or high-risk investments are not permitted.

D-2-3 Hedging policy and market risk monitoring

The hedging and market risk monitoring policy is described in Chapter 3, section 3-4. The Group s General Management and operational managers regularly adjust the hedging policy and the corresponding control system in the light of the resulting priorities.

E) COMPLIANCE WITH THE MAIN LAWS AND REGULATIONS APPLICABLE TO THE GROUP – PROTECTION OF THE GROUP'S PROPERTY AND RIGHTS

The Group s business is governed by a certain number of laws and specific regulations, as set out in Chapter 3, section 3-3-1.

E-1 COMPLIANCE WITH THE MAIN LAWS AND REGULATIONS APPLICABLE TO LAGARDÈRE SCA

The Group s Legal Division, which reports to the Group Secretary General, is responsible for ensuring that the main laws and regulations applicable to Lagard•re SCA are complied with.

In particular, this division examines mergers and acquisitions (partnerships, acquisitions, disposals, internal restructurings, etc) that are signi cant for Lagard•re SCA, and supervises Lagard•re SCAs organisation of nancing operations and off-balance sheet commitments.

The Group s Legal Division also ensures that procedures designed to guarantee compliance by Lagard•re SCA with the anti-trust requirements of the French law of 30 September 1986 on freedom of communication are properly applied.

Finally, it is involved in all legal aspects of Lagard•re SCAs business. In this capacity, it monitors application of stock exchange regulations, since Lagard•re SCA is listed on the Euronext Paris *Compartiment A,* and in 2006 introduced the full procedure necessary to prepare lists of insiders, in application of EU regulations.

E-2 COMPLIANCE WITH THE MAIN LAWS AND REGULATIONS APPLICABLE TO THE DIVISIONS

The Group s Legal Division is informed of all procedures introduced in each division to ensure compliance with the laws and regulations specific to their activity, and these procedures are regularly monitored by these division s management bodies via their Legal Department or by external advisors.

E-3 LITIGATION MANAGEMENT

The Group s Legal Division manages all litigation involving Lagard•re SCA, and any litigation involving the divisions when the potential consequences in terms of finance or image are considered significant for the Group. All other division-level litigation is handled by the Legal Department of the division concerned and/or by external advisors.

E-4 PROTECTION OF THE GROUP'S PROPERTY AND RIGHTS

The Group s brands and intellectual property rights are an essential part of its entire portfolio of property and rights.

The Group s Operating Units own a large number of undeniably well-known brands, which are directly managed and protected by the units.

In view of the importance of brand awareness for its business, particularly in press activities, audiovisual production, distribution and book publishing, the Group dedicates signi cant resources to protecting its portfolio of commercial brands. They are protected by registration, which is regularly renewed, and by legal action against any counterfeiters. The Group has set up a system for regular monitoring of brands, in liaison with specialist external advisors, to counteract all signi cant risks that may affect the validity of the Group s rights over those brands.

As the Lagard•re brand is being increasingly used through the Group s business, in view of the resulting exposure the Group set up a wide-ranging policy in 2007 to extend international protection of the Lagard•re name to cover areas where the Group is currently in development or expanding. This policy was pursued in 2008, and protection for the Lagard•re brand is now established in all the continents.

E-5 REPORTING OF EXCEPTIONAL DIVISION TRANSACTIONS TO THE GROUP'S LEGAL DIVISION

The Group s Legal Division is informed of exceptional transactions planned by the divisions, including:

- acquisitions and disposals, which are reported under the procedure described in 7-4-3-1 - D-1 above. The Legal Division is represented at all nancial committee meetings in order to keep abreast of such transactions;
- contractual commitments which individually involve nancial commitments or off-balance sheet commitments that are signi cant at Group level, and
- legal restructuring plans involving major operational entities.

F) MONITORING OF PROCEDURES

F-1 AUDIT

The Group s Audit Division, supervised by the Managing Partners, carries out permanent internal audit work either as part of the annual audit plan or following speci c requests from the Managing Partners and the Group s Finance Division or from the heads of the divisions. Its scope of intervention includes all fully-consolidated companies.

The main areas covered are:

- internal control reviews,
- participation in connection with mergers, acquisitions or sales,
- review of operational or nancial risks,
- monitoring of action plans issued after audits.

The Group s Audit Division presents to the Audit Committee the annual audit plan, a summary of the work carried out, the resulting conclusions and details of their application. The Audit Committee is thus able to examine the main conclusions resulting from internal audit work and ask any questions considered necessary.

In addition to the work done by the Group s Audit Division, further action may be taken directly by the divisions on their own behalf.

F-2 INTERNAL EVALUATION OF INTERNAL CONTROL

An internal self-assessment procedure exists for the internal control at Lagard•re SCAs main entities/subsidiaries.

The objectives are to further improve the control and ef ciency of operations for continuous improvement, and clearly de ne the internal control responsibilities of operational staff.

The methodology is based on definition of a Group reference framework consisting of eight financial and seven operational processes, concerning 195 risks covered by 386 points of control. For each point of control, the self-assessment aims to list and formally de ne the existing procedures and controls. An action plan is drawn up where necessary for certain key controls in response to the areas for improvement identi ed.

The resulting information is used by operational management in their quality assessment of the internal control procedures they oversee, and for implementation of improvement plans.

This internal evaluation approach leads to better formal definition of internal control procedures, and their appropriation by all operational managers. Progress on the improvement plans identi ed by operational staff is also monitored.

F-3 CHANGES IN PROCEDURES

More generally, the Group s General Management and operational managers adjust the risk control and management procedures according to the priorities identi ed as a result of all the monitoring actions.

7-4-3-2 DESCRIPTION OF RISK MANAGEMENT PROCEDURES

Like any corporation, Lagard•re is exposed to a variety of risks in the normal course of its business. The principal exposures identi ed are described in Chapter 3 Risk factors . The Group pays particular attention to risk management, both at Division and central levels, under the coordination of central management.

A) BASIC PRINCIPLES

The Group accepts exposure to a controlled level of business risk in the course of its business activities.

The components of risk management are therefore designed to provide reasonable assurance that the level of risk taken by the Group is not likely to compromise the results expected by the Managing Partners.

These components help both to manage the risks inherent to the Group s business and to reduce undesirable additional risks.

However, given the limitations inherent to addressing contingencies, these components cannot guarantee that all risks the Group may encounter in the future have been correctly analysed or even identi ed.

B) ORGANISATION AND DEFINITION OF DUTIES

In compliance with the Group s general organisation structure, the operational and functional managers remain in charge of the risks related to their respective elds of activity.

The General Management at the Head Of ce focuses particularly on monitoring of risks that can only be assessed at Group level or are considered signi cant at Group level due to their individual or cumulative scale.

As a rule, risk management is an integral part of the Group s management procedures and cannot be separated from them. However, certain procedures are speci cally dedicated to risks, for example risk mapping or setting up insurance coverage.

The Central Divisions play a support, monitoring and coordination role in this respect.

Within the Finance Division, the Risk Division is in charge of proposing and heading the risk management policy. Working closely with the other Central Divisions and the Group s business divisions, the Risk Division provides methodological support and advice, particularly for identi cation, analysis and quanti cation of risks, and also when nancial or insurance coverage is set up. It is responsible for providing a synthesis on the Group s risks.

C) IDENTIFICATION AND ANALYSIS OF RISKS

A certain number of the Group's procedures contribute to risk identification, particularly:

- audit reviews,
- reporting activities described in sections 7-4-3-1 - C-1 and C-2, particularly for impairment tests and monitoring of off-balance sheet commitments,
- risk intelligence activities by the various administrative and business divisions,
- the investment procedure, which includes a section specifically dedicated to risks, and more generally pre-acquisition or pre-sale audits,
- review and regular renegotiation of insurance programmes,
- thematic reviews conducted as and when necessary, for instance the investigation into IT systems and networks.

Lagardère SCA and its divisions continue their **general risk mapping** policy, in order to rank the main risks to which the Group could consider itself exposed by seriousness, possibility of occurrence and degree of controllability.

The factors taken into account for risk analysis include: potential seriousness, likelihood of occurrence, emergence period, possible scenarios, internal and external limiting or aggravating factors, current and proposed control measures.

D) MANAGEMENT PROCEDURES

D-1 STRATEGIC AND COMMERCIAL RISKS: WORLDWIDE ADVERTISING MARKETS, ECONOMIC CLIMATE, CHANGES IN CONSUMER BEHAVIOUR

The Group's procedures for management of strategic and commercial risks form an integral part of its decision-making process.

Among other duties, the business divisions' General Managements are responsible for monitoring risks related to the economic climate and the worldwide advertising markets, technological developments and changes in consumer behaviour.

D-2 LEGAL RISKS

The management procedures for legal risks are an integral part of the relevant internal control procedures as described in section 7-4-3-1 - E.

D-3 PAPER PRICES

Lagardère is very attentive to changes in paper prices: Lagardère Publishing's paper purchases are supervised by its Technical Division, and Lagardère Active's paper purchases are supervised by its Paper Procurement Department.

The risk of unfavourable developments in paper prices can be alleviated by inclusion of price smoothing clauses in purchasing contracts whenever it is possible to negotiate such clauses on acceptable economic terms.

D-4 MARKET RISKS (INTEREST RATE, EXCHANGE RATE, AND EQUITY RISKS)

The following description is taken from note 28 to the consolidated financial statements in Chapter 6.

"Market risks are monitored at Group level by the Cash Management and Financing Division in cooperation with the Risks Division, under the responsibility of the Group's Chief Financial Executive.

"Periodic reports are submitted to General Management. The Group has implemented a specific policy to reduce risks, introducing authorisation procedures and internal controls and using risk management tools to identify and quantify these risks.

Derivatives are used exclusively in non-speculative hedging transactions.

Interest rate risks

The Group does not use active interest rate management techniques in relation to any of its financial assets or liabilities.

Cash and cash equivalents are invested in money market mutual funds, with no related derivative instruments.

D-5 CREDIT AND COUNTERPARTY RISKS

The following description is taken from note 28 to the consolidated nancial statements in Chapter 6.

Each Division is responsible for managing its own credit risks in a decentralised way as appropriate to the speci cities of its market and customer base.

For new customers with the potential for large volumes of business with the Group, analyses are carried out and information (such as external credit ratings or bank references) is sought before entering into transactions, and speci c guarantees or credit insurance may be arranged as a result. Counterparty-speci c credit limits may also be set.

In newly-consolidated activities, action is taken for progressive introduction of monitoring procedures appropriate for credit risks.

In 2008 the Group stepped up the frequency and level of detail of periodic reporting on counterparty risks, for closer monitoring of the Group s consolidated exposure to risks on the principal counterparties and variations in accumulated receivables.

Also, as indicated in section 7-4-3-1 - D-1-1, the Cash Management and Financing Division is responsible for ensuring that the nancial institutions with which the Group does business are of good quality .

D-6 INDUSTRIAL AND ENVIRONMENTAL RISKS

The Group pays careful attention to industrial risk prevention and environmental protection, in line with its social and environmental policy, which is presented in Chapter 5.

D-6-1 Prevention policy

Management of industrial and environmental risks is the duty of the operational managers of the sites concerned, with particular emphasis on compliance with the relevant regulations and standards.

The operational managers of sites for which certain environmental risks have been identi ed apply the regulations concerned and implement operational procedures, quality systems and a range of security measures speci c to the business lines.

In view of the industrial past of certain Lagard•re sites, the Group remains attentive to any environmental damage that may come to light.

D-6-2 Assessment of impact

Due to the limited nature of the Group s industrial and environmental risks, costs related to evaluation, prevention and remediation of those risks are included in the relevant investment and expense items and are not separately valued.

D-7 SYSTEM AND IT NETWORK SECURITY

The Group s IT Division, together with the Risks Division, carries out frequent internal-evaluation surveys to assess IT system and network security. These surveys examine:

- the organisation and general security of information systems;
- physical security (against intruders or accidents);
- workstations (administration and protection);
- networks (local, remote, and Internet);
- control of access to resources;
- availability of applications and data.

All measures to preserve data con dentiality, protect the systems against intruders, and minimise the risk of system breakdown are adjusted based on the results of these surveys.

A charter for use of the information systems applies to all Group employees.

The Group is also continuing to extend its secure communication network, both in France and internationally.

D-8 INSURANCE

The nancial consequences of certain risks can be covered by insurance policies when this is justi ed by the scale of the risk, provided insurance coverage is available at acceptable conditions.

The major insurance policies cover property, business interruption and civil liability. Depending on the type of risk, coverage consists of permanent policies and additional or temporary coverage for speci c projects.

The Group generally seeks to insure all insurable assets for their estimated value, and business interruptions for their estimated cost, in keeping with the relevant best practices.

However, given the diversity of situations and the speci cities of the insurance market, it cannot be considered that the Group will be covered by insurance in all circumstances, nor that existing insurance coverage will always be effective.

The Risks Division is in charge of overseeing use of insurance in the Group, with a coordination and advisory role in this respect.

E) *MONITORING AND CHANGES IN PROCEDURES*

The Group takes internal measures to strengthen the risk control culture through information-sharing and consciousness-raising, and to reinforce the speci c visibility of certain emerging risks and the capacity to cope with potential crises.

Components of risk management may fall into the scope of the work by the Group s Audit Division, and risk management is part of the cycles covered by the internal control s internal evaluation, referred to in section 7-4-3-1 - F-2.

More generally, the Group s General Management and operational managers adjust the risk control and management procedures according to the priorities identi ed as a result of all the monitoring actions.

7-4-3-3 STATUTORY AUDITORS' REPORT ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF LAGARDÈRE SCA IN ACCORDANCE WITH ARTICLE L. 226-10-1 OF THE FRENCH COMMERCIAL CODE (CODE DE COMMERCE)

To the Shareholders,

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

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

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

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

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

obtaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and nancial information on which the information presented in the chairman s report is based and of the existing documentation;

obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;

determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman s report.

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

Courbevoie and Neuilly-sur-Seine, 23 March 2009

The Statutory Auditors

MAZARS
(French original signed by :)
Bruno Balaire

ERNST & YOUNG ET AUTRES
(French original signed by :)
Jean-Fran•ois Ginies

7 - 5 TRANSACTIONS CONCLUDED WITH RELATED PARTIES (MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD)

7-5-1 TRANSACTIONS CONCLUDED WITH LAGARDÈRE CAPITAL & MANAGEMENT (LC&M)

Lagard•re Capital & Management, controlled and chaired by Mr. Arnaud Lagard•re, who is also a General and Managing Partner of Lagard•re SCA, is the material embodiment of the Group. Lagard•re Capital & Management provides an array of management resources and skills to both the Group and each of its component parts, with the following aims:

- over the long term, to guarantee that the Group s operating businesses have the best environment required for expansion,
- to bring them the economic and nancial power of a Group with sales of €8.2 billion,
- to supply the Group with strategic planning and operational services, coupled with high quality management services, including principally:
  - designing and developing economic, political and financial strategic scenarios; providing project monitoring skills;
  - providing research and follow up concerning major markets and their evolution; assessing factors in different market environments that may create new opportunities;
  - keeping a watchful eye on potential investments, divestments and development of alliances with other companies;
  - managing business negotiations such as divestments, mergers and acquisitions;
  - orchestrating corporate operations, including state-of-the-art nance and capital management techniques;
  - establishing and maintaining relations in banking and nance, with particular attention to the characteristics of the various countries in which the Group does or plans to do business;
  - enhancing human resources by attracting high-potential management personnel;
  - providing overall management of the Group s image.

To attain these goals and accomplish its mission, Lagard•re Capital & Management employs the principal senior managers forming the Group s Executive Committee. The role of the Executive Committee, in collaboration with the Managing Partners, is to develop and ensure the application of Group strategy, to lead the Group s development, to take the resultant necessary decisions and implement them globally at Parent Company level and in the Group s different business activities. Lagard•re Capital & Management is responsible for paying the entire remuneration and related working expenses of these managers, and the fees of outside French or international consultants that may be required.

Lagard•re Capital & Management s mission is carried out within the framework of its agreement with Lagard•re Ressources (formerly Matra Hachette G n ral). This agreement is described each year in the Auditors Special Report issued under article L.226-10 of the French Commercial Code and published in the annual report.

Since 2004, the remuneration of Lagard•re Capital & Management is equal to the amount of expenses it incurs in carrying out its mission, plus a margin of 10%, with an absolute upper limit set at €1 million. Expenses charged are examined for each scal year by the Audit Committee, which pronounces an opinion on the way they are changing. After examination by the Audit Committee, this remuneration package was approved by the Supervisory Board on 12 March 2004.

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As a result, in 2008, Lagard•re Capital & Management invoiced €18.9 million to the Group, compared to €19.3 million in 2007. Payroll costs recorded by Lagard•re Capital & Management amounted to € 14.4 million. This figure corresponds to €8.8 million for gross salaries and includes a pension provision. After deducting other expenses (support costs reimbursed to the Group and outside resources costs), this left operating pro t after tax from the above agreement of €0.66 million.

7-5-2 TRANSACTIONS CONCLUDED WITH MEMBERS OF THE SUPERVISORY BOARD

See sections 7-2-4-2 to 7-2-4-4.

CHAPTER 8

Other information on the Company

8 - 1 SHARE CAPITAL

8-1-1 AMOUNT AND CHANGES IN THE SHARE CAPITAL

8-1-1-1 AMOUNT

On 31 December 2008, the share capital of the Company amounted to €799,913,044.60 and was divided into 131,133,286 shares of par value €6.10 each, all ranking pari passu and fully paid.

8-1-1-2 CHANGES IN THE SHARE CAPITAL OVER THE LAST FIVE YEARS

/// Amounts

Years	Type of operation	Number of shares	Nominal amount *(in euros)*	Premium *(in euros)*	Total share capital *(in euros)*	Total number of shares
2004	Exercise of share subscription options	1,201,486	7,329,065	24,273,251	858,993,978	140,818,685
2005		1,223,435	7,462,953	32,291,722	866,456,932	142,042,120
2006		649,111	3,959,577	24,764,519	870,416,509	142,691,231
2007	Reduction of share capital	(8,561,474)	(52,224,991)	(437,478,371)	818,191,517	134,129,757
	Exercise of options	3,529	21,526	198,368	818,213,044	134,133,286
2008	Reduction of share capital	3,000,000	18,300,000	(121,807,204)	799,913,044	131,133,286

As shown in the above table, all changes in the share capital over the last ve years result from the exercise of share subscription options by employees and the share capital reduction by cancellation of treasury shares.

8-1-2 TREASURY STOCK

8-1-2-1 AMOUNTS

At 31 December 2008, the Company directly held 4,179,948 of its own shares (par value: €6.10), representing 3.19% of the total share capital at that date. The total cost of these shares was €158,880,166.53.

Based on the average weighted market price of Lagard•re SCAs shares in December 2008 a provision of €40,002,445.41 was recorded, reducing the total carrying value of treasury shares directly held by the Company to €118,877,721.12.

Based on the average weighted market price of Lagard•re SCAs shares in December 2008 (€28.4447619 per share), the total market value of treasury shares held by the Company was €118,877,721.12.

8-1-2-2 SHARE BUYBACK PROGRAMMES: SHARES ACQUIRED, SOLD, TRANSFERRED OR CANCELLED

A) OPERATIONS CARRIED OUT IN 2008

Under the authorisations granted to the Company by the General Meetings of 27 April 2007 and 29 April 2008, your Company carried out several buyback operations in 2008 with the following four major objectives: allocation of shares to employees (remittal to beneficiaries of purchase option plans or free share allocation plan), reduction of the share capital, acquisition of shares for retention in view of future transfers or exchanges in consideration for acquisitions, and ensuring proper liquidity of the market for Lagardère SCA's shares through a liquidity contract.

A-1 ACQUISITIONS

In 2008, the Company:

- acquired 3,073,236 shares, representing 2.34% of the share capital, on the market, for retention in view of future transfers or exchanges in consideration for acquisitions, for a total of €99,900,045.16 or an average per-share price of €32.51. These shares were acquired through investment companies authorised to act independently on Lagardère's behalf;
- received 707,627 shares from its subsidiary MP 55 which was absorbed by Lagardère SCA following a decision by the General Meeting of 29 April 2008, representing 0.55% of the share capital with a value of €13,811,776.04. These shares are held for retention in view of future transfers or exchanges in consideration for acquisitions;
- under a €20 million liquidity contract signed in mid-October 2008 for a period of one year with Crédit Agricole Chevreux in order to maintain liquidity of the Company's shares:
  - acquired 464,537 shares for a total price of €12,900,150.49 or an average per-share price of €27.78;
  - sold 360,557 shares for a total price of €10,025,768.62 or an average per-share price of €27.81.

A-2 PARTIAL REALLOCATION FOR OTHER USES

In February 2008, 400,000 of the shares held for retention were reassigned to the objective of allocation to employees to fully cover the December 2007 free share allocation plan.

In June 2008, 36,958 of the shares held for retention were reassigned to the objective of attribution to employees, in order reach full coverage of Hachette Filipacchi Médias' obligations to former employees.

In July 2008, for the purpose of reducing its share capital, 3,000,000 shares held for retention in view of future transfers or exchanges in consideration for acquisitions, including the 707,627 shares received from the subsidiary MP 55, were reassigned to the share capital reduction objective.

A-3 UTILISATIONS

In 2008, the Company:

- cancelled 3,000,000 shares on 21 July 2008, representing 2.23% of the share capital;
- sold 8,081 shares to Group employees as a result of stock purchase options exercised for a total of €421,283.91 or an average per-share price of €52.13.

B) POSITION AT 31 DECEMBER 2008

At the end of December 2008, 4,179,948 shares directly held by the Company and representing 3.19% of the share capital were allocated as follows:

- 1,599,650 shares for future allocation to employees (stock purchase option plans, share exchanges with Press division employees, free share allocation plan, etc.), representing 1.22% of the share capital;
- 2,476,698 shares for retention in view of future transfers or exchanges in consideration for acquisitions, representing 1.89% of the share capital;
- 104,000 shares for ensuring proper liquidity of the market for Lagardère SCA's shares, representing 0.08% of the share capital.

Lagard•re also held rights to purchase 7,371,041 shares from Barclays Bank Plc in the form of call options and optional repos at the prices stated below, for subsequent resale at the same prices to Group employees bene ting from the stock purchase option plans awarded between 2002 and 2006.

Date of Plan	Number of shares to be acquired	Exercise price *(in euros)*	Expiry date for call options and optional repos
2002	1,029,048	51.45	19 December 2009
2003	1,353,068	51.45	18 December 2013
2004	1,515,831	51.92	20 November 2014
2005	1,651,194	56.97	21 November 2011
2006	1,821,900	55.84	14 December 2012

C) OPERATIONS CARRIED OUT UNDER THE AUTHORISATION GRANTED BY THE GENERAL MEETING OF 29 APRIL 2008

The General Meeting of 29 April 2008 renewed the authorisation granted to the Managing Partners by the General Meeting of 27 April 2007 to acquire Lagard•re SCA shares representing up to 10% of the share capital, for a maximum amount of €700 million, and at a maximum per-share purchase price of €80, mainly for the following purposes:

allocation to employees;

retention in view of future transfers or exchanges in consideration for acquisitions;

ensuring proper liquidity of the market for Lagard•re SCAs shares, within the framework of a liquidity contract signed with an independent investment services rm, whose terms and conditions comply with the Code of Conduct recognised by the French Financial Market Authority (AMF);

reduction of the share capital by cancelling all or some of the shares purchased.

The corresponding share buyback programme was described in a press release issued on 9 September 2008.

This authorisation was granted for an 18-month period starting on 29 April 2008.

In execution of this authorisation, between 29 April 2008 and 31 December 2008, the Company carried out the following transactions:

acquisition on the market through independent investment services rms of 3,073,236 shares representing 2.34% of the share capital, for a total price of €99,900,045.16 (€32.51 per share). These shares are to be held for retention in view of future transfers or exchanges in consideration for acquisitions; some were assigned to the objective of future capital reductions in July 2008 and subsequently cancelled;

sale of 2,023 shares for a total price of €104,083.35 to employees who exercised their stock purchase options plans;

acquisition of 464,537 shares for a total price of €12,900,150.49, and sale of 360,557 shares for a total price of €10,025,768.62, on the market, under the liquidity contract referred to above.

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The Annual General Meeting of 28 April 2009 will be asked to renew this authorisation.

8-1-3 OTHER SECURITIES AND RIGHTS GRANTING ACCESS TO THE COMPANY'S SHARE CAPITAL

8-1-3-1 SECURITIES

None of the existing securities grant or may grant immediate or future access to the Company s share capital.

8-1-3-2 SHARE SUBSCRIPTION OPTIONS

At 31 December 2008, there were no subscription options outstanding which if exercised would result in the issue of an equivalent number of new shares, the last share subscription plan having expired in December 2007.

8-1-3-3 FREE SHARE ALLOCATIONS

The shares due to be remitted to employees on 19 December 2009 as a result of attribution on 28 December 2007 will be taken from treasury stock purchased by the Company under its buyback programmes.

8-1-4 AUTHORISED, UNISSUED SHARE CAPITAL

The Combined General Meeting of 27 April 2007 authorised the Managing Partners, for a period of 26 months:

- to issue, with or without preferential subscription rights, securities granting immediate or future access to the Company s capital, within the following limits:
  - maximum nominal amount of capital increases which may result from authorised issues, representing 36.67% of the existing share capital: .... €300 million
  - maximum authorised for bond issues: .... €2,500 million
- to increase the share capital by incorporating reserves or share premiums and issue bonus shares to shareholders (or raise the par value of existing shares): .... €300 million
- to issue new shares, allocate free shares or grant stock subscription or purchase options to Group employees, within the limit of 5% of the number of shares making up the share capital, i.e. a maximum nominal amount of capital increase of: .... €40.9 million

It being understood that:

- the number of shares issued to the bene t of employees under the Group Savings Plan cannot exceed 3% of the total number of shares making up the share capital;
- the number of free shares allocated to employees and senior managers of the Group cannot exceed 1% of the total number of shares making up the share capital;
- the number of shares allocated under stock subscription or purchase options cannot exceed 3% of the total number of shares making up the share capital.

None of these authorisations was used by the Managing Partners during 2008.

Concerning securities that do not grant access to the Company s capital, it should be noted that the Meeting of 27 April 2007 renewed the authorisation granted to the Managing Partners to issue, on one or more occasions, bonds and securities other than securities granting access to the Company s capital, up to a maximum amount of €2.5 billion.

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The Annual General Meeting of 28 April 2009 will be asked to renew all these authorisations.

8-1-5 PLEDGES OF COMPANY SHARES

8-1-5-1 PLEDGES OF REGISTERED SHARES OF THE COMPANY AT 31 DECEMBER 2008

Number of shareholders: 145.

Number of shares: 13,446,549, or 10.25% of the share capital.

8-1-5-2 PLEDGES OF COMPANY SHARES REGISTERED IN THE NAMES OF SHAREHOLDERS HOLDING MORE THAN 0.5% OF THE SHARE CAPITAL AT 31 DECEMBER 2008

These pledges concern 13,387,400 shares held by Lagard•re Capital & Management, or 10.21% of the share capital.

8-1-6 STOCK MARKET INFORMATION

8-1-6-1 GENERAL

Number of shares making up the share capital at 31 December 2008: 131,133,286.

Number of shares listed on 31 December 2008: 131,133,286.

Listed: Euronext Paris *Marché Eurolist, Compartiment A*.

8-1-6-2 DIVIDENDS, SHARE PRICES AND TRADING VOLUMES

/// Dividends per share

Year of payment	Number of shares entitled to dividend	Net dividend(*) (€ per share)	Tax credit (€ per share)	Gross dividend (€ per share)	Total dividends (€ million)
2004	136,461,217	0.90	0.45	1.35	122.80
2005 (Exceptional dividend)	136,720,742 136,898,627	1.00 2.00	None None	1.00 2.00	136.72 273.79
2006	139,648,467	1.10	None	1.10	153.61
2007	133,685,820	1.20	None	1.20	160.42
2008	130,128,551	1.30	None	1.30	169.17

(*) Any dividend not claimed within five years from the due date lapses and is paid to the French Treasury.

/// Trading volumes and changes in Lagardère SCA share price

Source: EURONEXT Paris

Year	Month	Total shares traded	Average daily volumes	Total amount traded (€ thousand)	Average daily amount traded (€ thousand)	Opening price on last trading day of month (in €)	High for month (in €)	Low for month (in €)
2005	January	9,019,494	429,500	501,106.90	23,862.20	56.90	57.90	53.00
	February	14,674,426	733,721	866,981.40	43,349.10	60.05	62.75	55.65
	March	19,393,368	923,494	1,126,681.60	53,651.50	58.60	59.90	56.80
	April	13,527,468	644,165	790,504.30	37,643.10	55.30	60.15	55.30
	May	20,723,624	941,983	1,186,982.60	53,953.80	57.15	58.90	55.45
	June	11,777,991	535,363	703,629.70	31,983.20	61.80	61.80	57.30
	July	12,230,684	582,414	722,680.10	34,413.30	60.50	62.40	57.25
	August	8,151,880	354,430	482,784.50	20,990.60	57.55	60.70	57.30
	September	14,278,709	649,032	831,136.30	37,778.90	59.00	59.75	56.60
	October	11,636,180	554,104	681,156.30	32,436.00	56.70	60.90	56.10
	November	12,257,628	557,165	712,797.90	32,399.90	60.30	60.90	56.20
	December	17,300,143	823,816	1,094,527.60	52,120.40	65.30	65.70	59.55
2006	January	13,248,315	602,196	865,154.70	39,325.20	64.95	67.15	62.75
	February	11,264,736	563,237	751,782.40	37,589.10	65.45	68.90	64.65
	March	19,179,264	833,881	1,236,802.10	53,774.00	64.30	66.70	62.50
	April	16,815,499	934,194	1,112,815.70	61,823.10	66.25	68.20	64.10
	May	29,448,390	1,338,563	1,874,047.40	85,184.00	60.35	67.15	59.30
	June	20,531,117	933,233	1,173,536.50	53,342.60	57.60	62.70	54.00
	July	14,412,673	686,318	794,566.50	37,836.50	54.70	58.40	53.00
	August	9,247,417	402,062	514,715.00	22,378.80	56.90	57.50	53.90
	September	13,407,974	638,475	753,237.10	35,869.40	56.70	57.70	54.40
	October	13,904,457	632,021	777,755.00	35,352.50	56.95	57.80	54.40
	November	14,996,222	681,646	842,652.20	38,302.40	55.65	57.85	54.75
	December	13,601,768	715,883	789,108.60	41,532.00	61.05	61.40	54.70
2007	January	16,074,426	730,656	979,060.00	44,502.70	59.70	63.30	58.45
	February	11,302,068	565,103	676,990.70	33,849.50	56.80	61.05	56.80
	March	21,818,528	991,751	1,258,599.80	57,209.10	57.91	61.98	55.28
	April	12,618,669	664,140	732,315.20	38,542.90	57.27	59.45	57.11
	May	17,864,818	812,037	1,068,992.40	48,587.40	61.20	62.20	56.81
	June	18,718,946	891,378	1,176,368.70	56,017.60	64.09	65.29	59.50
	July	16,175,072	735,231	993,341.30	45,151.90	58.39	64.38	57.70
	August	18,223,501	792,326	1,061,010.90	46,130.90	59.44	60.07	56.00
	September	12,708,022	635,401	750,614.80	37,530.70	59.26	60.90	56.79
	October	17,627,123	766,397	1,035,778.30	45,033.30	58.45	62.90	56.92
	November	13,338,149	606,280	730,370.80	33,198.70	54.90	58.76	51.62
	December	10,335,395	543,968	559,239.80	29,433.70	50.45	56.16	50.15
2008	January	20,061,923	911,906	984,475.50	44,748.90	48.78	54.68	42.63
	February	16,425,586	782,171	828,661.80	39,460.10	51.63	54.02	46.77
	March	14,515,191	763,957	701,007.80	36,895.10	47.36	52.84	44.80
	April	14,668,638	666,756	689,047.90	31,320.40	45.70	49.92	45.10
	May	21,317,292	1,015,109	975,938.90	46,473.30	45.53	47.40	44.14
	June	21,055,732	1,002,654	881,544.20	41,978.30	36.19	47.93	35.80
	July	27,741,101	1,206,135	922,619.60	40,113.90	35.29	36.45	30.06
	August	14,533,230	692,059	549,200.30	26,152.40	38.12	39.30	34.63
	September	22,078,965	1,003,589	782,050.60	35,547.80	30.26	39.48	30.10
	October	31,909,460	1,387,368	904,492.10	39,325.70	31.00	33.16	23.56
	November	15,034,433	751,722	440,456.70	22,022.80	27.42	34.30	24.91
	December	12,243,854	583,041	343,787.90	16,370.90	28.60	30.17	25.65
2009	January	12,950,452	616,688	393,505.00	18,738.30	30.89	31.90	28.60
	February	10,751,894	537,595	306,959.70	15,348.00	25.94	31.27	25.33

8-1-7 OPTIONS GRANTED TO THIRD PARTIES ON SHARES MAKING UP THE SHARE CAPITAL OF CERTAIN CONSOLIDATED GROUP COMPANIES

Some investments included in Lagard•re SCAs consolidated nancial statements are subject to put options for which exercise is conditional on certain events. These commitments are described in the notes to the consolidated nancial statements presented in Chapter 6 of this Reference Document. At the date of ling, there were no other put options concerning all or part of any signi cant investment[1] held directly or indirectly by Lagard•re SCA.

8-1-8 SHARE OWNERSHIP STRUCTURE – PRINCIPAL SHAREHOLDERS

8-1-8-1 CHANGES IN SHARE OWNERSHIP STRUCTURE AND VOTING RIGHTS OVER THE LAST THREE YEARS

Shareholders	At 31 December 2008			At 31 December 2007			At 31 December 2006		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Lagard•re Capital & Management[*]	13,513,222	10.31	13.25	13,513,222	10.07	12.96	10,108,383	7.09	10.55
French institutional investors	21,707,721	16.55	19.15	21,388,629	15.95	18.92	30,905,050	21.66	22.82
Non-French institutional investors	79,285,638	60.46	54.13	83,603,848	62.33	55.31	79,964,246	56.04	51.56
General public	10,153,149	7.74	10.87	9,142,390	6.82	10.09	11,104,753	7.78	11.74
Employees and Group Savings Plan investment funds	2,293,608	1.75	2.60	2,474,404	1.84	2.72	3,188,634	2.23	3.33
Treasury stock	4,179,948	3.19		4,010,793	2.99		7,420,165	5.20	
Total	**131,133,286**	**100**	**100**	**134,133,286**	**100**	**100**	**142,691,231**	**100**	**100**

(*) Mr. Arnaud Lagardère, Lagardère SAS and its subsidiary Lagardère Capital & Management.

Of the 1.75% of capital held by Group employees, 0.72% is held via the Group Savings Plan investment funds or directly under employee pro t-sharing and savings schemes required by law.

At 31 December 2008, the share capital was held by 81,345 shareholders.

(1) "Significant investments" represent a shareholding above €150 million.

8-1-8-2 SHAREHOLDING THRESHOLDS CROSSED IN 2008

Date of AMF notification	Company	Threshold
11 April	AllianceBernstein L.P.	Increase to above 5% of share capital and voting rights; 7 April
12 May	Morgan Stanley & Co	Increase to above 5% of share capital and voting rights; 2 May
12 May	Morgan Stanley & Co	Decrease to below 5% of voting rights; 6 May
15 May	Morgan Stanley & Co	Decrease to below 5% of share capital; 8 May
20 June	AllianceBernstein L.P.	Increase to above 10% of share capital; 18 June
12 December	AllianceBernstein L.P.	Decrease to below 10% of share capital; 11 December

8-1-8-3 CONCERT WITH OTHER GROUPS

Since Marconi Corporation Plc (formerly GEC) and DaimlerChrysler sold their holdings in the Company, the shareholder agreements signed with Lagard•re Capital & Management have been terminated and the concert between the three companies no longer exists.

8-1-8-4 VOTING RIGHTS

Including the double voting rights attributed to shares registered in the name of the same shareholder for at least four years (see section 8-2-6-4), the total number of rights to vote at meetings at 31 December 2008 was 160,109,632.

However, in application of AMF regulations, the number of voting rights to be taken into consideration for assessing whether regulatory thresholds have been crossed is the gross number, which at 31 December 2008 amounted to 169,198,820.

The total number of voting rights (gross and net) is now published every month at the same time as the amount of the share capital.

The percentage of voting rights held by Supervisory Board members was 0.03%.

Under the by-laws, the number of voting rights to be taken into consideration for assessing whether thresholds have been crossed is the total number of rights to vote at meetings, ie. 160,109,632 at 31 December 2008.

8-1-8-5 PRINCIPAL SHAREHOLDERS

Mr. Arnaud Lagard•re, personally and via his two companies, Lagard•re SAS and Lagard•re Capital & Management (LC&M), is the largest permanent shareholder in the Lagard•re Group with 10.31% of the capital and 13.25% of the rights to vote at meetings. In accordance with the Company s by-laws (see section 8-2-6-4), all shares which have been registered in the name of LC&M for at least four years carry double voting rights. LC&M s share capital is held by its Chairman, Mr. Arnaud Lagard•re, who is also a Managing Partner of Lagard•re SCA, as is Arco, a subsidiary of LC&M.

At 31 December 2008, 9.99% of the share capital and 8.18% of the rights to vote at meetings were held by AllianceBernstein of the AXA insurance group.

At 31 December 2008, 6.60% of the share capital and 5.41% of the rights to vote at meetings were held by Qatar Investment Authority.

8-1-8-6 GROUP TO WHICH THE COMPANY BELONGS

Lagard•re SCA is the ultimate holding company of the Lagard•re Group. See the simpli ed Group organisation chart at 1 March 2009 in Chapter 4, section 4-3.

8 - 2 PRINCIPAL PROVISIONS OF THE COMPANY'S BY-LAWS

8-2-1 CORPORATE PURPOSE

Lagard•re s purpose is, in France and abroad:

to acquire any form of interests or investments in all types of corporation or business, whether French or foreign, by any appropriate means;

to manage any type of security portfolio and to carry out any related spot or future transactions, whether contingent or not;

to acquire and license any patents, trademarks, and commercial and industrial businesses;

and more generally, to carry out any commercial, financial, industrial, security and real estate transactions related to the above purposes or to any other purpose related thereto with the aim of fostering the development of the Company s operations.

8-2-2 MANAGING PARTNERS *(GÉRANCE)*

1) The Company is managed by one or more Managing Partners (*Gérants*).

Following the death of Mr. Jean-Luc Lagard•re on 14 March 2003, the Supervisory Board, at its meeting of 26 March 2003, approved Arco s proposal to appoint Mr. Arnaud Lagard•re as Managing Partner for a six-year term.

On 12 March 2004, the Supervisory Board approved the general partners proposal to renew Arjil Commandit e-Arco s appointment as Managing Partner for a 6-year term, and agreed to the following persons appointments as representatives of this company:

Arnaud Lagard•re, Chairman and Chief Executive Of cer;

Philippe Camus, Deputy Chairman and Chief Operating Of cer;

Pierre Leroy, Director and Chief Operating Of cer.

On 11 March 2009, the Supervisory Board approved the general partners proposal to renew Mr. Arnaud Lagard•re s appointment as Managing Partner for a six-year term.

2) Throughout the life of the Company, any new Managing Partner is appointed unanimously by the general partners, with the approval of the Supervisory Board or of the General Meeting according to the provisions of article 14 of the by-laws.

3) Each Managing Partner has the broadest possible authority to act in any circumstances in the name of the Company, within the scope of the corporate purpose and subject to the powers expressly attributed by law or the by-laws to the meeting of shareholders and to the Supervisory Board.

In accordance with the law, each Managing Partner may, in the name of the Company, authorise and grant any sureties, warranties and undertakings which he deems reasonable.

Each Managing Partner may delegate part of his powers to one or more persons, whether or not they are employees of the Company and whether or not such persons have a contractual relationship with the Company. Such delegation in no way affects the duties and liability of the Managing Partner in relation to the exercise of such powers.

4) The Managing Partner(s) must take all necessary care in handling the business of the Company.

5) The age limit for a person who is a Managing Partner is 80 years.

6) The term of of ce of a Managing Partner cannot exceed six years and is renewable.

A Managing Partner who wishes to resign must inform the other Managing Partners, the general partners and the Chairman of the Supervisory Board, by registered letters with acknowledgment of receipt, at least three months before the date on which the said resignation is to take effect.

In the event that a corporate general partner which is also a Managing Partner of the Company changes its managing partner(s), the chairman of its board of directors and/or its general manager(s), it is automatically deemed to have resigned as Managing Partner of the Company, with immediate effect. This is also the case on expiry of the approval of such persons given by the Supervisory Board as described in section 8-2-3, or in the event of sale or subscription of shares which the Supervisory Board has not approved as described in section 8-2-3.

When a Managing Partner's office terminates, the management of the Company is carried out by the Managing Partner(s) who remain(s) in office, without prejudice to the right of the general partners to appoint a new Managing Partner as a replacement, or to renew the appointment of the outgoing Managing Partner, as described in paragraph 2) above.

When a sole Managing Partner's term of office terminates, one or more new Managing Partner(s) are appointed, or the outgoing sole Managing Partner is reappointed, as described in paragraph 2) above. However, pending such appointment(s), the Company is managed by the general partner(s) who may delegate all necessary powers for the management of the Company until the new Managing Partner(s) has been appointed.

A Managing Partner may be dismissed at any time on the grounds of incapacity (whether as a result of insolvency proceedings or otherwise) or for any other cause, by the unanimous decision of the general partners, after the Supervisory Board has expressed its opinion as described in section 8-2-3. A Managing Partner may also be dismissed for just cause, by decision of the courts.

8-2-3 SUPERVISORY BOARD

Composition of the Supervisory Board (article 12)

1) The Company has a Supervisory Board composed of a maximum of fifteen members, selected exclusively from shareholders who are neither general nor Managing Partners.
2) The Board members are appointed or dismissed by the shareholders in an ordinary general meeting. Shareholders who are also general partners are not entitled to vote on such resolutions.
3) The term of office of members of the Supervisory Board cannot exceed six years. It terminates at the close of the annual general meeting called to approve the financial statements for the preceding year held during the year in which the term of the member expires. Members of the Supervisory Board may be re-elected.

   No more than a third of the members of the Supervisory Board may be more than seventy-five years old. If this number is exceeded, the oldest member is automatically deemed to have resigned.

Meetings of the Supervisory Board (article 13)

The Supervisory Board appoints one of its members as Chairman, and may if it wishes appoint one or more Deputy Chairmen, to preside over Board meetings.

The Board meets as often as required by the interests of the Company, and once per half-year at least.

Board meetings may be convened by the Chairman or in his absence a Deputy Chairman, or by at least half the Board members, or by each Managing Partner or general partner.

At least half the Board members must be present for the meeting to validly deliberate.

Its decisions are made by the majority of members present and represented. The Chair has the casting vote in the event of a tied vote.

In calculating the quorum and majority, members attending the meeting via video conferencing or telecommunication technology are considered to be present.

The deliberations are recorded in minutes of the meetings.

Powers of the Supervisory Board (article 14)

1) The management of the Company is placed under the permanent supervision of the Supervisory Board as provided by law.

   In accordance with the law, the Board prepares a report for each annual general meeting called to approve the financial statements of the Company. This report is made available to the shareholders at the same time as the Managing Partners' report and the financial statements.

   In the event of one or more Managing Partners being dismissed by the general partners, the Board must give its opinion. For this purpose, the Board is notified by the general partners at least fifteen days in advance, and it must give its opinion within ten days of such notice, which is given by registered letter addressed to the Chairman of the Supervisory Board.

   The Supervisory Board draws up a report on any proposal to increase or reduce the Company's share capital.

   The Supervisory Board may, if it deems it necessary, after informing the Managing Partner(s) in writing, call an ordinary or extraordinary general meeting of the shareholders, in compliance with the legal provisions relating to notices of meetings.

The Supervisory Board has the right by law to receive the same documents from the Managing Partners as those made available to the Statutory Auditors.

2) The appointment or reappointment of any Managing Partner must be approved by the Supervisory Board. Should Arco be appointed as corporate Managing Partner, the Supervisory Board s approval has to be obtained, not in respect of Arco itself, but in respect of its chairman and general managers.

The Supervisory Board must grant or refuse its approval within twenty days of receiving notice from the general partners of the proposed appointment.

If the Supervisory Board twice refuses to approve an appointment within a period of two months, in respect of two different candidates, while the Company is left without a Managing Partner and is being managed on an interim basis by the general partners under article 10-6 of the by-laws, approval may be given by a majority vote of the shareholders in an ordinary general meeting called by the general partner(s) and at which only one of the two candidates is put forward.

In the absence of approval from either the Supervisory Board or the general meeting in accordance with the above, the general partner(s) designate a third person. If the Supervisory Board fails to approve the appointment of the said third candidate, the appointment is submitted to the shareholders in an ordinary general meeting which may only refuse the candidate by a vote of a two-thirds majority of the shareholders present or represented.

3) Should Arco become a Managing Partner of the Company, as from its appointment to such of ce, no person may become a shareholder in Arco either by acquiring shares in Arco or by subscribing to an increase in its share capital, exercising share warrants or through the conversion or redemption of bonds, without the prior approval of the Supervisory Board, which must approve or refuse the proposed transaction within twenty days of receiving notice, either from Arco or from those shareholders who intend to transfer their shares.

If such a transaction takes place without the approval of the Supervisory Board, Arco, by virtue of the third paragraph of article 10-6 of the by-laws, is automatically deemed to have resigned from its of ce as Managing Partner, with immediate effect.

4) Any transaction for the transfer of Arco shares or the issue of securities by Arco which might alter its control immediately or in the future, must obtain the prior approval of the Company s Supervisory Board, which must make a decision within twenty days of receiving notice, either from Arco or from those shareholders who intend to transfer their shares.

If such a transaction takes place without the approval of the Supervisory Board, Arco, by virtue of article 18-5 of the by-laws, will automatically forfeit its status as general partner, with immediate effect.

5) The approval of the Supervisory Board required in paragraphs 3) and 4) above is automatically deemed to have been given, if the acquiring or subscribing candidate makes a valid public tender offer for all of the Company s shares. Such approval is not required in the event of a transfer of Arco shares through inheritance.

8-2-4 GENERAL PARTNERS (ARTICLE 18)

1) The general partners (*associés commandités*) are:

Mr. Arnaud Lagard•re,
domiciled at 4 rue de Presbourg 75116 Paris, France

Arjil Commandit e-Arco,
a French corporation with share capital of €40,000
having its head of ce at 121 avenue de Malakoff 75116 Paris, France
and registered in the Commercial Register under number 387 928 393 RCS Paris.

2) The appointment of one or more new general partners is decided by the shareholders in an extraordinary general meeting, upon the unanimous recommendation of the existing general partners or partner.

3) The Company is not wound up in the event of the death or incapacity of a person who is a general partner, nor in the event of liquidation of a general partner which is a corporate entity.

4) A person who is a general partner and is also a Managing Partner loses his status as general partner, automatically and with immediate effect, if the person is dismissed as Managing Partner for just cause under the terms of article 10-6 of the by-laws.

5) Any corporate entity which is a general partner automatically loses such status with immediate effect in the event that it effects a sale or subscription of shares which is likely to change its control, when no approval for such a transaction has been given by the Supervisory Board, as provided in article 14-4 of the by-laws.

In both cases the by-laws are automatically amended to re ect this change. The amendment is recorded and published by a Managing Partner, or in the absence of a Managing Partner, by a general partner or by the Supervisory Board.

Arjil Commandit e-Arco unconsolidated nancial statements for 2008 are as follows (in thousands of euros):

/// Balance sheet

Assets	
Accounts receivable	16,961
Total	**16,961**
Liabilities and shareholders' equity	
Shareholders equity	16,945
Accounts payable	16
Total	**16,961**

/// Statement of income

Operating revenues	0
Operating expenses	20
Operating loss	*(20)*
Financial income	3,294
Financial expenses	0
Net financial profit	*3,294*
Non-operating profit	*0*
Income tax expense	1,102
Net profit for the year	**2,172**

Rights of the general partners (article 18 B)

General partners who are not also Managing Partners (*commandités non gérants*) do not participate directly in the management of the Company, except as described in article 10-6 of the by-laws (absence of Managing Partner).

They exercise all the prerogatives attributed to their status by law and the by-laws.

By reason of the unlimited joint and several liability they assume, general partners who are not also Managing Partners have the right of access to all books and documents of the Company and to ask the Managing Partners any questions concerning the management of the Company, in writing. The Managing Partners must answer such questions in writing as promptly as possible. In addition, in consideration for their unlimited joint and several liability, general partners are entitled to speci c remuneration calculated in accordance with the provisions of article 25 of the by-laws.

Decisions of the general partners (article 18 C)

1) The general partner(s) take decisions either in meetings or by written consultation (ordinary letter, telex, telegram, fax, etc.).

2) In the event of a written consultation, each general partner has a period of fteen days to inform the Managing Partners of his decision on each of the draft resolutions. A general partner who does not reply within this period is considered to have voted against the resolution.

3) Decisions taken by the general partner(s) are recorded in minutes stating, inter alia, the date and method of consultation, the report or reports made available to the general partner(s), the text of the resolutions and the result of the voting.

   The minutes are drawn up by the Managing Partners or by one of the general partners, and signed by the general partner(s) and/or the Managing Partner(s), as the case may be.

   Copies or extracts of the minutes are validly certi ed as true copies either by the Managing Partner, or by one of them if there are more than one, and by the general partners.

8-2-5 REQUIREMENTS FOR CHANGING SHAREHOLDERS' RIGHTS

Any change in the rights of shareholders as de ned in the Company s by-laws requires:

- unanimous decision by the general partners;
- a decision by the extraordinary shareholders meeting, passed by a two-thirds majority of the votes of shareholders present or represented.

8-2-6 GENERAL MEETINGS OF SHAREHOLDERS

8-2-6-1 GENERAL (ARTICLE 19)

General meetings are called either by the Managing Partners or by the Supervisory Board, or by any other person having the right to do so by virtue of law or the by-laws of Lagard•re.

General meetings are held at the head of ce or at any other place as indicated in the notice of meeting. Notices of meeting are issued in the manner and within the time period provided by law and regulations.

General meetings are chaired by the Managing Partner or one of the Managing Partners if there are several. If the meeting is called by the Supervisory Board, it is chaired by its Chairman or by a member of the Supervisory Board appointed to this effect. Where the meeting has been called by any other person legally empowered to do so, the meeting is chaired by the person who called the meeting. If the person entitled or appointed to chair the meeting fails to do so, the meeting itself elects its chair.

The vote tellers (*scrutateurs*) are the two shareholders having the greatest number of shares, either directly or by way of proxy, and who are present and are willing to be tellers.

The vote tellers thus designated constitute the of cers of the meeting (*bureau*), and appoint a secretary who need not be a shareholder.

The officers of the meeting verify, certify and sign the attendance sheet, ensure that discussions are properly held, settle any differences which may arise in the course of the meeting, count the votes cast, verify that voting procedures are properly observed and that minutes of the meeting are drawn up.

Minutes recording the deliberations of each meeting are entered in a special register signed by the officers of the meeting. Minutes drawn up and recorded in this form are considered to be a true transcript of the meeting. All copies of or extracts from the minutes must be certi ed by one of the Managing Partners, by the Chairman of the Supervisory Board, or by the secretary of the meeting.

8-2-6-2 ORDINARY GENERAL MEETINGS (ARTICLE 20)

The annual ordinary general meeting examines the management report prepared by the Managing Partners, the report of the Supervisory Board and the reports of the Statutory Auditors; it discusses and approves the Parent Company nancial statements for the previous year and the proposed allocation of net pro t, in accordance with the law and the by-laws. In addition, the annual ordinary general meeting and any other ordinary general meeting may appoint or dismiss the members of the Supervisory Board, appoint the Statutory Auditors and vote on all questions within its authority and placed on the agenda, with the exception of those matters de ned in article 21 of the by-laws as being exclusively within the authority of an extraordinary general meeting.

No resolution can be adopted by an ordinary general meeting without the unanimous prior consent of the general partner(s), with the exception of resolutions concerning the election, resignation or dismissal of members of the Supervisory Board and the appointment of a Managing Partner, where the Supervisory Board has exercised its right of veto twice within two months (see section 8-2-3 Powers of the Supervisory Board, paragraph 2). The consent of the general partner(s) must be obtained by the Managing Partners prior to the ordinary general meeting.

All resolutions are adopted by a majority of the votes cast by the shareholders present or represented, including votes cast by mail, except as expressly provided in the last section of paragraph 2) of section 8-2-3.

8-2-6-3 EXTRAORDINARY GENERAL MEETINGS (ARTICLE 21)

The extraordinary general meeting may validly decide on:

- any amendment of the by-laws for which approval by an extraordinary general meeting is required by law, including, but not limited to, the following, subject to the provisions of the by-laws:
  - increase or reduction of the Company s share capital;
  - changes in the terms and conditions of share transfers;
  - changes in the composition of ordinary general meetings or shareholders voting rights at ordinary or extraordinary general meetings;
  - changes in the purposes of the Company, its duration or its head office, subject to the powers granted to the Managing Partners by the by-laws to transfer the Company s head of ce;
  - transformation of the Company into a company having another legal form, such as a corporation (*société anonyme*) or a limited liability company (*société à responsabilité limitée*);
- winding-up of the Company;
- merger of the Company;
- and all other matters on which an extraordinary general meeting may validly decide in accordance with law.

No resolution can be passed by the extraordinary general meeting without the unanimous prior consent of the general partner(s). However, where there are several general partners, a resolution to transform the Company into a company having another legal form requires the prior consent of only a majority of the general partners.

The consent of the general partner(s) must be obtained by the Managing Partners, in advance of the extraordinary general meeting in question.

8-2-6-4 ATTENDANCE AND REPRESENTATION AT MEETINGS, PROXIES, DOUBLE VOTING RIGHTS (ARTICLE 19)

Any shareholder has the right to attend general meetings and to take part in the discussions, either personally or through a proxy, subject to presenting proof of identity and providing that the shares have been registered in his name in the Company s shareholder accounts since at least the third business day (00.00, Paris local time) prior to the meeting.

Subject to inclusion of the relevant decision by the Managing Partners in the public notice of a meeting and the notice sent personally to shareholders, shareholders may participate in general meetings by means of video conferencing technology, and vote by electronic means of communication. It is the Managing Partners responsibility to de ne the practicalities of this method of attendance and voting after consulting the Supervisory Board. The technologies used must be capable of continuous, simultaneous transmission of the discussions and shareholder and proxy identity authentication, and guarantee vote con dentiality and security.

A shareholder who does not personally attend the meeting may choose one of the three following possibilities:

- to give a proxy to another shareholder or to his or her spouse; or
- to vote by mail; or
- to send a blank proxy form to the Company without naming a proxy, in accordance with the applicable laws and regulations.

In this last case, the Chair of the general meeting will cast a vote in favour of all draft resolutions presented or approved by the Managing Partners and a vote against all other draft resolutions. In order to cast their votes differently, shareholders must choose a proxy holder who agrees to vote as instructed by them.

If a shareholder decides, after a decision by the Managing Partners in accordance with the provisions of the second paragraph of this section, to vote by mail, give a proxy to another shareholder, or send a blank proxy form to the Company without naming a proxy, by sending the relevant form by an electronic means of communication, his electronic signature must:

- be in the form of a secure electronic signature as de ned in the applicable provisions of law;
- or result from use of a reliable identification process guaranteeing the association with the document to which it is attached, or any other identi cation and/or authentication process considered acceptable by the applicable provisions of law.

At each meeting, shareholders have a number of votes equal to the number of shares they own or represent, as evidenced by the share register on the fth business day prior to the meeting. However, double voting rights two votes for each share are attributed to all those shares which are fully paid-up and have been registered in the name of the same shareholder for at least four years. Shareholders entitled to double voting rights on the date on which the Company was transformed into a limited partnership with shares retain their double voting rights.

Furthermore, if the Company s share capital is increased by incorporation of reserves, pro ts or issue premiums, a double voting right is granted from the date of issue for free registered shares distributed to the holder of shares which already carry double voting rights.

Transfer of title to a share results in the loss of the double voting right. However, transfer as a result of inheritance, liquidation of community property between spouses or an *inter vivos* gift to a spouse or relative automatically entitled to inherit under French law does not cause existing double voting rights to lapse, nor does it interrupt the four-year period referred to above. Similarly, the merger or demerger of the Company has no effect on the double voting rights which may be exercised within the resulting company or companies if the by-laws of the said companies recognise these rights.

Voting rights are exercised by the owner even if the shares are pledged, and by the usufruct owner (*usufruitier*) at ordinary general meetings and the bare owner (*nu-propriétaire*) at extraordinary general meetings.

8-2-7 REQUIREMENTS FOR A CHANGE IN CONTROL OF THE COMPANY

As stated at the beginning of Chapter 7, section 7-1, a limited partnership with shares has two categories of partner: general partners and limited partners (or shareholders).

Any change in control of the Company thus implies a change in the composition of both categories of partner. As the Company is listed on the stock exchange, it would be possible for a third party to take control of the capital and associated voting rights through a public takeover bid. However, it would not be possible to take control over general partners meetings, and consequently, no third party could single-handedly modify the Company s by-laws.

As any new Managing Partner must be appointed by unanimous decision of the general partners subject to approval of the Supervisory Board[1], the person or entity taking control over the capital and associated voting rights would be unable to appoint new Managing Partners.

Therefore, it is impossible to appoint any new Managing Partners or modify the by-laws without the consent of the general partners.

In view of these measures, no change in control of the Company could take place without the consent of the general partners who manage the Company until the end of the period during which the Company is left without a Managing Partner.

8-2-8 DISCLOSURE OF SHAREHOLDINGS EXCEEDING SPECIFIC THRESHOLDS

Without prejudice to the provisions of article L.233-7 of the French Commercial Code, any shareholder holding directly or indirectly, as defined in said article L.233-7, 1% or more of the voting rights, must, within five days following registration to his account of the shares that brought his holding to or above such threshold, disclose to the Company the total number of shares and voting rights he holds by registered letter with acknowledgment of receipt addressed to the head of ce.

This procedure must be repeated as described above every time a threshold of a further 1% is crossed.

In the absence of disclosure in the conditions described above, all shares in excess of the threshold for which disclosure should have been made may lose their voting rights for any general meeting that may be held within a two-year period following the date on which the declaration is nally made, at the request of one or more shareholders together holding 5% or more of the share capital, such request being duly recorded in the minutes of the general meeting.

In these same circumstances, voting rights attached to such shares for which proper declaration has not been made cannot be exercised by the shareholder at fault, nor may he delegate such rights to others.

In accordance with legal regulations applicable, particularly article 228-II of the French Commercial Code, the Company has the right to obtain at any time from the central securities depositary in charge of the Company s share issue account the name, or corporate name in the case of a corporate shareholder, nationality, date of birth or formation and address of holders of securities carrying immediate or deferred voting rights at its own general meetings, together with the number of securities held by each of them and the restrictions, if any, that may apply to those securities.

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(1) See section 8-2-3 – Powers of the Supervisory Board, paragraph 2) on the appointment or reappointment of a Managing Partner.

8 - 3 MAJOR CONTRACTS

8-3-1 MAJOR CONTRACTS BINDING THE GROUP

In the two years immediately preceding publication of this Reference Document, the Company signed the following major contracts (other than those entered into in the normal course of business):

Agreements entered into for the acquisition of Jumpstart Automotive Media

Through its American subsidiary Hachette Filipacchi Media US, Inc., on 16 May 2007, Lagard•re Active acquired 100% of the shares and voting rights of Jumpstart Automotive Media (Jumpstart), for an initial contribution of US$84 million (€62 million). Two further earn-out payments were potentially to be made in 2008 and 2010, depending on the pro t levels reached, but these additional payments may under no circumstances exceed a total of US$26 million (€20 million). No such additional payment was made in 2008.

Agreements entered into for the acquisition of IEC

On 31 August 2007, Lagard•re Sports acquired 100% of the shares and voting rights of IEC Investment AB, a Swedish holding company belonging to the IEC (International Events and Communication in Sports) group, for an initial payment of €43 million plus potential subsequent payments spread over the next three years, depending on various criteria. These subsequent payments may under no circumstances exceed the limit of €37 million. The criteria for 2008 were ful lled, and the rst such payment was executed.

Agreements entered into for the sale of Regional Daily Press activities

Lagard•re Active signed a contract on 13 August 2007 for the sale of its regional daily press interests in Southern France (principal titles: *La Provence*, *Nice Matin*, *Var Matin*, *Corse Matin* and *Marseille Plus*) to the Hersant M dia group. The transaction was subject to approval by the French anti-trust authorities, and was nalised on 21 December 2007 after the French Finance Ministry issued its approval of the Hersant M dia group as buyer on 7 December 2007.

Lagard•re s interest in the capital of the companies that publish these titles was sold for a price of €160 million.

Agreements entered into for the acquisition of ID Régie

On 28 August 2007, Lagard•re Active announced that it had entered into an agreement for acquisition of ID R gie, which was formed in 1999 and employs 11 people in advertising space sales for more than thirty websites.

Agreements entered into for the acquisition of Nextedia

On 29 August 2007, Lagard•re Active announced that it had entered into an agreement for acquisition by its subsidiary Hachette Filipacchi M dias of 100% of the shares and voting rights in Nextedia, for an initial payment of €50 million, plus potential earn-out payments in 2011 and 2013 if certain pro t levels are achieved. The total earn-out payments will be subject to a €50 million limit.

Sale of Virgin Stores group

On 27 February 2008, the Lagard•re Group and Butler Capital Partners signed agreements for the sale of 80% of the capital of Virgin Stores to Butler Capital Partners. The remaining 20% will continue to be held by Lagard•re Services.

Before this sale, Lagard•re Services 51% share in VirginMega was transferred to Virgin Stores SA, while the remaining 49% were retained by Lagard•re Active.

Acquisition of Doctissimo

On 21 February 2008, Lagard•re SCA signed an agreement under which its subsidiary Lagard•re Active Digital acquired 53.98% of the capital and 57.92% of the voting rights of Doctissimo, France s leading publisher of web content for women, from its founders and managers. The transaction was based on a price of €30.50 per share, giving a total value of €138 million for 100% of Doctissimo. On 8 April 2008, Lagard•re Active Digital led a standing market offer with the French Financial Market Authority (AMF) for the Doctissimo shares not yet acquired, at the same price as that paid to acquire the controlling interest, i.e. €30.50 per share. This enabled the company to reach the levels of shareholding and voting right ownership required by the regulations to make a compulsory buyout offer to the remaining minority shareholders, which it did on 27 June 2008 in application of articles L.433-4 III of the French Monetary and Financial Code and 237-14 and following of the AMF regulations. As a result, Lagard•re Digital Active has held 100% of shares in Doctissimo since 9 July 2008, and the shares were delisted from Euronext Paris at that date.

This acquisition furthers Lagard•re s strategy of building a position as a leading player on the Internet, especially in the women s interests and health segments.

Acquisition of a majority interest in World Sport Group

On 16 May 2008, Lagard•re Sports acquired approximately 70% of the capital and voting rights of World Sport Group Holdings Ltd (WSG). Based in Singapore, WSG specialises in the management of marketing and television rights, and sponsorship consultancy for Asian sporting events (in South-East Asia, the Middle East, India and Japan).

The agreement was based on an enterprise value of US$125 million (for 70% of WSG). A deferred payment of up to US$25 million may be due after 3 years, contingent upon the level of cash ow from operations.

WSG is the leading player in the Asian football market, which accounted for a large part of its 2007 revenues. It also specialises in golf, and is continuing to expand its investment into cricket.

For Lagard•re Sports, the acquisition offers a number of bene ts:

- access to the fast-growing Asian football market, with unchallenged market leadership in the region;
- development of its leadership position in the world football rights industry;
- broader market penetration for Lagard•re Sports strategic partners (rights holders and sports governing bodies);
- a move into the cricket market via a competition (Twenty20) which shows very substantial growth potential.

Acquisition of Psychologies Magazine group by Lagardère Active

Lagard•re Active had held 49% of the Psychologies Magazine group (Finev, Inter Psycho, Selma) since June 2004, and in May 2008 it acquired the remaining 51% for approximately €31 million.

Lagard•re Active wishes to consolidate the presence of the Psychologies group in the women s/health/wellbeing segment where Lagard•re Active is the market leader both in and outside France.

Acquisition of a majority interest in Editions Albert René, publisher of the "Asterix" books

On 12 December 2008, Hachette Livre bought Albert Uderzo s 40% interest in Editions Albert Ren held via Syadal, and the 20% interest owned by Anne Goscinny, daughter of Ren Goscinny.

Editions Albert Ren publishes the Asterix books produced since the death of Ren Goscinny, and also holds all subsidiary rights associated with the characters, including audiovisual rights.

Hachette Livre also acquired the publishing rights for 24 Asterix books released during Ren Goscinny s lifetime. These rights were purchased from Anne Goscinny and Albert Uderzo, and cover the full period of literary and artistic copyright worldwide.

8-3-2 CONTRACTS INVOLVING MAJOR COMMITMENTS FOR THE WHOLE GROUP

Lagard•re and/or its subsidiaries have also entered into a certain number of major contracts (other than those entered into in the normal course of business) that confer an obligation or major commitment on the whole Group. The contracts concerned are the nancing contracts referred to in Chapter 6, in note 27 to the consolidated nancial statements for 2008 particularly the following:

- On 10 April 2006, Lagard•re SCA issued Mandatory Exchangeable Bonds totalling €1,992,186,000 redeemable in a number of EADS shares (minimum 53,139,130 shares, maximum 61,110,000 shares depending on the share s market price). The bonds pay a 7.7% annual coupon. Lagard•re SCA redeemed the rst two tranches of the bonds maturing on 25 June 2007 and 25 June 2008 by remitting 20,370,000 EADS shares to the holder of the bonds, at each of those dates. Early redemption of the last tranche is to take place on 24 March 2009 (instead of 25 June 2009) through remittal of 20,370,000 EADS shares. The agreements entered into in connection with this operation are described in Chapter 5, section 5-2-2-1.
- On 22 June 2005, Lagard•re SCA signed a syndicated loan contract with a group of 22 French and foreign banks for an initial term of 5 years (with a two-year extension, i.e. until June 2012), for an amount of €2,200 million. This syndicated loan replaced two credit lines set up in June 2001 and July 2003 for €1,350 million and €700 million respectively. The amount used bears interest at variable rates and depends on the occurrence of the Group s needs; at 31 December 2008, the amount drawn was €1,680 million.
- On 21 January 2001, Lagard•re SCA signed a nancing contract with a group of private US investors for an amount of US$500 million in three tranches, converted into euros. On 24 July 2003, a further tranche of €150 million was subscribed. These loans are similar to bond issues and are classified as such for accounting purposes. They are redeemable over periods of 5 to 10 years, and the original xed rates were immediately swapped to variable rates. Two tranches of US$125 million and US$150 million were reimbursed in January 2006 and January 2008 respectively.

8 - 4 REAL ESTATE PROPERTY

The total gross value of property, plant and equipment belonging to the Lagard•re Group (land, buildings, machinery and equipment, assets under construction) is €1,514 million.

This includes the gross value of land (€147 million) and buildings (€463 million). The net book value of land and buildings is €363 million, i.e. less than 3% of the balance sheet total, and includes a real estate property with net book value of €73 million at 31 December 2008, rented under an operating lease to the NMPP group.

In view of the nature of the Group s business activities, the value represented by real estate property is not signi cant.

CHAPTER 9

Recent developments and outlook

9 - 1 RECENT DEVELOPMENTS (SINCE 1 JANUARY 2009)

9-1-1 SIGNIFICANT EVENTS

PUBLICATION ON 15 JANUARY 2009 OF THE NOVEMBER/DECEMBER POLL BY MÉDIAMETRIE: RECORD GAIN IN AUDIENCE SHARE BY EUROPE 1

Europe 1 saw a historic rise in audience levels in November/December 2008, registering well over 5 million listeners (5,155,000 listeners every day) and attaining the symbolic milestone of 10% of cumulative audience[1].

This is the radio station s best result in six years[2], and its highest year-on-year increase since the audience measurement for the 13+ age category was created. It gave Europe 1 its highest ever progress in the CSP+ occupational group (+16.7%) and the 25-59 age bracket (+20.4%)[3].

HACHETTE FUJINGAHO AND SUMITOMO CORPORATION: STRATEGIC ALLIANCE IN JAPAN

Hachette Fujingaho, a wholly-owned subsidiary of Lagard•re Active in Japan, and Sumitomo Corporation signed an agreement on 14 January 2009 to develop an e-commerce business around the Elle brand by September 2009, by selling advertiser-branded products, products selected by *Elle* magazine Japan and the elle.co.jp website, and licensed products. This new activity is to be developed by capitalizing on all Hachette Fujingaho s media brands (*Elle Girl, Elle Deco, 25 ans, Fujingaho*, etc.) and Sumitomo s distribution channels (which include e-commerce, m-commerce, and TV shopping).

This strategic alliance will involve the formation of a new entity dedicated to e-commerce within Hachette Fujingaho. Sumitomo Corp will acquire a 34% interest in Hachette Fujingaho. Lagard•re Active will retain operational control of the company with Sumitomo Corp. contributing its expertise in e-commerce, largely by incorporating its skills into the newly created entity.

This agreement is subject to authorisation by the relevant competition authorities.

EARLY REDEMPTION OF MANDATORY EXCHANGEABLE BONDS

Lagard•re SCA and Natixis agreed to bring forward the date of delivery of the last tranche of EADS shares, in redemption of the Mandatory Exchangeable Bonds issued by Lagard•re SCA in 2006[4], from 25 June 2009 to 24 March 2009.

In an amendment to the subscription contract signed on 26 January 2009, Lagard•re SCA and Natixis, the sole subscriber and only holder of the 20,370 Mandatory Exchangeable Bonds still outstanding, agreed at the initiative of Natixis to bring forward the date of redemption of those bonds, and thereby the date of delivery of the last tranche of EADS shares, from 25 June 2009 to 24 March 2009. In execution of this amendment, on 24 March 2009 Lagard•re SCA is to remit to Natixis 20,370,000 EADS shares representing 2.5% of the share capital and voting rights.

Lagard•re SCA will continue to bene t from the initial upside exposure mechanism for adjustment to the price of the EADS NV share until the date and at the price initially agreed, potentially resulting in Lagard•re SCA receiving a balancing payment.

This early redemption will reduce the 2009 coupon payable to Natixis, thereby generating interest expense savings of approximately €1.8 million for Lagard•re SCA.

AGREEMENT BETWEEN THE INTERNATIONAL OLYMPIC COMMITTEE AND SPORTFIVE

Lagard•re Sports and the International Olympic Committee (IOC) announced on 18 February 2009 that they had nalized an agreement under which the IOC would award Sport ve, a subsidiary of Lagard•re Sports, management of European media rights for the 2014 Winter Olympics in Sochi, Russia, and the 2016 Summer Olympics. Lagard•re Sports has thus become a strategic partner to the IOC, which has agreed to outsource control of its media rights to an agency for the rst time in its history. The Olympic Games are the world s premier sporting event, attracting an average of 25,200 broadcasters in 220 countries for the Summer Olympics and 200 countries for the Winter Olympics.

(1) 126,000 Médiamétrie - Nov-Dec 08-Mon/Fri - 05h/24h - 13+ age group - Cumulative audience (CA) in thousands and in terms of penetration.
(2) Since Nov-Dec 02.
(3) Increase in audience share (PDA) - Nov-Dec 08 vs Nov-Dec 07 - Trends in audience share over one year since introduction of the 13+ age group category.
(4) See the press release issued by Lagardère SCA on 4 April 2006, for more details of this operation.

Under the terms of the agreement, Sport ve will manage these media rights in 40 European countries (excluding France, Germany, Italy, Spain, Turkey and the UK) for all media platforms, including free and pay television, the Internet and mobile phone communications.

The IOC selected Sport ve in response to a call for tenders initiated in May 2008, notably because of the company s demonstrated ability to market media rights and its commitment to promoting the Olympic Games and Olympic values. The agreement puts Sport ve in a position to diversify its portfolio still further by winning access to all Olympic sports.

9-1-2 MAJOR CHANGES IN THE GROUP'S FINANCIAL AND COMMERCIAL POSITION

None.

9-1-3 CURRENT TRENDS

9-1-3-1 LAGARDÈRE MEDIA

LAGARDÈRE PUBLISHING

The early part of 2009 has been satisfactory for Lagard•re Publishing. The *Twilight* saga by Stephenie Meyer is enjoying continued success and was the underlying factor in the healthy pace of sales at the start of the year, not only in the US but also in France and the UK.

LAGARDÈRE ACTIVE

Press

The beginning of the year has been marked by a signi cant slowdown in advertising revenues on most of the major markets. Only China has registered stable advertising sales. France saw a downward trend compared to the nal quarter of 2008, but less severe than in other countries. Press circulation levels held up better despite declining sales revenues.

Audiovisual

Over January and February 2009, radio advertising revenues were noticeably lower in France, due to declining levels of business at Europe 1 and RFM in particular. Radio activities in the Eastern European countries also experienced a signi cant downturn. DTT continued to register strong growth.

In response to these trends, Lagard•re Active introduced a further cost-cutting plan called One Step Further , which should save €70 million in operating expenses in addition to the €20 million savings expected under the Active 2009 plan.

As well as reducing costs, Lagard•re Active will continue to rationalize its portfolio of businesses: some magazine titles will be discontinued, sold or licensed as the division refocuses on its strongest brands or leadership positions and reinforces high-growth activities (DTT, emerging countries and digital activities).

LAGARDÈRE SERVICES

2009 started slowly for Lagard•re Services, particularly in press-related businesses.

LAGARDÈRE SPORTS

There has been no fundamental change in trend in early 2009.

9-1-3-1 EADS

Information on current trends for EADS was published in the EADS press release of 10 March 2009 (www.eads.net).

9 - 2 OUTLOOK

9-2-1 LAGARDÈRE MEDIA

For **Lagardère Active,** annual objectives have not yet been set given the unpredictability of future developments. For information:

- Each 1% decline in advertising sales has a negative impact of €8-10 million on recurring operating pro t over a full year before any savings drive, plus the automatic increase in certain operating costs (approximately €35 million in 2009).
- The cost savings resulting from action already taken and additional measures (the One Step Further plan) should generate a positive impact of €90 million in 2009.

For **Other Activities**, the target for 2009 recurring operating profit is to achieve a result between stability and a maximum decrease of 10%.

These objectives are based on constant exchange rates and include investment forecasts expected to have an impact of some thirty million euros on recurring operating pro t for the whole of Lagard•re Media.

9-2-2 EADS

Information on the outlook for EADS was published in the EADS press release of 10 March 2009 (www.eads.net).

9 - 3 EARNINGS FORECASTS

None.

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CHAPTER 10

Documents available to the public

DOCUMENTS AVAILABLE TO THE PUBLIC

The persons responsible for this Reference Document certify that during the validity of this Reference Document the following documents will be freely accessible in the Investor Relations section of the Company s website (www.lagardere.com).

annual nancial reports / reference documents for the last ve years,

interim reports for the last ve years,

monthly information on the share capital and voting rights,

description of share buy-back programmes,

annual general meeting documents for the last ve years,

by-laws of the Company.

CHAPTER 11

Cross-reference index

This index provides details of disclosure requirements listed in Annex I of EC regulation 809/2004 and the sections of this Reference Document where such information can be found.

(*) Refers to chapter and section numbers of the Reference Document.

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