



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	218
7.1.1	Legal characteristics of French limited partnerships with shares	218
7.1.2	Presentation of Lagardère SCA	218
7.2	General Partners, Managing Partners and members of the Supervisory Board	219
7.2.1	General Partners	219
7.2.2	Managing Partners	219
7.2.3	Members of the Supervisory Board	226
7.2.4	Additional information on members of the Supervisory Board and the Managing Partners	236
7.2.4.1	Declaration of non-conviction and competence	236
7.2.4.2	Contracts between a member of the Supervisory Board or Managing Partner and Lagardère SCA or any of its subsidiaries	236
7.2.4.3	Conflicts of interests	236
7.2.4.4	Restrictions on the sale by members of the Supervisory Board or Managing Partners of their investment in Lagardère SCA	236
7.3	Remuneration and benefits	237
7.3.1	Managing Partners and members of the Executive Committee	237
7.3.1.1	Components of remuneration	237
7.3.1.2	Executive Committee	238
7.3.1.3	Managing Partners	240
7.3.2	Supervisory Board	247
7.3.2.1	Remunerations	247
7.3.2.2	Share subscription and purchase options	247
7.3.2.3	Free share allocation rights	248

7.3.3	Transactions in Lagardère SCA shares by the Managing Partners and members of the Supervisory Board and their relatives during 2010	248
7.3.3.1	Managing Partners	248
7.3.3.2	Members of the Supervisory Board	248
7.3.4	Stock options granted to employees on shares of Lagardère SCA or its subsidiaries – Special report of the Managing Partners	248
7.3.5	Free share allocation rights granted to employees on shares of Lagardère SCA or its subsidiaries – Special report of the Managing Partners	249
7.4	Organisation, operation and control of the Company and the Group	252
7.4.1	Description of internal control and risk management procedures	252
7.4.1.1	Introduction: Internal control and risk management framework, responsibilities, objectives and scope	252
7.4.1.2	Control environment	252
7.4.1.3	Procedures, methods, tools and practices	256
7.4.1.4	Information and communication	259
7.4.1.5	Risk management procedures	259
7.4.1.6	Control activities	262
7.4.1.7	Permanent monitoring of internal control and risk management systems	262
7.4.2	Report of the Chairman of the Supervisory Board	264
7.4.3	Statutory Auditors' report prepared in accordance with Article L. 226-10-1 of the French Commercial Code on the Report prepared by the Chairman of the Supervisory Board of Lagardère SCA	270
7.5	Transactions concluded with related parties (Managing Partners and members of the Supervisory Board)	271
7.5.1	Transactions with Lagardère Capital & Management	271
7.5.2	Transactions with members of the Supervisory Board	272

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 indefinitely 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 specificities of its by-laws (see Chapter 8, section 8.2) give Lagardère 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 (*Gérants*), 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 final decision is vested in the ordinary general meeting (see Chapter 8, section 8.2.6). The term of office 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 financial 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.

These arrangements obviate the confusion, for which French corporations are criticised, between the role of the Chairman (*Président*) when the latter is also Chief Executive Officer (*Directeur Général*) and the role of 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

At 31 December 2010, the Company was managed by two Managing Partners:

- Mr. Arnaud Lagardère and
- the company Arjil Commanditée-Arco

7.2.2.1 ARNAUD LAGARDÈRE

4 rue de Presbourg – 75116 Paris, France

Born 18 March 1961

Number of Lagardère SCA shares held directly and indirectly (see Chapter 8, section 8.1.8.1): 12,610,893

Mr. Arnaud Lagardère was appointed Managing Partner in March 2003 and his 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 Lagardère is the Chairman of Lagardère (SAS) and Lagardère Capital & Management (SAS). Mr. Arnaud Lagardère and these two companies held 9.62% of Lagardère SCA's share capital on 31 December 2010 (see Chapter 8, section 8.1.8.1).

Mr. Arnaud Lagardère holds a DEA higher degree in economics from the University of Paris Dauphine. He was appointed Director and Chief Executive Officer of the company MMB (which became Lagardère SCA) in 1987. He was Chairman of the US company Grolier Inc. from 1994 to 1998.

A) PRINCIPAL POSITION

Managing Partner, Lagardère SCA

B) OTHER POSITIONS AND APPOINTMENTS HELD IN THE GROUP (AT 31 DECEMBER 2010)

Chairman and Chief Executive Officer, Hachette SA (Lagardère Media)

4 rue de Presbourg – 75116 Paris

Director, Hachette Livre (SA)

43 quai de Grenelle – 75015 Paris

Chairman of the Supervisory Board, Lagardère Services (SAS)

2 rue Lord Byron – 75008 Paris

Chairman of the Supervisory Board, Lagardère Active (SAS)

149-151 rue Anatole France – 92300 Levallois-Perret

Chairman of the Supervisory Board, Lagardère Sports (SAS)

4 rue de Presbourg – 75116 Paris

Director, Lagardère Ressources (SAS)

121 avenue de Malakoff – 75116 Paris

Chairman, Lagardère Unlimited Inc.
2711, Centerville Road, Suite 400, 19808 Wilmington, USA

Permanent Representative of Lagardère Unlimited Inc., Managing Member of Lagardère Unlimited LLC
4711, Centerville Road, Suite 400, 19808 Wilmington, USA

Chairman, Sports Investment Company LLC
4711, Centerville Road, Suite 400, 19808 Wilmington, USA

Chairman and Director, Sogeadé Gérance (SAS)
121 avenue de Malakoff – 75116 Paris

Member of the Board of Directors, European Aeronautic Defence and Space Company – EADS N.V.
Mendelweg 30, 2333 CS Leiden – The Netherlands

Member of the Board of Directors, EADS Participations BV
Teleportboulevard 140, 1043 EJ Amsterdam
PO BOX 2838, 1000 CV – The Netherlands

Chairman, Fondation Jean-Luc Lagardère
4 rue de Presbourg – 75116 Paris

Chairman, Lagardère Paris Racing Ressources sports association
121 avenue de Malakoff – 75116 Paris

Chairman, Lagardère Paris Racing sports association
121 avenue de Malakoff – 75116 Paris

Chairman, Lagardère (SAS)
121 avenue de Malakoff – 75116 Paris

Chairman, Lagardère Capital & Management (SAS)
121 avenue de Malakoff – 75116 Paris

Chairman and Chief Executive Officer, Arjil Commanditée-Arco (SA)
121 avenue de Malakoff – 75116 Paris

C) OTHER POSITIONS AND APPOINTMENTS HELD OUTSIDE THE GROUP

None.

D) OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Chairman, Club des Entreprises Paris 2012 (*until January 2006*)

Director, Fimalac (SA)
97 rue de Lille – 75007 Paris (*until January 2006*)

Chairman, Lagardère Active (SAS)
121 avenue de Malakoff – 75116 Paris (*until October 2006*)

Director, Hachette Filipacchi Médias (SA)
149-151 avenue Anatole France – 92300 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, Lagardère Active Broadcast (a Monaco SA)
57 rue Grimaldi – 98000 Monaco (*until March 2007*)

Member of the Supervisory Board, Lagardère Sports (SAS)
28 rue François-1^{er} – 75008 Paris (*until April 2007*)

Director, Lagardère Management, Inc.
1633 Broadway, 45th Floor – New York, NY 10019 – USA (*until October 2007*)

Chairman of the Board of Directors, Lagardère Active North America, Inc.
1633 Broadway, 20th Floor – New York, NY 10019 – USA (*until October 2007*)

Chairman of the Supervisory Board, Hachette Holding (SAS)
149-151 avenue Anatole France – 92300 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 Général Leclerc – 92115 Clichy (*until February 2008*)

Member of the Supervisory Board, Le Monde SA (*until February 2008*)
 Chairman, Lagardère Active Broadband (SAS)
 121 avenue de Malakoff – 75116 Paris (*until June 2008*)
 Director, LVMH - Moët Hennessy Louis Vuitton (SA)
 22 avenue Montaigne – 75008 Paris (*until May 2009*)
 Permanent representative of Lagardère Active Publicité
 to the Board of Directors, Lagardère Active Radio International (SA)
 28 rue François-1^{er} – 75008 Paris (*until May 2009*)
 Member of the Supervisory Board, Daimler AG
 Epplestrasse 225 – D 70546 Stuttgart – Möhringen, Germany (*until April 2010*)
 Chairman, Association des Amis de Paris Jean-Bouin C.A.S.G. (*until September 2010*)

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
 and Mr. Dominique D’Hinnin and Mr. Thierry Funck-Brentano since 10 March 2010
 Arjil Commanditée-Arco was appointed Managing Partner on 17 March 1998.

When this appointment was renewed for a further six-year period on 10 March 2010, the Supervisory Board, in application of the provisions of article 14-2 of the by-laws, approved the following persons as the company’s legal representatives upon proposal of the general partners:

- Mr. Arnaud Lagardère, Chairman and Chief Executive Officer;
- Mr. Philippe Camus, Deputy Chairman and Chief Operating Officer;
- Mr. Pierre Leroy, Deputy Chairman and Chief Operating Officer;
- Mr. Dominique D’Hinnin, Chief Operating Officer;
- Mr. Thierry Funck-Brentano, Chief Operating Officer.

In their capacity as legal representatives of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA, Messrs Philippe Camus and Pierre Leroy, and since 10 March 2010 Messrs Dominique D’Hinnin and Thierry Funck-Brentano, are Co-Managing Partners of Lagardère SCA.

Positions held by Arjil Commanditée-Arco in other companies:

None

Positions held by legal representatives of Arjil Commanditée-Arco in other companies (at 31 December 2010)

ARNAUD LAGARDÈRE (*see above*)

PHILIPPE CAMUS

4 rue de Presbourg – 75116 Paris, France

Born 28 June 1948

Number of Lagardère SCA shares held: 10,000

Mr. Philippe Camus is a former student of the École Normale Supérieure de Paris (Ulm Paris), and holds a degree from the Institut d’Études Politiques de Paris (Economics and Finance) and the highest-level teaching qualification *agrégation* in Physics and Actuarial Science.

He was appointed Chairman of Aerospatiale Matra’s Management Board in 1999, and was Chief Executive Officer of EADS between 2000 and 2005.

A) PRINCIPAL POSITION

Co-Managing Partner, Lagardère SCA

B) OTHER POSITIONS AND APPOINTMENTS HELD IN THE GROUP (AT 31 DECEMBER 2010)

Permanent representative of Lagardère SCA to the Board of Directors, Hachette SA

Member of the Supervisory Board, Lagardère Active (SAS)

Director, Éditions P. Amaury (SA)

Member of the Supervisory Board, Lagardère Services (SAS)

Chairman, President and CEO, Lagardère North America, Inc.

Director, Cellfish Media (LLC)

Director, Lagardère Unlimited, Inc.

Director, Deputy Chairman and Chief Operating Officer, Arjil Commandité-Arco (SA)

C) OTHER POSITIONS AND APPOINTMENTS HELD OUTSIDE THE GROUP

Chairman of the Board of Directors, Alcatel-Lucent

Director, member of the Audit Committee, Chairman of the Finance Committee, Schlumberger

Senior Managing Director, Evercore Partners, Inc.

Honorary chairman, GIFAS

D) OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Director, La Provence (SA) (until 16 October 2006)

Director, Nice Matin (SA) (until 23 October 2006)

Director, Hachette Filipacchi Médias (until 25 October 2006)

Member of the Supervisory Board, Hachette Holding (SAS)
(until December 2007)

Permanent representative of Lagardère Active to the Board of Directors,
Lagardère Active Broadcast (Monaco) (until December 2007)

Director, Accor (until September 2008)

Director, Crédit Agricole SA (until May 2009)

PIERRE LEROY

4 rue de Presbourg – 75116 Paris, France

Born 8 October 1948

Number of Lagardère SCA shares held: 2,027

Mr. Pierre Leroy, a graduate of business school École Supérieure de Commerce de Reims with a university degree in law, has spent his entire career with the Lagardère group.

He was appointed Director and Chief Executive Officer of the company MMB (which became Lagardère SCA) in 1987, Chairman and Chief Executive Officer of Lagardère Sociétés in 1988 and Group Secretary General in 1993.

A) PRINCIPAL POSITIONS

Co-Managing Partner, Lagardère SCA

Secretary General, Groupe Lagardère

B) OTHER POSITIONS AND APPOINTMENTS HELD IN THE GROUP (AT 31 DECEMBER 2010)

Chairman, Lagardère Ressources (SAS)

Director, Hachette SA (Lagardère Media)

Director, Hachette Livre (SA)

Member of the Supervisory Board, Lagardère Services (SAS)

Member of the Supervisory Board, Lagardère Active (SAS)

Member of the Supervisory Board, Lagardère Sports (SAS)

Manager, Presstalis (formerly NMPP)

Director, Lagardère Active Broadcast (a Monaco company)
 Director, Lagardère Entertainment (SAS)
 Member of the Supervisory Board, Le Monde SA
 Chairman, Désirade (SAS)
 Director, Sogeadé Gérance (SAS)
 Manager, Financière de Pichat & Compagnie (SCA)
 Chairman, Lagardère Participations (SAS)
 Chairman, Lagardère Expression (SAS)
 Chairman, Dariade (SAS)
 Chairman, Sofrimo (SAS)
 Chairman, Holpa (SAS)
 Permanent representative of Lagardère Participations to the Board of Directors, Galice (SA)
 Director, Ecrinvest 4 (SA)
 Director, Fondation Jean-Luc Lagardère
 Chairman and Chief Executive Officer, Lagardère Paris Racing Ressources (SASP)
 Manager, Team Lagardère (SNC)
 Director of Lagardère UK Ltd.

Director, Lagardère Capital & Management (SAS)
 Deputy Chairman, Chief Operating Officer, Arjl Commannditée-Arco (SA)

C) OTHER POSITIONS AND APPOINTMENTS HELD OUTSIDE THE GROUP

Director, IMEC (Institut Mémoires de l'Édition Contemporaine)
 Chairman, Fondation pour la Mémoire de la Création Contemporaine
 Member of the Consultative Committee, Sotheby's
 Member of the Board of Directors, Association Doucet-Littérature
 Member of the judges for the Médicis, Casanova, Hemmingway and Sade Prizes

D) OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Permanent representative of Lagardère Participations to the Board of Directors, CVT (SA) (until May 2006)
 Permanent representative of Lagardère Participations to the Board of Directors, Hagenà (SA) (until July 2006)
 Director, Hachette Filipacchi Médias (until 25 October 2006)
 Director, Lagardère Télévision Holdings (SA) (until January 2007)
 Chairman of the Supervisory Board, Matra Manufacturing & Services (SAS) (until December 2007)
 Member of the Supervisory Board, Hachette Holding (SAS) (until December 2007)
 Chairman of the Supervisory Board, Financière de Pichat (SAS) (until April 2008)
 Director, Hachette Filipacchi Presse (SA) (until June 2008)
 Director, Lagardère (SAS) (until June 2008)
 Member of the Supervisory Board, Matra Manufacturing & Services (SAS) (until October 2009)
 Member of the Supervisory Board, Le Monde (SA) (until November 2010)
 Member of the Supervisory Board, Arlis (SAS) (until January 2010)

DOMINIQUE D'HINNIN

4 rue de Presbourg – 75116 Paris, France

Born 4 August 1959

Number of Lagardère SCA shares held: 20,234

Dominique D'Hinnin is an alumnus of the École Normale Supérieure and the École Nationale d'Administration, and also an Inspecteur des Finances. He joined the Lagardère group in 1990 as a special assistant to Philippe Camus.

He subsequently served as the Group's Internal Audit Manager and then as Chief Financial Officer of Hachette Livre in 1993 before becoming Executive Vice President of Grolier Inc. (Connecticut, USA) in 1994. On his return to France in 1998 Mr. D'Hinnin was appointed as Lagardère SCA's Chief Financial Officer.

A) PRINCIPAL POSITION

Co-Managing Partner, Lagardère SCA

B) OTHER POSITIONS AND APPOINTMENTS HELD IN THE GROUP

Director, Chief Operating Officer, Arjil Commanditée-Arco (SA)

Chairman and Chief Executive Officer, Ecrinvest 4 (SA)

Director, Hachette SA (Lagardère Media)

Member of the Supervisory Board, Lagardère Active (SAS)

Permanent representative of Hachette SA to the Board of Directors, Lagardère Active Broadcast (a Monaco SA)

Director, Lagardère Entertainment (SAS)

Member of the Supervisory Board, Lagardère Services (SAS)

Director, Hachette Livre (SA)

Member of the Supervisory Board, Lagardère Sports (SAS)

Director, Lagardère Ressources (SAS)

Director, Sogeadé Gérance (SAS)

Member of the Supervisory Board, Financière de Pichat & Cie (SCA)

Member of the Supervisory Board, Matra Manufacturing & Services (SAS) (formerly Matra Automobile)

Director, Lagardère North America, Inc. (USA)

C) OTHER POSITIONS AND APPOINTMENTS HELD OUTSIDE THE GROUP

Deputy Chairman of the Board of Directors and Chairman of the Audit Committee, Atari (SA)

Director, Le Monde Interactif (SA)

Member of the Supervisory Board and member of the Audit Committee, Canal+ France (SA)

Member of the Board of Directors, European Aeronautic Defence and Space Company – EADS N.V.

Mendelweg 30, 2333 CS Leiden – The Netherlands

Member of the Board of Directors, EADS Participations BV

Teleportboulevard 140, 1043 EJ Amsterdam

PO BOX 2838, 1000 CV – The Netherlands

Member of the Strategic Board, Price Waterhouse Coopers France

Chairman, Club des Normaliens dans l'Entreprise

Treasurer, Fondation de l'École Normale Supérieure

Chairman, Institut de l'École Normale Supérieure

Chairman, Club des Trente (an association for the finance directors of France's largest listed companies)

D) OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Representative of Lagardère SCA to the Board of Directors, Hachette Filipacchi Médias

(until 25 October 2006)

Chairman and Chief Executive Officer, Lagardère Télévision Holdings SA *(until January 2007)*

Director, Legion Group (SA) *(until May 2007)*

Director, Lagardère Management, Inc. (USA) *(until October 2007)*

Member of the Supervisory Board, Hachette Holding (SAS) (formerly Hachette Filipacchi Médias)

(until December 2007)

Member of the Supervisory Board, Financière de Pichat (SAS) *(until April 2008)*

Chairman and member of the Supervisory Board, Newsweb (SA) (until June 2008)

Chairman, Eole (SAS) (until February 2009)

Member of the Supervisory Board and Chairman of the Audit Committee, Le Monde (SA) (until November 2010)

THIERRY FUNCK-BRENTANO

4 rue de Presbourg – 75116 Paris, France

Born 2 May 1947

Number of Lagardère SCA shares held: 27,908

Thierry Funck-Brentano is a graduate of the University of Paris Dauphine (where he gained a master's degree in management) and holds an MBA from Northwestern University (Kellogg) in the United States. He has spent his entire career with the Lagardère group.

A) PRINCIPAL POSITIONS

Co-Managing Partner, Lagardère SCA

Chief Human Relations and Communications Officer, Groupe Lagardère

B) OTHER POSITIONS AND APPOINTMENTS HELD IN THE GROUP

Director, Chief Operating Officer, Arjil Commanditée-Arco

Director, Hachette SA

Permanent representative of Hachette SA to the Board of Directors, Hachette Livre

Member of the Supervisory Board, Lagardère Active (SAS)

Member of the Supervisory Board, Lagardère Services (SAS)

Member of the Supervisory Board, Lagardère Sports (SAS)

Director, Lagardère Active Broadcast (a Monaco SA)

Director, Hachette Filipacchi Presse (SA)

Director, Lagardère Ressources (SAS)

Manager, Presstalis (formerly NMPP)

Chairman and Chief Executive Officer, Sopredis (SA)

Director, Lagardère Capital & Management (SAS)

Chairman of the Supervisory Board, Matra Manufacturing & Services (SAS)

Director, Ecrinvest 4 (SA)

Director, Mediakiosk (SAS) (formerly A.A.P)

Director, SGEL (Sociedad General Española de Librería) (Spain)

Director, Fondation Jean-Luc Lagardère

Director, Secretary, Treasurer, Association Lagardère Paris Racing Ressources

Secretary, Association Lagardère Paris Racing

C) OTHER POSITIONS AND APPOINTMENTS HELD OUTSIDE THE GROUP

Administrator, Université Paris IX Dauphine

Administrator, Fondation de l'Université Paris IX Dauphine

D) OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Director, Hachette Filipacchi Médias (transformed into a simplified corporation (SAS) on 25 October 2006)

Director, Sogeade Gérance (SAS) (until October 2007)

Member of the Supervisory Board, Hachette Holding (SAS) (formerly Hachette Filipacchi Médias) (until December 2007)

Chairman, MP 55 (SAS) (until April 2008)

Director, Matra Participations (SA) (until June 2008)

Chairman, Edifinance Participations (SAS) (until March 2009)

	CHAPTER 7	CHAPTER 8	CHAPTER 9	CHAPTER 10	CHAPTER 11
215	216	273	274	291	292
			295	296	299
				300	305

7.2.3 MEMBERS OF THE SUPERVISORY BOARD

• List of members of the Supervisory Board during 2010⁽¹⁾(2)(3)

		Date of first appointment or renewal	End of current period of office
Chairman of the Board Chairman of the Audit Committee	Xavier de Sarrau Independent member of the Board ⁽¹⁾	10 March 2010	AGM 2014 ^(*)
Honorary Chairman of the Board Member of the Audit Committee	Raymond H. Lévy Non-independent member of the Board ⁽¹⁾	27 April 2010	AGM 2012 ^(*)
Member of the Board	Bernard Arnault Independent member of the Board ⁽¹⁾	27 April 2010	AGM 2012 ^(*)
Member of the Board	Martine Chêne Independent member of the Board ⁽¹⁾	29 April 2008	AGM 2014 ^(*)
Member of the Board Member of the Appointments and Remuneration Committee	Georges Chodron de Courcel Non-independent member of the Board ⁽¹⁾	2 May 2006	AGM 2012 ^(*)
Member of the Board Member of the Audit Committee Chairman of the Appointments and Remuneration Committee	François David Independent member of the Board ⁽¹⁾	29 April 2008	AGM 2014 ^(*)
Member of the Board Member of the Appointments and Remuneration Committee	Pierre Lescure Independent member of the Board ⁽¹⁾	29 April 2008	AGM 2014 ^(*)
Member of the Board	Jean-Claude Magendie Independent member of the Board ⁽¹⁾	27 April 2010 ^(**)	AGM 2014 ^(*)
Member of the Board Member of the Audit Committee	Christian Marbach Independent member of the Board ⁽¹⁾	2 May 2006	AGM 2012 ^(*)
Member of the Board Member of the Audit Committee	Bernard Mirat Independent member of the Board ⁽¹⁾	2 May 2006	AGM 2012 ^(*)
Member of the Board	Javier Monzón Independent member of the Board ⁽¹⁾	29 April 2008	AGM 2014 ^(*)
Member of the Board Member of the Audit Committee	Amélie Oudéa-Castéra Non-independent member of the Board ⁽¹⁾	27 April 2010	AGM 2012 ^(*)
Member of the Board Member of the Audit Committee	Didier Pineau-Valencienne Independent member of the Board ⁽¹⁾	29 April 2008	AGM 2014 ^(*)
Member of the Board	François Roussely Independent member of the Board ⁽¹⁾	27 April 2010	AGM 2012 ^(*)
Member of the Board	Patrick Valroff Independent member of the Board ⁽¹⁾	27 April 2010	AGM 2014 ^(*)
Board Secretary	Laure Rivière-Doumenc		

Mr. René Carron's term of office as member of the Board ended at the Annual General Meeting of 27 April 2010.

(1) Under the AFEP/MEDEF corporate governance criteria applied by the Supervisory Board (see section 7.4.2 below).

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

(**) Mr. Jean-Claude Magendie's appointment took effect on 1 May 2010.

XAVIER DE SARRAU

16 West Halkin Street – SW1 X8JL London, United Kingdom

Born 11 December 1950

Date of appointment: 10 March 2010 ⁽¹⁾

End of current period of office: AGM 2014 ⁽²⁾

Number of Lagardère SCA shares held: 150

Chairman of the Supervisory Board of Lagardère SCA and of its Audit Committee

Xavier de Sarrau is a graduate of the Paris Business School HEC and holds a doctorate in tax law. He is a lawyer registered with the Bars of Paris and Geneva, specialising in advice to family and private groups on matters of governance and organisation.

He spent part of his career in the Arthur Andersen Group (1978 to 2002), serving as Managing Partner for France, Managing Partner for EMEA, and finally Managing Partner Worldwide Global Management Services, and a member of the firm's World Executive Committee.

After founding his own law firm outside France, Mr. de Sarrau was one of the founders of Paris firm Sarrau Thomas Couderc in 2005.

In 2008, Mr. de Sarrau's work at Sarrau Thomas Couderc was legally ended through an agreement recorded by the Paris Bar, and he has had no interest in the firm since then. In 2010 he requested that his name should be officially withdrawn from all of the firm's distinctive identification marks. As this request remains unheeded, litigation is now pending before the courts.

Mr. de Sarrau was an elected member of France's National Bar Council.

He currently is Managing Partner of the Gordon S. Blair law firm.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES**In France**

Member of the Supervisory Board, JC Decaux

Chairman of the Audit Committee and the Ethics Committee, JC Decaux

Member of the Supervisory Board, Bernardaud SA

Outside France

Member of the Board, Continental Motors Inns SA (Luxembourg)

Member of the Board, Thala SA (Switzerland)

Member of the Board, Dombes SA (Switzerland)

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Member of the Supervisory Board, Financière Atlas

RAYMOND H. LÉVY

40 rue de Garches - 92420 Vaucresson, France

Born 28 June 1927

Date of appointment: 27 April 2010

End of current period of office: AGM 2012 ⁽²⁾

Number of Lagardère SCA shares held: 15,230

Member and Honorary Chairman of the Supervisory Board of Lagardère SCA and member of its Audit Committee.

Mr. Raymond H. Lévy is a graduate engineer belonging to the Corps des Mines, and has been Deputy Chairman and Chief Executive Officer of Elf Aquitaine, Chairman of Usinor, Chairman of the Board and director of Cockerill-Sambre, Chairman of Régie Nationale des Usines Renault and Consortium de Réalisation.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Member of the Supervisory Board, Sogead

Director, Sogead Gérance

Honorary Chairman, Renault SA

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Chairman of the Supervisory Board, Sogead

Director, Renault Finance (Switzerland)

Director, Louis Dreyfus Citrus

(1) Cooptation by the Supervisory Board on 10 March 2010, ratified by the Annual General Meeting of 27 April 2010.

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

BERNARD ARNAULT

22 avenue Montaigne – 75008 Paris, France

Born 5 March 1949

Date of appointment: 27 April 2010

End of current period of office: AGM 2012⁽¹⁾

Number of Lagardère SCA shares held: 150

Mr. Bernard Arnault is a former student of the École Polytechnique. He has been Chairman and Chief Executive Officer of Ferret-Savinel, Financière Agache and Christian Dior, and is currently Chairman and Chief Executive Officer of LVMH.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES**In France**

Chairman of the Board of Directors, Christian Dior

Chairman, Groupe Arnault SAS

Director, Christian Dior Couture SA

Chairman, Société Civile du Cheval Blanc

Chairman of the Board of Directors, The Louis Vuitton Foundation for Creation

Director, Carrefour SA

Member of the Supervisory Board, Financière Jean Goujon SAS

Outside France

Director, LVMH - Moët Hennessy Louis Vuitton Japan KK, Japan

Director, LVMH - Moët Hennessy Louis Vuitton Inc., USA

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Member of the Supervisory Board, Métropole Télévision "M6" SA

Director, Raspail Investissements SA

RENÉ CARRON

91-93 boulevard Pasteur – 75015 Paris, France

Born 13 June 1942

Date of appointment: 11 May 2004

End of current period of office: ended at the AGM of 27 April 2010

Number of Lagardère SCA shares held: 0

Mr. René Carron is a former member of France's third-ranking constitutional assembly, the Conseil Économique et Social and Chairman of the Board of Directors of Crédit Agricole SA.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES**In France**

Chairman, GDF Suez

Chairman, Fondation pour l'Agriculture et la Ruralité dans le Monde (FARM)

Chairman, Grameen-Crédit Agricole Microfinance Foundation

Deputy Chairman, IPEMED

Outside France

Director, Fiat SpA

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Chairman of the Board of Directors, Crédit Agricole SA

Permanent representative of Crédit Agricole SA, Director, Fondation de France

Chairman, Caisse Régionale de Crédit Agricole des Savoie

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

Deputy Chairman, Fédération Nationale du Crédit Agricole
 Deputy Chairman, Confédération Nationale de la Mutualité, de la Coopération et du Crédit Agricole (CNMCCA)
 Chairman, Confédération Internationale du Crédit Agricole (CICA)
 Member of the Management Committee, Gecam
 Director, Scicam
 Director, Crédit Agricole Solidarité et Développement
 Director, Fondation du Crédit Agricole Pays de France
 Director, Sacam Participations
 Director, Sacam
 Director and Deputy Chairman, Banca Intesa Spa (Italy)
 Chairman, Caisse Locale de Crédit Agricole de Yenne
 Chairman, Gecam
 Member of the Supervisory Board, Eurazeo
 Director, Rue Impériale
 Director, Sapacam
 Director, Sofinco

MARTINE CHÈNE

64 rue du Parc – 34980 Saint Gély du Fesc, France

Born 12 May 1950

Date of appointment: 29 April 2008

End of current period of office: AGM 2014⁽¹⁾

Number of Lagardère SCA shares held: 150

Mrs Martine Chêne joined the Lagardère group in 1984, and was employed as an archivist at Hachette Filipacchi Associés (HFA) until March 2009. She was the secretary of HFA's Works Committee, a CFDT union representative and an employee representative. She represented the CFDT union on the Group Employees' Committee.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Mrs Martine Chêne exercises no positions in any other companies.

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Mrs Martine Chêne has not held any positions or appointments in the last five 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 office: AGM 2012⁽¹⁾

Number of Lagardère SCA shares held: 150

Member of the Appointments and Remuneration Committee, Lagardère SCA

Mr. Georges Chodron de Courcel is a graduate engineer of the École Centrale des Arts et Manufactures de Paris. He is currently Chief Operating Officer of BNP Paribas.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

In France

Director, Bouygues SA

Censor, Scor SE

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

Director, Nexans SA
 Director, Alstom SA
 Director, FFP SA (Société Foncière, Financière et de Participations)
 Censor, Safran SA
 Chairman, Compagnie d'Investissement de Paris SAS
 Chairman, Financière BNP Paribas SAS
 Director, Verner Investissements SAS
 Censor, Exane SA

Outside France

Chairman BNP Paribas (Suisse) SA (Switzerland)
 Deputy Chairman, Fortis Bank SA/NV (Belgium)
 Director, Erbé SA (Belgium)
 Director, GBL - Groupe Bruxelles Lambert (Belgium)
 Director, Scor Holding (Switzerland) AG (Switzerland)
 Director, Scor Global Life Rückversicherung Schweiz AG (Switzerland)
 Director, Scor Switzerland AG (Switzerland)

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Director, Banca Nazionale del Lavoro (Italy)
 Chairman, BNP Paribas Emergis SAS
 Chairman and Director, BNP Paribas UK Holdings Ltd (United Kingdom)
 Director, BNP Paribas ZAO (Russia)
 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 office: AGM 2014⁽¹⁾

Number of Lagardère SCA shares held: 150

Member of the Audit Committee of Lagardère SCA

Chairman of the Appointments and Remuneration Committee, Lagardère SCA

Mr. François David is a graduate of the Institut d'Études 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 Aerospatiale from 1990 to 1994. Mr. François 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 Services
 Director, Vinci
 Director, Rexel
 Member of the Conseil de l'Ordre de la Légion d'Honneur

Outside France

Chairman of the Supervisory Board, Coface Kerditversicherung AG (Germany)
 Chairman of the Board of Directors, Coface Assicurazioni (Italy)

(1) 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

Director, EADS

Chairman, International Credit Insurance & Surety Association (ICISA)

European Adviser, CityGroup

PIERRE LESCURE

38 rue Guynemer – 75006 Paris, France

Born 2 July 1945

Date of appointment: 29 April 2008

End of current period of office: AGM 2014⁽¹⁾

Number of Lagardère SCA shares held: 150

Member of the Appointments and Remuneration Committee, Lagardère SCA

Mr. Pierre Lescure is a journalist who has been Editor in Chief of the television channel France 2, Chairman and Chief Executive Officer of the pay TV channel Canal+, and Chief Executive Officer of Vivendi Universal. He is currently manager of the Théâtre Marigny, in Paris.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES**In France**

Chairman, AnnaRose Productions (SAS)

Director, Havas Advertising

Member of the Supervisory Board, Le Monde SA

Member of the Board of Directors, Thomson SA

Outside France

Member of the Board of Directors, Kudelski (Switzerland)

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Chairman, Lescure Farrugia Associés

JEAN-CLAUDE MAGENDIE

19 rue Raynouard – 75016 Paris, France

Born 24 May 1945

Date of appointment: 27 April 2010

End of current period of office: AGM 2014⁽¹⁾

Number of Lagardère SCA shares held: 150

Jean-Claude Magendie is a former magistrate. He started out as an examining judge (1970-1975) before becoming deputy general secretary to the First President of the Paris Court of Cassation, referendary at the same Court, President of the Chamber at Rouen Court of Appeal, then Versailles Court of Appeal, President of the Créteil magistrates' court then the Paris magistrates' court (tribunal de grande instance), and finally First President of the Paris Court of Appeal.

He has also written reports on civil law procedure and mediation, and was Secretary General for the study commission on Europe and the legal professions.

He is also a Member of the Commission for analysis on prevention of conflicts of interest in public life.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Member of the Scientific Committee of the National Institute of High Studies for Security and Justice

Contributor to the Gazette du Palais

Member of the Board of Directors, Lextenso

(1) 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

First President of the Paris Court of Appeal

President of the Paris magistrates' court (Tribunal de Grande Instance de Paris)

Member of the Ministerial Remuneration Committee

Chairman, Acojuris (the Agency for International Legal Co-operation)

Chairman, Orientation Committee of the Paris Courts (Établissement Public du Palais de Justice de Paris)

CHRISTIAN MARBACH

17 avenue Mirabeau – 78600 Maisons-Laffitte, France

Born 9 October 1937

Date of appointment: 2 May 2006

End of current period of office: AGM 2012⁽¹⁾

Number of Lagardère SCA shares held: 406

Member of the Audit Committee of Lagardère 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 Générale de Géophysique-Veritas (CGG)

Censor, Sofinnova

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Director, Compagnie Générale de Géophysique-Veritas (CGG)

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 office: AGM 2012⁽¹⁾

Number of Lagardère SCA shares held (with Mrs Mirat): 2,310

Member of the Audit Committee of Lagardère SCA

Mr. Bernard Mirat is a graduate of the Institut d'Études Politiques de Paris. He holds degrees in both literature and law and is a former student of the École Nationale d'Administration. He was formerly Deputy General Secretary of the Compagnie des Agents de Change, and Deputy Chairman and Chief Executive Officer of its successor the Société des Bourses Françaises.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Mr. Mirat exercises no positions in any other companies.

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Deputy Chairman of the Supervisory Board, GT Finance

Director, Fimalac

Censor, Holding Cholet-Dupont

(1) 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 March 1956

Date of appointment: 29 April 2008

End of current period of office: AGM 2014⁽¹⁾

Number of Lagardère SCA shares held: 150

Mr. Javier Monzón 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 firm Indra Sistemas.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES**Outside France**

Member of the Board of Directors, ACS Actividades de Construcción 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

Mr. Javier Monzón has not held any positions or appointments in the last five years.

AMÉLIE OUDÉA-CASTÉRA

25 avenue Matignon – 75008 Paris, France

Born 9 April 1978

Date of appointment: 27 April 2010

End of current period of office: AGM 2012⁽¹⁾

Number of Lagardère SCA shares held: 150

Member of the Audit Committee of Lagardère SCA

A former professional tennis player, Mrs Amélie Oudéa-Castéra is a graduate of the Institut d'Études Politiques de Paris and ESSEC Business School, holds a master's degree in law and attended the École Nationale d'Administration. She joined the Axa group in 2008 and has been its Director of the Strategic Plan since 1 April 2010.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Referendary, National Audit Office (Cour des Comptes)

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Mrs Amélie Oudéa-Castéra has not held any other positions or appointments in the last five years.

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 office: AGM 2014⁽¹⁾

Number of Lagardère SCA shares held: 2,850

Member of the Audit Committee of Lagardère 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 Officer of Schneider SA, and is now Honorary Chairman of the company.

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

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES**In France**

Chairman of the Investment Committee, Sagard
 Director, Fleury Michon
 Chairman, Fondation HEC Paris Business School
 Honorary Chairman, Association HEC Paris Business School
 Director, BIPE Association
 Advisor, Centre d'Enseignement Supérieur de la Marine

Outside France

Director, Swiss Helvetia Fund (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

Chairman of the International Consultative Committee, Audencia (formerly ESC Nantes Atlantique)
 Executive lecturer, HEC Paris Business School
 Member of the Advisory Board, Booz Allen & Hamilton (USA)
 Director, Pernod Ricard
 Director, Wendel Investissement
 Chairman, AFEP
 Senior Advisor, Crédit Suisse

FRANÇOIS ROUSSELY

22-30 avenue de Wagram – 75008 Paris, France

Born 9 January 1945

Date of appointment: 27 April 2010

End of current period of office: AGM 2012⁽¹⁾

Number of Lagardère SCA shares held: 150

Mr. François Rousseley is a graduate of the Institut d'Études Politiques de Paris and the Paris Law and Economics University, and a former student of the École Nationale d'Administration. He is a former Chairman and Chief Executive Officer of EDF, a senior-level magistrate at the National Audit Office Cour des Comptes and Deputy Chairman of Crédit Suisse for Europe.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Honorary Conseiller Maître, National Audit Office (Cour des Comptes)

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Chairman and Chief Executive Officer, Crédit Suisse - France
 Chairman, Crédit Suisse Banque d'Investissement France
 Chairman of the Board of Directors, EDF
 Director, AFII
 Member, Comité de l'Énergie Atomique (CEA)
 Member of the Supervisory Board, Dalkia Holding
 Chairman, Fondation EDF
 Chairman of the Board of Directors, École Nationale des Ponts et Chaussées - ENPC
 Member of the Consultative Council, Banque de France
 Honorary Chairman, EDF

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

PATRICK VALROFF

12 rue de Clichy – 75009 Paris, France

Born 3 January 1949

Date of appointment: 27 April 2010

End of current period of office: AGM 2014⁽¹⁾

Number of Lagardère SCA shares held: 150

Patrick Valroff holds a degree in law and is a graduate of the Institut d'Études Politiques de Paris and École Nationale d'Administration (ENA). He began his career in the French civil service sector. In 1991 he joined the specialist consumer credit company Sofinco as Deputy Chief Executive Officer. In 2003 he was appointed Head of Specialised Financial Services at Credit Agricole SA Group, which comprises Sofinco, Finaref, Crédit Agricole Leasing and Eurofactor, and was also Chairman and CEO of Sofinco. From May 2008 to December 2010, Patrick Valroff was Chief Executive Officer of Crédit Agricole Corporate and Investment Bank.

POSITIONS AND APPOINTMENTS HELD IN OTHER COMPANIES

Patrick Valroff exercises no positions in any other companies.

OTHER POSITIONS AND APPOINTMENTS HELD DURING THE LAST FIVE YEARS

Member of the Executive Committee, Crédit Agricole SA

Chairman and Chief Executive Officer, Sofinco

Director, Crédit Agricole Leasing SA

Chairman, Crédit Lift SAS

Permanent representative of Sofinco to the Board of Directors, Creserfi SA

Chairman of the Supervisory Board, Eurofactor SA

Chairman of the Supervisory Board, Finaref

Chairman, Fiat Group Auto Financial Services – FGAFS (SpA)

Legal representative of Sofinco, Manager, SCI du Bois Sauvage

Legal representative of Sofinco, Manager, SCI de la Grande Verrière

Legal representative of Sofinco, Manager, SCI de l'Ecoute s'il pleut

Legal representative of Sofinco, Manager, SCI du Petit Bois

Legal representative of Sofinco, Manager, SCI du Rond Point

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

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 Lagardère SCA's knowledge:

- no member of the Supervisory Board or Managing Partner has been convicted of fraud in the last five years;
- no member of the Supervisory Board or Managing Partner has been associated with bankruptcy, receivership or liquidation proceedings in the last five years;
- no member of the Supervisory Board or Managing Partner has been subject to charges or official 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 company's business management or governance in the last five years.

7.2.4.2 CONTRACTS BETWEEN A MEMBER OF THE SUPERVISORY BOARD OR MANAGING PARTNER AND LAGARDÈRE SCA OR ANY OF ITS SUBSIDIARIES

To the best of Lagardère SCA's knowledge, no member of the Supervisory Board or Managing Partner is bound to Lagardère SCA or any of its subsidiaries through a service contract, with the exceptions, in the case of the Supervisory Board, of Mr. Raymond Lévy who has had an employment agreement until 30 April 2010, and in the case of the Managing Partners, of the service agreement between LC&M (almost entirely owned by Mr. Arnaud Lagardère) and Lagardère Ressources. For more information on this agreement, see section 7.5.1 below and the Statutory Auditors' report on related party agreements and commitments in Chapter 6, section 6.8.

7.2.4.3 CONFLICTS OF INTERESTS

To the best of Lagardère SCA's 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 Lagardère SCA's knowledge, no potential conflict of interests exists between the duties of the members of the Supervisory Board or the Managing Partners to Lagardère 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 Lagardère SCA's 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 Lagardère SCA shares set forth in the internal rules of the Supervisory Board (see section 7.4.2);
- 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 Lagardère SCA shares defined in the laws in force or the "Charter for trade in Lagardère SCA shares by Lagardère group employees";
 - the holding period set by the Supervisory Board in 2008, 2009 and 2010 for free share allocations (see the Special report of the Managing Partners on allocations of free shares, in section 7.3.5).

7.3 REMUNERATION AND BENEFITS

7.3.1 MANAGING PARTNERS AND MEMBERS OF THE EXECUTIVE COMMITTEE

As at 31 December 2010, the Executive Committee included:

Messrs	Arnaud Lagardère,	General and Managing Partner	} Managing Partners
	Philippe Camus,	Co-Managing Partner	
	Pierre Leroy,	Co-Managing Partner, Secretary General	
	Dominique D’Hinnin,	Co-Managing Partner, Chief Financial Officer	
	Thierry Funck-Brentano,	Co-Managing Partner, Chief Human Relations and Communications Officer	
	Ramzi Khiroun,	Spokesman for the Managing Partners Head of External Relations	

Members of the Executive Committee

- receive immediate and deferred remuneration (retirement benefits);
- 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 Lagardère group excluding EADS is entirely borne by their employer, Lagardère Capital & Management (LC&M) and accounts for most of the management fees charged by LC&M to Lagardère Ressources (see section 7.5.1). Messrs Arnaud Lagardère 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 fixed portion and a variable portion, plus special bonuses where relevant.

The fixed 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 Lagardère, taking into account each person’s contribution to the development of the Group, changes in value added, the quality of management, relevance of its organisation and motivation of its teams;
- a Group performance-related component based on two parameters of equal importance in relation to the individual targets:
 - the percentage differential between the midpoint of the forecast range for progression in recurring operating profit before associates of companies in the Media segment as announced to the market at the start of the year, and the actual progression in that recurring operating profit for the year concerned;
 - the percentage differential between net cash from operating activities as forecast in the budget for the year, and net cash from operating activities stated in the consolidated cash flow statement for the year concerned.

A further criterion related to the intrinsic change in recurring operating profit before associates as defined above has been added in 2011: this factor will be applied directly to the result of the two above-mentioned criteria if and only if that result is negative.

For 2008, application of the formula resulted in a coefficient of 0.65 times the target amounts. Due to the economic situation, for 2009 only an estimated forecast for recurring operating profit before associates was announced, excluding the Lagardère Active division. This resulted in a coefficient of 1.66 times the target amounts and was disregarded because it was incomplete. Only the net cash from operating activities parameter was used in the calculation, leading to a coefficient of 1.28 times the targets. The coefficient for 2010 again calculated by full application of the formula amounted to 1.675.

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 managers or 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 five years (fixed + variable up to a maximum of 100% of the fixed portion), and cannot exceed 50 times the annual limits defined by the French social security system.

The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary 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 beneficiary's death, 60% of the pension is transferable to the surviving spouse.

At 31 December 2010, the Group's Defined Benefit Obligation as defined by IAS 19 under this plan amounted to €45.2 million.

C) INDEMNITÉS DE SÉPARATION

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.
- Benefits 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 Lagardère group has interests.

7.3.1.2 REMUNERATION AND BENEFITS OF THE MEMBERS OF THE EXECUTIVE COMMITTEE**A) GROSS REMUNERATION PAID**

<i>(in euros)</i>	2008	2009	2010
"LAGARDÈRE"	(1)	(2)	(3)
Fixed salary and benefits in kind	6,296,183	6,576,920	6,147,246
Special bonuses	-	-	1,204,000
Variable portion of salary (in respect of the previous year)	3,455,060	2,565,983	3,626,623
Attendance fees	49,846	20,425	20,900
Total	9,801,089	9,163,328	10,998,769
"EADS"	(4)	(4)	(4)
Fixed salary	60,000	220,000	220,000
Variable portion of salary (in respect of the previous year)	125,500	-	-
Attendance fees	50,000	60,000	110,000
Total	235,500	280,000	330,000

(1) Messrs Lagardère, Camus, Leroy, D'Hinnin, Gut, Funck-Brentano, Molinié (full-time).
(2) Messrs Lagardère, Camus, Leroy, D'Hinnin, Gut, Funck-Brentano (full-time), Mr. Molinié (until 30 June) and Mr. Khiroun (from 1 October).
(3) Messrs Lagardère, Camus, Leroy, D'Hinnin, Funck-Brentano, Khiroun (full-time) and Mr. Gut (until 30 June).
(4) Messrs Lagardère and D'Hinnin for their positions on the Board of Directors..

The "Lagardère" variable portion of salary to be paid in 2011 in respect of 2010 amounts to €4,250,475. 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 beneficiaries	Options exercised in 2010	Options forfeited at end 2010	Options outstanding at end 2010 ⁽¹⁾	Exercise period
Subscription options								
None								
Purchase options								
Plans expired								
19 Dec. 2001	23 May 2000	185,000	€46.48	7	0	0	0	19 Dec. 2003 to 19 Dec. 2008
19 Dec. 2002	23 May 2000	185,000	€51.45	7	0	0	0	19 Dec. 2004 to 19 Dec. 2009
Plans in force								
18 Dec. 2003	23 May 2000	178,000	€51.45	6	0	0	179,976	18 Dec. 2005 to 18 Dec. 2013
20 Nov. 2004	11 May 2004	178,000	€51.92	6	0	0	179,991	20 Nov. 2006 to 20 Nov. 2014
20 Nov. 2005	11 May 2004	240,000	€56.97	6	0	0	240,000	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006	11 May 2004	242,000	€55.84	6	0	0	242,000	14 Dec. 2008 to 14 Dec. 2016

(1) After adjustment in 2005.

C) FREE SHARE ALLOCATION RIGHTS

Date of Plan	Date of AGM	Number of rights granted	Number of beneficiaries	Number of shares vested in 2010	Number of rights cancelled in 2010	Number of rights outstanding at end 2010	Vesting date
Plan expired in 2009 (This plan's conditions were not fulfilled and the rights have lapsed)							
28 Dec. 2007	27 April 2007	107,000	7	0	0	0 ⁽¹⁾	29 Dec. 2009
Plan in force							
1 Oct. 2009	31 Dec. 2009	126,000	6	0	0	126,000	2 Oct. 2011 ⁽²⁾ 1 April 2012 ⁽²⁾
17 Dec. 2010		126,000	5	0	0	126,000	17 Dec. 2012 1 April 2013 ⁽³⁾

(1) As the stock market performance condition for final allocation of shares was not fulfilled at 29 December 2009, no free shares were allocated.

(2) 2 October 2013 for beneficiaries who are not resident in France for tax purposes and 1 April 2014 for Managing Partners who are not resident in France for tax purposes.

(3) 17 December 2014 for beneficiaries who are not resident in France for tax purposes and 1 April 2015 for Managing Partners who are not resident in France for tax purposes.

7.3.1.3 REMUNERATION AND BENEFITS OF THE MANAGING PARTNERS

Mr. Arnaud Lagardère

Summary of remuneration and benefits						
(in euros)	2008		2009		2010	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
"LAGARDÈRE"						
Fixed salary	978,729	978,729	1,140,729	1,140,729	1,140,729	1,140,729
Variable portion of salary	534,072	976,506 ⁽¹⁾	1,044,480	534,072 ⁽¹⁾	1,366,800	1,044,480⁽¹⁾
Exceptional remuneration	-	-	-	-	-	-
Attendance fees	6,650	6,334	7,125	6,650	7,000	7,125
Benefits in kind	3,600	3,600	12,764	12,764	12,764	12,764
Total	1,523,051	1,965,169	2,205,098	1,694,215	2,527,293	2,205,098
"EADS"						
Fixed salary	54,375	54,375	100,000	100,000	100,000	100,000
Variable portion of salary	-	113,734 ⁽¹⁾	-	-	-	-
Exceptional remuneration	-	-	-	-	-	-
Attendance fees	10,000	10,000	10,000	10,000	20,000	20,000
Benefits in kind	-	-	-	-	-	-
Total	64,375	178,109	110,000	110,000	120,000	120,000
Total	1,587,426	2,143,278	2,315,098	1,804,215	2,647,283	2,325,098

(1) Amounts paid in respect of the previous year. Since the variable portion of salaries can only be calculated after the year-end, it is paid during the following year.

The variable portion of salary paid to Mr. Lagardère 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 Lagardère has not received any options on Lagardère SCA shares or 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.

Total remuneration and benefits received and stock options and performance shares granted			
(in euros)	2008	2009	2010
Remuneration and benefits receivable for the year (details in previous table)	1,587,426	2,315,098	2,647,283
Value of options granted during the year	None	None	None
Value of rights to performance shares granted during the year	None	None	None
Total	1,587,426	2,315,098	2,647,283

Mr. Philippe Camus**Summary of remuneration and benefits**

Summary of remuneration and benefits						
(in euros)	2008		2009		2010	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
Fixed salary	1,088,000	1,088,000	1,088,000	1,088,000	1,088,000	1,088,000
Variable portion of salary	274,647	364,652 ⁽¹⁾	378,480	274,647 ⁽¹⁾	444,050	378,480⁽¹⁾
Exceptional remuneration	-	-	-	-	166,000	166,000
Attendance fees	-	-	-	-	-	-
Benefits in kind	-	-	-	-	-	-
Total	1,362,647	1,452,652	1,466,480	1,362,647	1,698,050	1,632,480

(1) Amounts paid in respect of the previous year. Since the variable portion of salaries can only be calculated after the year-end, it is paid during the following year.

Amounts shown above do not include the exchange rate effect caused by the fact that most of Mr. Camus' remuneration is paid in US dollars by Lagardère North America and is invoiced to Lagardère Capital & Management.

Rights to performance shares granted in 2010						
Date of AGM authorisation	Date of Plan	Number of shares allocated in 2010	Value under IFRS2 (in euros)	Vesting date	End of holding period	Performance condition
28 April 2009	17 Dec. 2010	29,000	656,270	1 April 2015	1 April 2015	⁽¹⁾

(1) Based on changes in recurring operating profit before associates of the Media segment for 2011 and 2012 and net cash from operating activities for 2011 and 2012.

These rights are granted subject to certain conditions described in the Special Report of the Managing Partners presented in section 7.3.5.

- Subscription or purchase options granted during the year: None.
- Subscription or purchase options exercised during the year: None.
- Performance shares granted during the year: 29,000.
- Performance shares that vested during the year: None.

On 28 December 2007, Mr. Philippe Camus was granted rights to receive 20,000 free shares of Lagardère SCA, valued at €579,000. As the stock market performance condition applicable for final allocation of these shares had not been fulfilled at 29 December 2009, no shares were allocated at the end of 2009 and the rights lapsed.

Total remuneration and benefits received and stock options and performance shares granted			
(in euros)	2008	2009	2010
Remuneration and benefits receivable for the year (details in previous table)	1,362,647	1,466,480	1,698,050
Value of options granted during the year	None	None	None
Value of rights to performance shares granted during the year	None	572,000	656,270
Total	1,362,647	2,038,480	2,354,320

Mr. Pierre Leroy

Summary of remuneration and benefits						
<i>(in euros)</i>	2008		2009		2010	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
Fixed salary	924,000	924,000	1,062,000	1,062,000	1,062,000	1,062,000
Variable portion of salary	614,895	782,977 ⁽¹⁾	808,800	614,895 ⁽¹⁾	725,250	808,800 ⁽¹⁾
Exceptional remuneration	-	-	-	-	412,000	412,000
Attendance fees	6,650	7,600	6,650	6,650	7,000	6,650
Benefits in kind	3,600	3,600	7,512	7,512	7,514	7,514
Total	1,549,145	1,718,177	1,884,962	1,691,057	2,213,764	2,296,964

(1) Amounts paid in respect of the previous year. Since the variable portion of salaries can only be calculated after the year-end, it is paid during the following year.

Rights to performance shares granted in 2010						
Date of AGM authorisation	Date of Plan	Number of shares allocated in 2010	Value under IFRS2 (in euros)	Vesting date	End of holding period	Performance condition
28 April 2009	17 Dec. 2010	29,000	733,990	1 April 2013	1 April 2015	⁽¹⁾

(1) Based on changes in recurring operating profit before associates of the Media segment for 2011 and 2012 and net cash from operating activities for 2011 and 2012.

These rights are granted subject to certain conditions described in the Special Report of the Managing Partners presented in section 7.3.5.

- Subscription or purchase options granted during the year: None.
- Subscription or purchase options exercised during the year: None.
- Performance shares granted during the year: 29,000.
- Performance shares that vested during the year: None.

On 28 December 2007, Mr. Pierre Leroy was granted rights to receive 20,000 free shares of Lagardère SCA, valued at €579,000. As the stock market performance condition applicable for final allocation of these shares had not been fulfilled at 29 December 2009, no shares were allocated at the end of 2009 and the rights lapsed.

Total remuneration and benefits received and stock options and performance shares granted			
<i>(in euros)</i>	2008	2009	2010
Remuneration and benefits receivable for the year (details in previous table)	1,549,145	1,884,962	2,213,764
Value of options granted during the year	None	None	None
Value of rights to performance shares granted during the year	None	633,750	733,990
Total	1,549,145	2,518,712	2,947,754

Mr. Dominique D’Hinnin

Summary of remuneration and benefits						
(in euros)	2008		2009		2010	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
“LAGARDÈRE”						
Fixed salary	770,000	775,617	885,892	885,892	885,992	885,992
Variable portion of salary	477,080	607,208 ⁽¹⁾	627,200	477,080 ⁽¹⁾	722,000	627,200⁽¹⁾
Exceptional remuneration	-	-	-	-	320,000	320,000
Attendance fees	7,125	25,912	7,125	7,125	7,125	7,125
Benefits in kind	3,600	3,600	5,677	5,677	5,677	5,677
Total	1,257,805	1,412,337	1,525,894	1,375,774	1,940,794	1,845,994
“EADS”						
Fixed salary	5,625	5,625	120,000	120,000	120,000	120,000
Variable portion of salary	-	11,766 ⁽¹⁾	-	-	-	-
Exceptional remuneration	-	-	-	-	-	-
Attendance fees	40,000	40,000	50,000	50,000	60,000	60,000
Benefits in kind	-	-	-	-	-	-
Total	45,625	57,391	170,000	170,000	180,000	180,000
Total	1,303,430	1,469,728	1,695,894	1,545,774	2,120,794	2,025,994

(1) Amounts paid in respect of the previous year. Since the variable portion of salaries can only be calculated after the year-end, it is paid during the following year.

Rights to performance shares granted in 2010						
Date of AGM authorisation	Date of Plan	Number of shares allocated in 2010	Value under IFRS2 (in euros)	Vesting date	End of holding period	Performance condition
28 April 2009	17 Dec. 2010	29,000	733,990	1 April 2013	1 April 2015	⁽¹⁾

(1) Based on changes in recurring operating profit before associates of the Media segment for 2011 and 2012 and net cash from operating activities for 2011 and 2012.

These rights are granted subject to certain conditions described in the Special Report of the Managing Partners presented in section 7.3.5.

- Subscription or purchase options granted during the year: None.
- Subscription or purchase options exercised during the year: None.
- Performance shares granted during the year: 29,000.
- Performance shares that vested during the year: None.

On 28 December 2007, Mr. Dominique D’Hinnin was granted rights to receive 20,000 free shares of Lagardère SCA, valued at €579,000. As the stock market performance condition applicable for final allocation of these shares had not been fulfilled at 29 December 2009, no shares were allocated at the end of 2009 and the rights lapsed.

Total remuneration and benefits received and stock options and performance shares granted			
(in euros)	2008	2009	2010
Remuneration and benefits receivable for the year (details in previous table)	1,303,430	1,695,894	2,120,794
Value of options granted during the year	None	None	None
Value of rights to performance shares granted during the year	None	633,750	733,990
Total	1,303,430	2,329,644	2,854,784

Mr. Thierry Funck-Brentano

Summary of remuneration and benefits						
(in euros)	2008		2009		2010	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
Fixed salary	750,000	750,000	862,000	862,000	900,000	900,000
Variable portion of salary	456,535	581,241 ⁽¹⁾	600,400	456,535 ⁽¹⁾	791,750	600,400 ⁽¹⁾
Exceptional remuneration	-	-	-	-	306,000	306,000
Attendance fees	-	-	-	-	-	-
Benefits in kind	3,600	3,600	7,892	7,892	7,892	7,892
TOTAL	1,210,135	1,334,841	1,470,292	1,326,427	2,005,642	1,814,292

(1) Amounts paid in respect of the previous year. Since the variable portion of salaries can only be calculated after the year-end, it is paid during the following year.

Rights to performance shares granted in 2010						
Date of AGM authorisation	Date of Plan	Number of shares allocated in 2010	Value under IFRS2 (in euros)	Vesting date	End of holding period	Performance condition
28 April 2009	17 Dec.2010	29,000	733,990	1 April 2013	1 April 2015	⁽¹⁾

(1) Based on changes in recurring operating profit before associates of the Media segment for 2011 and 2012 and net cash from operations for 2011 and 2012.

These rights are granted subject to certain conditions described in the Special Report of the Managing Partners presented in section 7.3.5.

- Subscription or purchase options granted during the year: None.
- Subscription or purchase options exercised during the year: None.
- Performance shares granted during the year: 29,000.
- Performance shares that vested during the year: None.

On 28 December 2007, Mr. Thierry Funck-Brentano was granted rights to receive 20,000 free shares of Lagardère SCA, valued at €579,000. As the stock market performance condition applicable for final allocation of these shares had not been fulfilled at 29 December 2009, no shares were allocated at the end of 2009 and the rights lapsed.

Total remuneration and benefits received and stock options and performance shares granted			
(in euros)	2008	2009	2010
Remuneration and benefits receivable for the year (details in previous table)	1,210,135	1,470,292	2,005,642
Value of options granted during the year	None	None	None
Value of rights to performance shares granted during the year	None	633,750	733,990
TOTAL	1,210,135	2,104,042	2,739,632

• Share subscription and share purchase options⁽¹⁾

Date of AGM	Plans expired		Plans in force			
	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 Lagardère 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 or purchase ⁽¹⁾	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 ⁽¹⁾ :						
Mr. Arnaud Lagardère	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
Mr. Dominique D'Hinnin	30,336	30,333	40,444	40,447	50,000	50,000
Mr. Thierry Funck-Brentano	30,336	30,333	40,444	40,447	50,000	50,000
Start of exercise period	19 Dec. 2003	19 Dec. 2004	18 Dec. 2005	20 Nov. 2006	21 Nov. 2007	14 Dec. 2008
Option expiry date	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 acquired at 28 March 2011	30,336 ⁽²⁾					
Total number of subscription and purchase options cancelled or forfeited:						
Mr. Arnaud Lagardère	50,560	50,554	-	-	-	-
Mr. Pierre Leroy		30,333	-	-	-	-
Mr. Philippe Camus	20,224	20,222	-	-	-	-
Mr. Dominique D'Hinnin	30,336	30,333	-	-	-	-
Mr. Thierry Funck-Brentano	30,336	30,333	-	-	-	-
Subscription and purchase options ⁽¹⁾ outstanding at end 2010:						
Mr. Arnaud Lagardère	0	0	-	-	-	-
Mr. Pierre Leroy	0	0	40,444	40,447	50,000	50,000
Mr. Philippe Camus	0	0	30,333	30,336	50,000	50,000
Mr. Dominique D'Hinnin	0	0	40,444	40,447	50,000	50,000
Mr. Thierry Funck-Brentano	0	0	40,444	40,447	50,000	50,000

(1) Share purchase plans only.

(2) Exercised by Mr. Pierre Leroy on 20 December 2005.

(*) After adjustment on 6 July 2005.

No options were exercised in 2010 under the 2002, 2003, 2004, 2005 and 2006 Plans in view of Lagardère SCA share price trends.

Other information

Members of the managing bodies	Employment contract ⁽¹⁾		Additional pension plan		Indemnities or benefits receivable or likely to become receivable due to a termination or change of function		Indemnities payable under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Mr. Arnaud Lagardère Position: Managing Partner Date of appointment: } End of term of office: } <i>Renewed on 11 March 2009 for a six-year period</i>		X	X			X		X
Mr. Pierre Leroy Position: ^(a) Date of appointment: End of term of office:	NA ⁽¹⁾		X			X		X
Mr. Philippe Camus Position: ^(a) Date of appointment: End of term of office:	NA ⁽¹⁾		X			X		X
Mr. Dominique D'Hinnin Position: ^(b) Date of appointment: End of term of office:	NA ⁽¹⁾		X			X		X
Mr. Thierry Funck-Brentano Position: ^(b) Date of appointment: End of term of office:	NA ⁽¹⁾		X			X		X

(a) Deputy Chairman and Chief Operating Officer of Arjil Commanditée-Arco whose term of office as Managing Partner of Lagardère SCA was renewed on 10 March 2010 for a further six-year period.

(b) Chief Operating Officer of Arjil Commanditée-Arco, appointed in that capacity on 10 March 2010 for a six-year period.

(1) NA: Not applicable. The AFEP/MEDEF corporate governance recommendations that company officers should not hold employment contracts with the company only apply to the following persons: chairman of the board, chairman and chief executive officer, general manager of companies with a board of directors; chairman of the management board, chief executive officer of companies with a management board and supervisory board; managing partner of French limited partnerships with shares (SCA).

7.3.2 SUPERVISORY BOARD

7.3.2.1 REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD

The Combined General Meeting of 11 May 2004 fixed 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 a basic share of this amount. Members who are also members of the Audit Committee receive an additional amount equal to twice the basic share; members who are also members of the Appointments and Remuneration Committee receive an additional amount equal to one basic share; and the Chairmen of the Supervisory Board and the two Committees receive a further additional amount equal to one basic share.

The basic share of attendance fees is equal to the total attendance fees divided by the total number of shares to which Board members are entitled.

The Supervisory Board has decided to modify the distribution of attendance fees between members from 2009 in order to reflect Board members' actual attendance at Board and Committee meetings (attendance fees paid in 2010 in respect of 2009).

Attendance fees paid to members of the Supervisory Board were as follows (in euros):

	2009	2010
Raymond H. Lévy	111,111.10	110,223.11
Bernard Arnault	22,222.22	14,042.27
René Carron	22,222.22	20,505.19
Martine Chêne	16,666.67	23,736.65
Georges Chodron de Courcel	22,222.22	20,505.19
François David	50,000.00	66,979.87
Groupama SA	66,666.67	57,285.49
Pierre Lescure	22,222.22	23,736.65
Christian Marbach	66,666.67	66,979.87
Bernard Mirat	66,666.67	66,979.87
Javier Monzón	16,666.67 ⁽¹⁾	23,736.65⁽¹⁾
Didier Pineau-Valencienne	66,666.67	63,748.41
Henri Proglío	22,222.22	17,802.49
Felix G. Rohatyn (USA)	5,555.56 ⁽¹⁾	-
François Roussely	22,222.22	23,736.65
Total attendance fees paid	600,000	600,000

(1) Less withholding tax.

In remuneration for his advisory services, Mr. Raymond H. Lévy also received from the Group an amount of €75,576 gross in 2010 for the period from 1 January until the date of resignation when his term of office as Chairman of the Supervisory Board ended on 27 April 2010 (compared to €222,456 for the entire year 2009). After that date, he received a pension in application of his original employment contract, with annual value of €77,239 for 2010, i.e. a total of €51,492.40 gross for the period concerned.

Following the recommendation by the Appointments and Remuneration Committee, the Supervisory Board proposed that the Managing Partners should arrange for Mr. de Sarrau to receive an amount in addition to his attendance fees, in recognition of the many specific services he provides in connection with his office as Chairman of the Board. This remuneration is not a salary and was fixed at €240,000 per year with effect from 27 April 2010 when Mr. de Sarrau became Chairman of the Board.

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 2010

7.3.3.1 MANAGING PARTNERS

None.

7.3.3.2 MEMBERS OF THE SUPERVISORY BOARD

- **Patrick Valroff**
3 June 2010: purchase of 150 Lagardère SCA shares.
- **Amélie Oudéa-Castéra**
12 February 2010: purchase of 150 Lagardère SCA shares.
- **Jean-Claude Magendie**
26 July 2010: purchase of 150 Lagardère SCA shares.
- **Xavier de Sarrau**
9 April 2010: purchase of 150 Lagardère SCA shares.
- **René Carron**
14 December 2010: sale of 150 Lagardère SCA shares.

To the best of the Company's knowledge, no other transactions in company shares were undertaken in 2010 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

Dear Shareholders,

Pursuant to the provisions of article L.225-184 of the Commercial Code, you will find below the required information related to transactions carried out in the financial year 2010 which concerned share subscription and purchase options.

GENERAL INFORMATION

1. **LAGARDÈRE**: in the course of 2010, no new options to subscribe for or purchase Lagardère SCA shares were granted.

The main characteristics of the share subscription and purchase plans in force as of the end of the financial year 2010 are summarised in the table below.

Date of Plan	Date of AGM	Number of options originally granted	Exercise price	Number of beneficiaries	Options exercised in 2010	Options forfeited at end 2010	Options outstanding at end 2010 ⁽¹⁾	Exercise period
Subscription options								
None								
Purchase options								
Plans in force:								
18 Dec. 2003	23 May 2000	1,437,250	€51.45	445	-	196,797	1,214,132	18 Dec. 2005 to 18 Dec. 2013
20 Nov. 2004	11 May 2004	1,568,750	€51.92	481	-	229,597	1,346,262	20 Nov. 2006 to 20 Nov. 2014
21 Nov. 2005	11 May 2004	1,683,844	€56.97	495	-	190,255	1,493,589	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006	11 May 2004	1,844,700	€55.84	451	-	142,100	1,702,600	14 Dec. 2008 to 14 Dec. 2016
Total							5,756,583	

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

2. **SUBSIDIARIES:** in the course of 2010, no new options to subscribe or purchase shares were granted by companies under the majority control of Lagardère SCA⁽¹⁾.

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

SPECIAL INFORMATION ON LAGARDÈRE GROUP OFFICERS AND EMPLOYEES

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

The Managing Partners

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 THE ALLOCATION OF FREE SHARES

Dear Shareholders,

Pursuant to Article L.225-197-4 of the Commercial Code, you will find below the required information on transactions carried out during the financial year 2010 which concern allocations of free shares.

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

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

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

(1) For information relative to EADS, see the EADS Registration Document.

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

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

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

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

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

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

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

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

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

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

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

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

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

With regard to the four beneficiaries:

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

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

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

The Managing Partners

7.4 ORGANISATION, OPERATION AND CONTROL OF THE COMPANY AND THE GROUP

7.4.1 DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

7.4.1.1 INTRODUCTION: INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK, RESPONSIBILITIES, OBJECTIVES AND SCOPE

7.4.1.1.A INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK AND RESPONSIBILITIES

The Group applies the published Internal Control and Risk Management framework recommended by the Financial Markets Authority (AMF) to oversee its internal control and risk management.

The following description of internal control and risk management procedures in place at Lagardère SCA is based on this framework. The analysis made was guided by the attention points defined in the framework and the associated implementation guidelines.

This description has been prepared by the Risk and Internal Control Division, with the support of the Group's Audit Division and Legal Division.

7.4.1.1.B OBJECTIVES AND LIMITATIONS OF THE INTERNAL CONTROL SYSTEM

Lagardère 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 defined by the Managing Partners;
- proper operation of the Group's internal processes, particularly regarding safeguarding of its assets;
- reliability of financial information;

and in general to contribute to control of its business, efficiency of operations and efficient use of resources.

Naturally, the effectiveness of the internal control procedures is subject to the limitations inherent to any organised system.

7.4.1.1.C SCOPE OF THE INTERNAL CONTROL SYSTEM

The procedures described below apply to subsidiaries that are fully consolidated in the Lagardère group financial statements.

As Lagardère SCA only exercises significant influence 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 specific control rights related to its status as a special shareholder. The internal control system in place in 2010 at EADS N.V. 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 Lagardère SCA internal control system are progressively adapting their own internal control procedures for harmonisation with the Group's system.

7.4.1.2 CONTROL ENVIRONMENT

7.4.1.2.A GENERAL ORGANISATION AND OPERATION OF THE GROUP

The consolidated financial statements of the Lagardère group include 525 companies (the full list of consolidated companies can be found in the notes to the consolidated financial statements).

Lagardère SCA is the holding company that controls all the subsidiaries and other participating interests, draws up the strategy for the Group, guides and finances 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.

	CHAPTER 1	CHAPTER 2	CHAPTER 3	CHAPTER 4	CHAPTER 5	CHAPTER 6					
PAGES	06	09	10	13	14	21	22	29	30	97	98

Lagardère 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 Lagardère Ressources, a wholly-owned subsidiary of Lagardère SCA as its sole shareholder.

A1 THE MANAGING PARTNERS

The general management of the Company is the responsibility of the Managing Partners, who are appointed by the general partners after approval of the Supervisory Board. The Managing Partners represent the Company in its relations with third parties and engage its responsibility.

Drawing on the Executive Committee, described in section 7.3.1, 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.

To make sure the decisions taken are implemented and to monitor their implementation, the Managing Partners have set up a specific organisation, mainly composed of:

- the Group's Central Divisions;
- the Financial Committee.

A2 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 Officer and the Chief Human Relations and Communications Officer.

The Group Audit Division reports 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, Lagardère Ressources, a wholly-owned subsidiary of Lagardère SCA. This company, chaired by one of the Managing Partners who is the Group Secretary General, employs almost 170 people, all reporting to the Central Directors and therefore ultimately to the Managing Partners of Lagardère SCA. As the missions entrusted to these Central Divisions are just as much for the benefit of Lagardère SCA as for all of the subsidiaries, these companies have various service agreements with Lagardère Ressources, which receives a fee for its services, currently of 0.9% of sales revenues (or gross margin for Lagardère Services).

A3 THE FINANCIAL COMMITTEE

After the Executive Committee, the Financial Committee is the second most important entity for the monitoring and control of the Group's operational activities.

The Financial Committee is chaired by the Group's Chief Financial Officer, and members include representatives of each of the Group's principal Central Divisions (in particular the central management controllers in charge of the topics discussed at the meeting), 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 business division concerned:

- the budget for the coming year;
- the three-year plan;
- the annual financial statements;
- any significant investments (or disposals), particularly acquisitions of shareholdings in non-Group companies.

The Financial Committee's Chairman reports directly to the Managing Partners when they are not represented at its meetings.

A4 OTHER COMMITTEES

Among the other committees, the Reporting Committee, also chaired by the Group's Chief Financial Officer, conducts a monthly review with all Operating Units' financial managers of the results achieved against the budget and the new budgetary forecasts, to enable the Managing Partners to monitor the progress and financial position of each business division on a monthly basis, and take any necessary corrective action.

A5 OPERATIONAL ACTIVITIES

Operational activities of the Group include:

- activities in the field of the Media: Book Publishing, Distribution Services, Press, Radio/Television, Audiovisual Production, New Media and Sports. These business activities are controlled through Hachette SA (named Lagardère Media for commercial purposes), respectively via the following companies: Hachette Livre, Lagardère Services, Lagardère Active, Lagardère Sports and Lagardère Unlimited;
- other smaller business activities which constitute the “Other Activities” segment and are under the control of Lagardère SCA;
- the 7.5% interest in EADS N.V. (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 Lagardère group.

7.4.1.2.B DEFINITION OF RESPONSIBILITIES AND POWERS

In the framework described above, each actor has a duty to implement internal control for the scope under its responsibility.

Some of the Central Divisions are more specifically involved in implementation of internal control, mainly the following divisions: the Group Audit Division, the Group Legal Division, and in the Finance Division, the Management Control Division, the Accounting Division and the Risk and Internal Control Division.

The Group’s organisation also involves a range of powers and delegations of authority.

The Operating Units

Operating activities are conducted by legally independent companies grouped together in the following business divisions or Operating Units (OUs): Lagardère Publishing, Lagardère Services, Lagardère Active (which now covers all the Group’s activities in the press, audiovisual and digital sectors), and Lagardère Unlimited.

Each business 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 specific holding company: Hachette Livre for the Lagardère Publishing division, Lagardère 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 also members of Lagardère SCA’s Executive Committee.

Thus, all the members of these holding companies’ governing, managing and supervisory bodies are appointed by Lagardère SCA through its subsidiary Hachette SA as the sole shareholder of the said companies.

The managers of the operational units and their subsidiaries exercise their responsibilities under the control of their governance bodies. The Group takes care to ensure that the majority of members of those governance and control bodies are Lagardère representatives.

7.4.1.2.C APPLICABLE LAWS AND STANDARDS

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.

As explained in Chapter 5, section 5.3.1.2 - The CSR reference framework, the Lagardère group endeavours to respect a certain number of rules established by national and international bodies regarding business enterprises, including:

- the declaration on Fundamental Principles and Rights at Work by the ILO (International Labour Organisation);
- the Principles of Corporate Governance issued by the OECD (Organisation for Economic Cooperation and Development);
- the principles of the United Nations Global Compact: the Group became a signatory in 2003 and renews its commitment every year.

Internally, Lagardère has drawn up a Sustainable Development charter, which through its Purchasing policy involves all partners in respect of the Group’s values and commitments.

The “Lagardère Group Code of Ethics” sets out a collection of guidelines at Group level, deriving directly from the values of Lagardère. Through compliance with this code, all men and women in the Group will share the same standards.

The “Charter on trading in Lagardère SCA shares by Group employees”, which complements article 1 of the Lagardère Group Code of Ethics on “confidentiality” and “trading in marketable securities”, describes the constraints incumbent on Group employees in such matters.

A charter on the use of information systems also applies to all Group employees.

	CHAPTER 1	CHAPTER 2	CHAPTER 3	CHAPTER 4	CHAPTER 5	CHAPTER 6					
PAGES	06	09	10	13	14	21	22	29	30	97	98

Where necessary, these charters and principles can be adapted to the specificities of the Group's operational units. Internal and externally-issued principles specific to the Group's businesses are also applied.

The self-evaluation internal control questionnaire described in section 7.4.1.7.B provides all the Group's units with a set of key points for attention in the various components of internal control.

The production of financial and accounting information is also governed by a collection of rules and guidelines.

Reference standards and procedure guides for financial reporting

The persons concerned by the Group's financial reporting must adhere to a collection of reference standards 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 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 changes occur in accounting standards or their application or when annual impairment tests are prepared for intangible assets and goodwill arising upon acquisitions.

The operational units also prepare their own equivalent documentation for their specific systems, in keeping with the Group's principles and under the supervision of the Group's Finance Division.

7.4.1.2.D HUMAN RESOURCES POLICY AND SKILL MANAGEMENT

The Lagardère group's performance depends directly on the skills of its employees and the suitability of resources. The Group's operational entities manage their human resources independently, under shared principles and commitments defined and formally established at Group level jointly with the Divisions' Human Resources Directors.

This point is discussed in more detail in Chapter 5, section 5.3 - Corporate social responsibility and corporate citizenship – Ethics.

7.4.1.2.E INFORMATION SYSTEMS

The Group's information systems comprise:

- communication systems such as messaging and collaborative software (intranet);
- business monitoring systems, particularly accounting and financial systems;
- audiovisual production systems such as broadcasting and antenna systems in radio and TV activities; systems for editorial chains in magazine publishing; supplier management tools in distribution operations; and tools for creation and storage of digital content and dedicated tools for websites.

The operational units are responsible for managing their own group of information systems. Group applications also exist, such as the single management system presented below in section 7.4.1.3.G - Financial reporting.

The IT Division supervises these systems and ensures they are appropriate to the Group's objectives in the long term; it works in liaison with the Risk and Internal Control Division on management of IT risks in the light of objectives concerning reliability and continuity of operation, legal and regulatory compliance, and data confidentiality.

E1 SINGLE MANAGEMENT SYSTEM FOR CONSOLIDATED FINANCIAL AND ACCOUNTING INFORMATION

As explained in section 7.4.1.3.G - Financial reporting below, the overall consolidated financial reporting cycle is based on common principles and uses a single data base and management system shared by all teams in the financial departments in charge of reporting the information required, whether specific to management indicators or intended for publication.

E2 RELIABILITY OF DATA ENTRY

The single management system includes blocking controls which help prevent incidents and anomalies, and improve the reliability of data entry.

7.4.1.3 PROCEDURES, METHODS, TOOLS AND PRACTICES

7.4.1.3.A COMMITMENTS, INVESTMENT AND DIVESTMENT

The Group's investment procedure applies to:

- all financial 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 Officer.

The Financial Committee issues an opinion by any appropriate means to the Managing Partners, after assessing the strategic value of the proposed transaction, verifying that the risks generated by the transaction are known and can be managed, and validating the underlying assumptions used to analyse profitability, based on the methodology and spreadsheets defined 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.

7.4.1.3.B REPORTING OF EXCEPTIONAL DIVISION TRANSACTIONS TO THE GROUP'S LEGAL DIVISION

The Group Legal Division, which reports to the Group Secretary General, is informed by the business divisions of exceptional transactions planned, including:

- acquisitions and disposals planned, which are reported under the procedure described in 7.4.1.3.A above. The Legal Division is represented at all financial committee meetings in order to keep abreast of such transactions;
- contractual commitments which individually involve financial commitments or off-balance sheet commitments that are significant at Group level; and
- legal restructuring plans involving major operational entities.

7.4.1.3.C FINANCE AND CASH MANAGEMENT

The Cash Management and Financing Division defines the circumstances in which it uses banks for external financing or cash management services.

C1 EXTERNAL FINANCING

In general, only Lagardère SCA uses medium or long-term bank or market financing, and finances the business divisions itself. Apart from the financing of normal business operations, the divisions retain responsibility for certain previously-negotiated transactions, or specific 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 7.4.1.3.G.3, this division permanently monitors bank covenants which are binding on the whole Group.

C2 CASH/TREASURY MANAGEMENT

Cash investments must be in fixed-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.

C3 HEDGING POLICY AND MARKET RISK MONITORING

The hedging and market risk monitoring policy is described in Chapter 3, section 3.5. 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.

7.4.1.3.D PURCHASING, SALES AND SALES ADMINISTRATION

The practices and procedures for purchasing and sales are defined by the Group's operational units under the responsibility of their managers, in compliance with the Group's shared principles, particularly regarding segregation of duties.

The Purchasing Division is part of the Group's Finance Division and leads the Group policy concerning purchases.

	CHAPTER 1	CHAPTER 2	CHAPTER 3	CHAPTER 4	CHAPTER 5	CHAPTER 6					
PAGES	06	09	10	13	14	21	22	29	30	97	98

7.4.1.3.E COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**E1 COMPLIANCE WITH THE MAIN LAWS AND REGULATIONS APPLYING TO LAGARDÈRE SCA**

The Group's Legal Division is responsible for ensuring that the main laws and regulations applicable to Lagardère SCA are complied with.

In particular, this division examines mergers and acquisitions (partnerships, acquisitions, disposals, internal restructurings, etc) that are significant for Lagardère SCA, and supervises Lagardère SCA's organisation of financing operations and off-balance sheet commitments.

The Group's Legal Division also ensures that all regulations that may concern Lagardère SCA as the ultimate holding company of the Group (anti-trust laws, competition law, etc) are properly applied.

It is involved in all legal aspects of the business of Lagardère SCA's and the companies at the head of each business division. In this capacity, it monitors application of stock exchange regulations, since Lagardère SCA is listed on the Euronext Paris *Compartment A*, and in 2006 introduced the full procedure necessary to prepare lists of insiders, in application of EU regulations.

A database has also been set up at the instigation of the Group's Legal Division, to record corporate information on features of each of the Group's French and foreign companies.

E2 COMPLIANCE WITH THE MAIN LAWS AND REGULATIONS APPLICABLE TO THE DIVISIONS

The Group's Legal Division is informed of all procedures introduced in each business division to ensure compliance with the laws and regulations specific to their activity, and these procedures are regularly monitored by these divisions' management bodies via their Legal Department or by external advisors.

7.4.1.3.F PROTECTION OF THE GROUP'S PROPERTY AND RIGHTS**F1 PROTECTION OF BRANDS AND INTELLECTUAL PROPERTY 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 significant 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 significant risks that may affect the validity of the Group's rights over those brands.

As the Lagardère 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 Lagardère name to cover areas where the Group is currently in development or expanding. This policy was pursued in 2010, and protection for the Lagardère brand is now established in all the continents.

In 2009, Lagardère SCA completed the procedure for introducing licensing agreements for use of its brands by the four business divisions when necessary.

F2 LITIGATION MANAGEMENT

The Group's Legal Division manages all litigation involving Lagardère 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.

7.4.1.3.G FINANCIAL REPORTING**G1 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.

G2 PREPARATION OF BUDGETS

During the final quarter of the calendar year, all business 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.

G3 MONTHLY GROUP REPORTS, INTERNAL REPORTING

Each Group company's financial departments enter data from their own monthly accounts into the Group's financial 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 figures 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 business division, with comments for each Operating Unit:

- sales;
- operating profit before associates;
- income from associates and other information;
- net finance costs;
- income tax expense;
- net income before discontinued operations and minority interests;
- cash flow from operations;
- change in working capital requirement;
- income taxes paid, interest paid and received;
- net purchases of tangible and intangible assets;
- free cash flow;
- net cash from financing activities;
- cash flows 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 Officer before final distribution.

The Finance Division also prepares a monthly analysis of cash flows and balances for each Operating Unit, and a breakdown of bank covenants described in note 29 to the consolidated financial statements. A regular analysis of the counterparty risks described in the same note is also drawn up.

	CHAPTER 1	CHAPTER 2	CHAPTER 3	CHAPTER 4	CHAPTER 5	CHAPTER 6
PAGES	06	09 10	13 14	21 22	29 30	97 98

G4 HALF-YEARLY AND ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Additional information is supplied for the establishment of the half-yearly or annual consolidated financial 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.

G5 RELATIONS WITH THE STATUTORY AUDITORS

Every year the Managing Partners receive the Statutory Auditors’ assurance that they have access to all information required for the purposes of their audit.

They also receive assurance from the Statutory Auditors that their work has progressed sufficiently at the year-end to allow them to make any significant remarks.

7.4.1.4 INFORMATION AND COMMUNICATION

The persons concerned are informed of decisions by the Managing Partners by any means, particularly internal memos and announcements.

All of the Group’s announcements and the principal rules applicable are available in the Group’s intranet system, which is accessible to all employees.

A set of applications and collaborative softwares are also available through the Group’s intranet, such that information can be appropriately communicated to everyone according to their needs, both in Central Divisions and Operational Units.

7.4.1.5 RISK MANAGEMENT PROCEDURES

Like any corporation, Lagardère is exposed to a variety of risks in the course of its business. The principal exposures identified are described in Chapter 3 - Risk factors. The Group pays particular attention to risk management, both at business division and central levels, under the coordination of central management.

7.4.1.5.A ORGANISATION OF RISK MANAGEMENT

A1 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 identified.

A2 ORGANISATION AND DEFINITION OF RESPONSIBILITIES

In compliance with the Group’s general organisation structure, the operational and functional managers remain in charge of the risks related to their respective fields of activity.

The General Management at the Head Office focuses particularly on monitoring of risks that can only be assessed at Group level or are considered significant 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 specifically 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 and Internal Control Division is in charge of proposing and heading the risk management policy. Working closely with the other Central Divisions and the business divisions, the Risk and Internal Control Division provides methodological support and advice, particularly for identification, analysis and quantification of risks, and also when financial or insurance coverage is set up. It is responsible for providing a synthesis on the Group’s risks.

	CHAPTER 7		CHAPTER 8	CHAPTER 9	CHAPTER 10	CHAPTER 11
215	216	273	274	291	292	295
			296	299	300	305

The Group also takes internal measures to strengthen the risk control culture through information-sharing and awareness-raising, and to reinforce the specific visibility of certain emerging risks and the capacity to cope with potential crises.

7.4.1.5.B RISK IDENTIFICATION AND ANALYSIS PROCESS

A certain number of the Group's procedures contribute to risk identification, particularly:

- audit reviews;
- reporting activities described in section 7.4.1.3.G - Financial reporting, 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 of risks in IT systems and networks.

Lagardère SCA and its business divisions continue their general risk mapping policy, in order to rank the main risks to which the Group could consider itself exposed by severity, possibility of occurrence and degree of control.

The factors taken into account for risk analysis include: potential severity, likelihood of occurrence, emergence period, possible scenarios, internal and external limiting or aggravating factors, current and proposed control measures.

7.4.1.5.C MANAGEMENT PROCEDURES FOR THE PRINCIPAL RISKS

C1 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 such as the expansion of digital products and instruments, and changes in consumer behaviour.

The Group has a strategic plan for each division, primarily covering the risks referred to above.

C2 RISKS ASSOCIATED WITH MAJOR CONTRACTS

As part of the management of risks related to contracts with a high unit value, described in section 3.2 of Chapter 3 - Risk factors, the Group carries out a regular review of major contracts for sports events in order to monitor developments and profitability prospects for those contracts.

C3 LEGAL RISKS

The management procedures for legal risks are an integral part of the relevant internal control procedures as described in section 7.4.1.3.

C4 RISKS ASSOCIATED WITH PAPER PRICES

Lagardère is 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.

C5 MARKET RISKS (LIQUIDITY, INTEREST RATE, EXCHANGE RATE AND EQUITY RISK)

The following description is taken from note 29 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 Risk and Internal Control Division, under the responsibility of the Group's Chief Financial Executive.

Periodic reports are submitted to the Managing Partners. The Group has implemented a specific policy aiming to reduce risks using authorisation procedures, internal controls procedures and using risk management tools to identify and quantify these risks. Derivatives are used exclusively in non-speculative hedging transactions.

	CHAPTER 1	CHAPTER 2	CHAPTER 3	CHAPTER 4	CHAPTER 5	CHAPTER 6					
PAGES	06	09	10	13	14	21	22	29	30	97	98

Interest rate risks

The Group does not use active interest rate management techniques in relation to any of its financial assets or liabilities.

Cash investments must be in fixed income instruments issued by quality entities, with maturities appropriate to the planned duration of the investment. No investments are made in speculative or risky instruments.

There are no derivatives related to these investments.”

C6 CREDIT AND COUNTERPARTY RISKS

The following description is taken from note 29 to the consolidated financial statements in Chapter 6.

“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.

The Group has set up periodic reporting on counterparty risks, to monitor the Group’s consolidated exposure to risks on the principal counterparties, the variations in accumulated receivables, and the level of related provisions, and to oversee the measures for control of this type of risk.

The Cash Management and Financing Division is responsible for ensuring that the financial institutions with which the Group does business are of good quality.”

C7 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.

C7.1 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 identified apply the regulations concerned and implement operational procedures, quality systems and a range of security measures specific to the business lines.

In view of the industrial past of certain Lagardère sites, the Group remains attentive to any environmental damage that may come to light.

C7.2 Assessment of impacts

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.

C8 SYSTEM AND IT NETWORK SECURITY

The Group’s IT Division, together with the Risk and Internal Control Division, carries out recurrent 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 via internet);
- control of access to resources;
- availability of applications and data.

All measures to preserve data confidentiality, protect the systems against intrusion, 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.

C9 INSURANCE

The financial consequences of certain risks can be covered by insurance policies when this is justified 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 specific 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 specificities 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 Risk and Internal Control Division is in charge of overseeing use of insurance in the Group, with a coordination and advisory role in this respect.

7.4.1.6 CONTROL ACTIVITIES

Control activities are designed to ensure that the necessary risk control measures are actually implemented.

Most control activities are covered by the self-evaluation questionnaire described in section 7.4.1.7.B which lists 208 control activities common to all Group units, divided into 7 cycles and 15 processes:

Cycle	Processes
Purchasing	Purchasing
Finance	Customer accounts
	Supplier accounts
	General accounting
	Tax
	Investments
	Cash
Risk management	Risk management and insurance
Legal	Legal (other than employment law)
Human Resources	Personnel administration
	Human resource management
	Expense claims
	Payroll
Information systems	Information systems
Sales	Sales

Two operational divisions have also added questionnaires specific to their businesses.

In addition to the self-evaluation questionnaire, the Group has introduced a set of performance monitoring methods in a range of areas: not only finance but also information systems, sustainable development, and human resource management.

Many of the risk management processes described in section 7.4.1.5 above include financial or non-financial reporting, which contributes to control over the Group's operations.

7.4.1.7 PERMANENT MONITORING OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS**7.4.1.7.A AUDIT**

The Group's Audit Division, supervised by the Managing Partners, carries out permanent internal audits of the internal control and risk management system either as part of the annual audit plan or following specific requests from the Managing Partners and the Group's Finance Division or from the heads of the business divisions. Its scope of intervention includes all fully-consolidated companies.

The audit plan is established on a multi-annual base that takes account of risk mapping and includes:

- coverage of Group entities in rotation;
- audits of cross-functional themes relevant to the divisions and/or their subsidiaries;
- audits related to the self-evaluation of internal control;
- specific assignments involving reviews of operational and financial risks.

As part of the audit monitoring procedure, the Audit Division monitors post-audit action plans.

The Division may also conduct other types of assignment:

- audits relating to merger/acquisition projects;
- consulting or operational assistance on specific projects at the request of the Managing Partners or the business divisions.

The Audit Division’s mission, powers and duties in the Lagardère group are defined in an internal audit charter.

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 business divisions on their own behalf.

7.4.1.7.B SELF-EVALUATION

As explained in section 7.4.1.6 - Control activities, an internal self-evaluation procedure exists for the internal control at Lagardère SCA’s main entities/subsidiaries. Since 2010, this has been carried out by the Risk and Internal Control Division.

The objectives are to further improve the control and efficiency of operations for continuous improvement, and clearly define the internal control responsibilities of operational staff.

The methodology is based on definition of a Group reference framework consisting of six financial and nine operational processes covered by 208 points of control. For each point of control, the self-evaluation aims to identify the applicability, efficient implementation and traceability. An action plan is drawn up where necessary for certain key controls in response to the areas for improvement identified.

Risk management is one of the cycles covered by the internal control’s internal evaluation.

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 information is included in the scope of audits carried out by the Group’s Audit Division.

This self-evaluation approach leads to better formal definition of internal control procedures, and their adoption by all operational managers. Progress on the improvement plans identified by operational staff is also monitored.

7.4.1.7.C INFORMATION SYSTEMS

C1 SECURITY

As described in section 7.4.1.5.C.8 - System and IT network security, the Group’s IT Division, together with the Risk and Internal Control Division, carries out frequent internal-evaluation surveys to assess the security of the systems and IT networks, contributing to improve the security of those systems and networks.

C2 CHANGES IN THE SINGLE MANAGEMENT SYSTEM

The single management system described in section 7.4.1.3.G and its settings are upgraded to the latest versions as often as necessary. Specific resources (as described in C.1) are dedicated to data integrity, availability and confidentiality.

7.4.1.7.D ACTION IN RESPONSE TO THE STATUTORY AUDITORS’ WORK

The Managing Partners ensure that the Statutory Auditors have reviewed the accounting principles and options that have a material impact on presentation of the financial statements.

They ask the Statutory Auditors for details of the audit scope and methods, and are also informed of the conclusions of the audit.

The Managing Partners are informed of any significant risks and major weaknesses in the internal control, as communicated by the Statutory Auditors, that could have a significant influence on the published financial and

	CHAPTER 7	CHAPTER 8	CHAPTER 9	CHAPTER 10	CHAPTER 11
215	216	273	274	291	292
			295	296	299
				300	305

accounting information, and ensure that these factors are taken into consideration in the corrective action taken by the Group.

7.4.1.7.E CHANGES IN INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Group’s General Management and operational managers adjust the internal control and risk management systems according to the priorities identified as a result of all the monitoring actions.

In 2010, the following steps were taken:

- a dedicated internal control function was set up in the Finance Division, with the main purpose of supervising the Group’s internal control procedures and establish a report; this led to creation of the Risk and Internal Control Division;
- the self-evaluation internal control questionnaire was redesigned in the light of past experience, and in order to apply the internal control framework published under the AMF in 2010;
- the risk mapping process was reinforced: the Group’s operational divisions have established their own risk mapping under a shared methodology. A report summarising the work done at Group level was presented to the Audit Committee;
- the audit plan was established on a multi-annual basis, with the accent on coverage of all significant entities in the Group, by rotation;
- the ways audit missions are implemented were redefined accordingly.

7.4.2 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

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

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

MEMBERSHIP OF THE SUPERVISORY BOARD

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

	CHAPTER 1	CHAPTER 2	CHAPTER 3	CHAPTER 4	CHAPTER 5	CHAPTER 6
PAGES	06	09 10	13 14	21 22	29 30	97 98

The Board currently comprises the following 15 members:

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

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

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

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

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

OPERATION 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 9 March 2011) which also define the duties incumbent on each member, and the code of professional ethics each individual member is bound to respect.

These rules concern the following:

- 1. The independence of Board members:** the minimum quota for independent members is fixed at half of the total serving members. Independent members must have no direct or indirect relations of any kind with the Company, Group or management that could compromise their freedom of judgement or participation in the work of the Board.
- 2. The annual number of meetings:** a schedule for the coming year is fixed annually, based on a proposal by the Chairman.
- 3. The duties of each member:** apart from the fundamental duties of loyalty, confidentiality and diligence, members' obligations also concern knowledge of the law, regulations and by-laws, ownership of a significant number of shares, declaration to the Board of any conflict of interest, and regular attendance at meetings.
- 4. Trading in shares of the Company and subsidiaries:** as Board members have access to inside information and in-depth knowledge on certain aspects of the life of the Company and Group, they are expected to refrain from trading in Company shares, except within the following constraints contained in the Board's internal rules:
 - no trading in shares may take place during certain defined periods;
 - it is recommended that acquisitions should take place once a year, at the end of the shareholders' meeting, in the form of a block purchase carried out through the Company by each Board member;
 - shares must be retained for at least six months after expiry of a Board member's term of office;
 - the Chairman, Managing Partners and Financial Markets Authority (AMF) must be informed of any transactions in shares within five days of their completion.
- 5. The existence of an Audit Committee:** in addition to the tasks described below, this Committee is also responsible for preparing the Board meetings for subjects within its remit.
- 6. The existence of an Appointments and Remuneration Committee:** in addition to the tasks described below, this Committee is also responsible for preparing the Board meetings for subjects within its remit.

The Supervisory Board meets regularly to review the financial situation and operations of the Company and its subsidiaries, the annual and interim financial statements, the outlook for each of the business activities and the Group's strategy. It also defines an annual schedule for its meetings: four meetings are planned for 2011. During 2010, the Supervisory Board met six times:

- on 10 March, with an attendance rate of 84.6%, mainly to examine the parent company and consolidated financial statements and general business position and outlook, approve renewal of Arjil Commandité-Arco's appointment as Managing Partner, examine the Supervisory Board's membership, organisation and self-evaluation results, undertake preparatory work for the annual general shareholders' meeting, approve the report of the Chairman of the Supervisory Board and finalise his report to the shareholders;

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

AUDIT COMMITTEE

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

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

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

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

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

The Audit Committee met six times in 2010, twice in March, and once in June, July, October and November.

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

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

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

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

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

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

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

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

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

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

APPOINTMENTS AND REMUNERATION COMMITTEE

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

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

Regarding Board and Committee membership:

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

Regarding remuneration:

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

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

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

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

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

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

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

COMPLIANCE WITH FRENCH CORPORATE GOVERNANCE REGULATIONS – AFEP-MEDEF

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

As stated in the Introduction to the Code, most of the recommendations it contains have been established with reference to companies with a board of directors. Companies with a management board and supervisory board, and limited partnerships with shares, must make the necessary adjustments. By its very principle, a limited partnership

with shares has strict separation of powers between the managing partners who run the company (and thereby the general partners who have unlimited liability), and the supervisory board, which only reviews management actions after completion and does not participate in management.

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

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

A) INDEPENDENCE OF BOARD MEMBERS

In view of its control duties, the Board considers it necessary to have a majority of independent members (see above). Each member's situation has therefore been examined in the light of the "criteria" for independence contained in the AFEP-MEDEF Code, which it has taken as a benchmark framework for analysis.

It has thus been decided:

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

B) TERMS OF OFFICE

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

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

C) STRUCTURE OF THE BOARD

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

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

D) OPERATION OF THE BOARD

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

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

SPECIFIC RULES FOR ATTENDANCE OF GENERAL MEETINGS BY SHAREHOLDERS

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

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

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

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

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

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

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

The Chairman of the Supervisory Board

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

To the partners,

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

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

It is our role to:

- report on our observations regarding the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information, and
- certify that this report includes the additional information required by Article L. 226-10-1 of the Commercial Code, having specified that it is not our role to verify the fairness of this additional information.

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

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

The rules of professional practice require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information.

These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;

	CHAPTER 1	CHAPTER 2	CHAPTER 3	CHAPTER 4	CHAPTER 5	CHAPTER 6
PAGES	06	09 10	13 14	21 22	29 30	97 98

- o determining if any material weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information that we may have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the Company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board pursuant to the provisions of Article L. 226-10-1 of the Commercial Code.

OTHER INFORMATION

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

Neuilly-sur-Seine and Courbevoie, 8 April 2011

The Statutory Auditors

Ernst & Young et Autres

Jeanne Boillet

Mazars

Bruno Balaire

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)

Lagardère Capital & Management, controlled and chaired by Mr. Arnaud Lagardère and with Mr. Pierre Leroy as Chief Operating Officer, provides an array of management resources and skills to both the Group and each of its component parts, with the following aims:

- o over the long term, to guarantee that the Group's operating businesses have the best environment required for expansion;
- o to bring them the economic and financial power of a Group with sales of €8 billion;
- o to supply the Group with strategic planning and operational services, coupled with high quality management services, including principally:
 - designing and developing economic 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 for action;
 - keeping a watchful eye on potential investments and divestments;
 - managing business negotiations such as divestments, mergers and acquisitions;
 - orchestrating corporate operations, including state-of-the-art finance and capital management techniques;
 - establishing and maintaining relations in banking and finance, 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, Lagardère 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. Lagardère 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.

Lagardère Capital & Management's mission is carried out within the framework of its agreement with Lagardère Ressources (formerly Matra Hachette Général). 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 Lagardère 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 fiscal year by the Audit Committee, which pronounces an opinion on the way they are changing.

	CHAPTER 7	CHAPTER 8	CHAPTER 9	CHAPTER 10	CHAPTER 11
215	216	274	291	292	295
		273	296	299	300
					305

After examination by the Audit Committee, this remuneration package was approved by the Supervisory Board on 12 March 2004.

As a result, in 2010, Lagardère Capital & Management invoiced €23.3 million to the Group. Payroll costs recorded by Lagardère Capital & Management amounted to €19.5 million. This figure corresponds to €11.7 million for gross salaries, not including payroll taxes and the pension provision. After deducting other expenses (support costs reimbursed to the Group for €1.9 million and fees and miscellaneous expenses for €0.9 million), this left operating profit after tax from the above agreement of €0.662 million.

7.5.2 TRANSACTIONS CONCLUDED WITH MEMBERS OF THE SUPERVISORY BOARD

See sections 7.2.4 to 7.2.4.4.

	CHAPTER 1	CHAPTER 2	CHAPTER 3	CHAPTER 4	CHAPTER 5	CHAPTER 6					
PAGES	06	09	10	13	14	21	22	29	30	97	98

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