

LAGARDÈRE SCA

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

Head office: 4, rue de Presbourg - Paris 16th (75)

Commercial Register 320 366 446 R.C.S. Paris

GENERAL MEETING DOCUMENT ON 27 APRIL 2010

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



GENERAL MEETING DOCUMENT

2009

Chapter 1	Agenda	4
Chapter 2	Message from the Managing Partners	6
Chapter 3	Reports of the Managing Partners	8
	3.1 Management Report of the Managing Partners	9
	3.1.1 Statement of results and activities for 2009	10
	3.1.2 Presentation of the resolutions	26
	Annex	
	I - Results of the last five financial years	28
	II - Delegations of authority and powers of attorney voted by the Shareholders' Meeting to the Managing Partners for capital increases	29
	3.2 Special report of the Managing Partners on share subscription and purchase options	30
	3.3 Special report by the Managing Partners on the allocation of free shares	32
Chapter 4	Reports of the Supervisory Board and its Chairman	34
	4.1 Report of the Supervisory Board	35
	4.2 Report of the Chairman of the Supervisory Board	36
	4.3. Information on the candidates for the Supervisory Board	43
Chapter 5	Reports of the Statutory Auditors	50
	5.1 Report of the Statutory Auditors on the annual financial statements	51
	5.2 Report of the Statutory Auditors on the consolidated financial statements	52
	5.3 Special Report of the Statutory Auditors on regulated agreements and commitments	53
	5.4 Statutory Auditors' report on the report prepared by the Chairman of the Supervisory Board of Lagardère SCA in accordance with article L. 226-10-1 of the French Commercial Code	55
Chapter 6	Draft resolutions	56



▶ CHAPTER 1

AGENDA

AGENDA

- Report of the Managing Partners (report on the operations of the Company and the Group, and on the Parent Company financial statements for the year ended 31 December 2009).
- Special report of the Managing Partners on share subscription and purchase options.
- Special report of the Managing Partners on the allocation of free shares.
- Report of the Supervisory Board.
- Report of the Chairman of the Supervisory Board on organisation of the Board's work as well as its internal control and risk management procedures.
- Reports of the Statutory Auditors on the annual financial statements, consolidated financial statements and agreements covered by article L.226-10 of the French Commercial Code.
- Report of the Statutory Auditors on the report of the Chairman of the Supervisory Board concerning internal control and risk management procedures.
- Approval of the Parent Company financial statements for the year ended 31 December 2009.
- Approval of the consolidated financial statements for the year ended 31 December 2009.
- Allocation of the Parent Company's net profit; dividend distribution.
- Approval of agreements covered by article L.226-10 of the French Commercial Code.
- Voting of powers to the Managing Partners to handle shares in the Company.
- Ratification of the co-opting of Mrs. Amélie Oudéa-Castéra as a member of the Supervisory Board, replacing Mr. Henri Proglia, who resigned.
- Renewal of Mrs. Amélie Oudéa-Castéra's term of office as a member of the Supervisory Board.
- Ratification of the co-opting of Mr. Xavier de Sarrau as a member of the Supervisory Board, replacing Groupama SA, which resigned.
- Renewal of Mr. Bernard Arnault's term of office as a member of the Supervisory Board.
- Renewal of Mr. François Roussey's term of office as a member of the Supervisory Board.
- Renewal of Mr. Raymond H. Lévy's term of office as a member of the Supervisory Board.
- Appointment of Mr. Patrick Valroff as a new member of the Supervisory Board to replace Mr. René Carron, whose term of office has expired.
- Appointment of Mr. Jean-Claude Magendie as a new member of the Supervisory Board.
- Authorisation to carry out formalities.



▶ CHAPTER 2

MESSAGE FROM THE MANAGING PARTNERS

MESSAGE FROM THE MANAGING PARTNERS

The Group has yet again demonstrated its resilience and energy in 2009 despite a difficult economic context.

My fellow directors and I, with the support of all Lagardère Group employees, were able to maintain and consolidate all positions - some of which were even strengthened. Our Books division, Lagardère Publishing, recorded some of its finest ever performances.

Our recurring earnings before interest and tax, excluding Lagardère Active, which was hit by the fall in advertising investments, increased beyond the target we had set at the beginning of 2009. We also managed to keep our consolidated net income (excluding EADS) at a respectable level with a decrease of less than 10%.

We ended the year with significantly lower financial debt, reflecting excellent cash management. In real terms, we cut our debt-to-equity ratio by nearly 15 points in 2009.

The improvement in the structure of our balance sheet and the protection of our assets have enabled us to offer a stable dividend.

Such results have not come about by chance. I have always sought to protect our fundamentals, and consequently we were ready to tackle a particularly hostile economic climate. Formative milestones include: the application of a meticulous, dynamic asset management strategy; the diversification of our business models; and the permanent adaptation of our organisation.

To move forward in the uncertain economic environment of 2010 – particularly in terms of advertising investment – we will remain focused on these milestones because they will help us further our development. We are ready to seize any opportunities that may arise, especially in the Sport and Books sectors. In the Books sector, penetration of the digital market, and the rebalancing of power in favour of publishers, offer bright prospects for growth. Our leading positions in the main language segments support this viewpoint.

I know that we will approach these future challenges with the determination, passion and confidence that have defined us from the outset. Our diversity, the talent and professionalism of those who work for our Group are our pride and most treasured assets.

To you, shareholders, I offer my sincere thanks for your trust and support in the Group.

Arnaud Lagardère

General Partner and CEO of Lagardère SCA



▶ CHAPTER 3

REPORTS OF THE MANAGING PARTNERS

3.1 MANAGEMENT REPORT OF THE MANAGING PARTNERS

Dear Shareholders,

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

- report to you on the business activity, position and outlook of the Company and of the Lagardère Group as a whole;
- present to you for approval the Parent Company's financial statements and the consolidated financial statements for the financial year ended 31 December 2009, allocate the Parent Company's net profit for the year, propose the distribution of a dividend of €1.30 per share and renew the terms of offices of some members of the Supervisory Board.

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

- the *General Meeting Document*, sent with the invitation to this meeting and placed online on the Company's website at the end of March 2010;
- the *Reference Document*, also placed online on the Company's website at the end of March and made available to you at the same time.

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

- the agenda;
- this report of the Managing Partners which contains:
 - a brief summary of the position, business activity and results of the Lagardère Group in the financial year 2009;
 - a presentation of the resolutions put to you for approval;
- the two special reports of your Managing Partners;
- the report of the Supervisory Board and its Chairman;
- the reports of the Statutory Auditors;
- the resolutions themselves.

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

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

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

We shall therefore confine ourselves below to a brief summary of the results and business activities of Lagardère Group during the financial year 2009 and to a presentation of the resolutions submitted to you for approval.

3.1.1 STATEMENT OF RESULTS AND ACTIVITIES FOR 2009

3.1.1.1 PRESENTATION OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

2009 FULL-YEAR RESULTS

Media recurring EBIT excluding Lagardère Active above the target set in March 2009 – Significant debt reduction

- Consolidated net sales: down 4.0% on a like-for-like basis at €7,892 million
- Consolidated recurring EBIT before associates: €461 million versus €647 million at 31 December 2008
- Media recurring EBIT before associates excluding Lagardère Active: up 1.1% at €448 million, and up 1.6% at constant exchange rates
- Adjusted earnings per share excluding EADS: down 8.3% at €2.55
- Net debt reduced by €795 million relative to 31 December 2008

Proposal to pay a stable dividend of €1.30 per share

KEY FIGURES FOR THE YEAR ENDED 31 DECEMBER 2009

- **Limited drop of -3.9% in consolidated sales** to €7,892 M, i.e. -4.0% on a like-for-like basis. The positive effect of changes in the scope of consolidation (€131 M), mainly due to the full consolidation of World Sport Group from 1 January 2009, was cancelled out by unfavourable exchange rate effects of €132 M.
- **Good resilience in consolidated Media recurring EBIT before associates excluding Lagardère Active**, up 1.6% at constant exchange rates at €448M, beating our March 2009 guidance of a range from zero growth to a fall of 10%. Consolidated recurring EBIT before associates for the Group was €461 M (versus €647 M for 2008), taking account of a marked fall in the contribution from Lagardère Active.
- **Significant negative impact from non-recurring/non-operating items** (€121 M versus €68 M in 2008). The €539 M gain realised on the sale of a 2.5% interest in EADS was more than outweighed by impairment losses against various assets (€486 M), restructuring costs (€93 M) and the amortization of acquisition-related intangible assets (€66 M).
- **Substantial cut in net interest expense** (€82 M versus €176 M in 2008), thanks to a €795 M reduction in net debt and lower interest rates.
- **Net income attributable to equity holders of the Company** of €137 M, compared with €593 M in 2008. Excluding the contribution from EADS, and after stripping out adjusted non-recurring and non-operating items and the impact on net interest expense of the EADS Mandatory Exchangeable Bond, adjusted net income fell by less than 10% to €324 M.
- **Reduction of €795 M in net debt** to €1,824 M. A combination of resilient cash flow from operations and a significant reduction in working capital requirements, plus the low level of acquisitions during the year, enabled Lagardère to improve gearing from 58.9% at end-2008 to 44.7% at end-2009.
- It is proposed to maintain the **dividend** paid out of 2009 profits at the same level as the previous year's dividend, i.e. €1.30 per share.

CONSOLIDATED NET SALES

Lagardère SCA consolidated net sales for the year ended 31 December 2009 were €7,892 M, a fall of just 3.9% on a reported basis and 4.0% on a like-for-like basis.

The positive effect of changes in the scope of consolidation (€131 M), mainly due to the full consolidation of WSG from 1 January 2009, was cancelled out by unfavourable exchange rate effects of €132 M.

The evolutions by branch were very contrasted:

1. A slide in advertising revenues, a decline in print media sales and a contraction in air traffic had a negative impact on operations at Lagardère Active and Lagardère Services.

2. Lagardère Sports was hampered by the non-recurrence of some major sporting events and by tougher market conditions in Europe in the second half.
3. Lagardère Publishing was the exception, recording record sales thanks to the global success of Stephanie Meyer, with around 50 million copies of the Twilight saga sold in 2009.
 - **Lagardère Publishing** – All-time record performance, with net sales up 5.3% on a reported basis and 6.5% on a like-for-like basis at €2,273 M. The success of Stephanie Meyer's books fuelled double-digit top-line growth in the United States, and a dynamic sales performance in the United Kingdom and Australia. In France, as well as the Stephanie Meyer phenomenon, sales in General Literature were buoyant.
 - **Lagardère Active** – In a seriously degraded environment, year-on-year sales trends were hit by a 24% slump in advertising revenues in 2009. Lagardère Active net sales fell by 18.3% on a reported basis and by 16.6% on a like-for-like basis in 2009, to €1,725 M. The decline was less marked in the fourth quarter of 2009, the first sign of a reversal in the downtrend since the start of the year.
 - Magazines (3/4 of Lagardère Active net sales) saw net sales decline by 17.9% on a like-for-like basis and by 20.1% on a reported basis in 2009, to €1,271 M. Magazines - France performed significantly better than Magazines - International, where net sales were down by over 23% on a reported basis.
 - Net sales in Radio and Television totalled €454 M, down 12.8% on a reported basis and 12.7% on a like-for-like basis. Radio, trends were again better in France than internationally, with revenues for the international network slipping by some 20%. Over the full year, the TV channels and Lagardère Entertainment recorded a limited fall in revenues of less than 5% on a like-for-like basis.
 - Digital activities accounted for 7.3% of Lagardère Active sales in 2009, against 6.2% in 2008.
 - **Lagardère Services** – Net sales were down by 2.3% on a like-for-like basis or 3.2% on a reported basis at €3,387 M. Retail (68.3% of net sales in 2009, vs. 66.3% in 2008) grew by 0.7% on a like-for-like basis over the year, and Distribution reported a drop of 8.1% (6.3% excluding the discontinuation of operations in Poland). Overall, trading was stronger in France than internationally, though there were wide variations between regions.
 - **Lagardère Sports** – Net sales rose by 14.2% in 2009 to €507 M. On a like-for-like basis the fall was 10.1%. The differential between the reported and like-for-like performances was mainly due to the full consolidation of WSG from 1 January 2009. Lagardère Sports was adversely affected by the non-recurrence of the positive effects of the Euro 2008 and Africa Cup of Nations football tournaments. The buoyancy of operations in Asia failed to offset fully the deterioration in the European media rights market.

RECURRING EBIT BEFORE ASSOCIATES

Media recurring EBIT before associates excluding Lagardère Active beat the guidance we announced in March 2009, rising by 1.6% at constant exchange rates to €448 M. Our guidance in March 2009 was in a range from zero growth to a fall of 10%. Exchange rate effects were fairly marginal: growth at current exchange rates was 1.1%.

Despite this remarkable resilience, consolidated recurring EBIT before associates fell to €461 M, compared with €647 M in 2008, due to slump in the contribution from Lagardère Active caused mainly by a decline in advertising revenues.

Divisional trends were as follows:

- **Lagardère Publishing** performed exceptionally well in 2009, with recurring EBIT before associates up 24% at €301 M. The majority of the year-on-year increase of €58 M came from the United States, boosted by the success of the Stephanie Meyer saga. Profits also improved in France: Illustrated Books (Children's, Travel, Lifestyle) performed well, driven in particular by the latest *Astérix* album, as did General Literature thanks to the success of Dan Brown (*The Lost Symbol*, published in French by Lattès as *Le symbole perdu*). Growth in recurring EBIT before associates was much less strong in the second half of 2009 than in the first half.
- **Lagardère Active** recorded recurring EBIT before associates of €15 M, against €206 M in 2008:
 - Overall, the deterioration in Lagardère Active recurring EBIT before associates during 2009 was due essentially to the 24% drop in advertising revenues (note that at the start of 2009, we made it clear that each 1% loss of advertising revenue would have a negative impact of between €8 M and €10 M on recurring EBIT before associates over a full year). Lower circulation figures had a negative effect of around €15 M on 2009 recurring EBIT before associates; exchange rates and changes in the scope of consolidation also had a negative effect of around €15 M.
 - Cost adaptation measures had a positive effect as the Active 2009 and One Step Further cost-cutting programs slashed €100 M off operating expenses, beating the €90 M announced in March 2009.
 - The Press business generated recurring EBIT before associates of €4 M, versus €111 M in 2008, and accounted for nearly 60% of the decline in Lagardère Active recurring EBIT before associates. All the geographical regions turned a profit except for the United States.

– The Broadcast business posted recurring EBIT before associates of €11 M, versus €95 M in 2008. Nearly two-thirds of the fall in Broadcast recurring EBIT before associates was due to a decline in the contribution from Radio, reflecting a drop of over 15% in advertising revenue. Radio margins were more resilient in France than in international operations, which were hit by a slide in profits from Russia. In Television, year-on-year profit trends were adversely affected by the non-recurrence of reversals of provisions and by a rise in the cost of some DTT programs..

- **Lagardère Services** generated recurring EBIT before associates of €91 M, against €125 M in 2008. This trend was due to the effect of declining print media sales on our Distribution activities and our Relay chain of stores, and to the impact of reduced air traffic on our airport retail operations. Cost-cutting measures, especially in the Distribution business, helped limit the decline in recurring EBIT before associates.
- **Lagardère Sports** reported recurring EBIT before associates of €56 M, against €74 M in 2008. The positive impact of the consolidation of WSG was cancelled out by a deterioration in the European media rights market and the absence of major events like the Africa Cup of Nations and Euro 2008 football tournaments. In addition, Lagardère Sports booked an extra €10m of bad debt provisions relative to 2008.

Non-Media activities recorded negative recurring EBIT before associates of €2 M, virtually unchanged from 2008 (€1 M).

NON-RECURRING/NON-OPERATING ITEMS

Non-recurring/non-operating items represented a net loss of €121 M in 2009, versus a net loss of €68 M in 2008. The 2009 figure comprised the following items:

- €451 M of impairment losses taken against goodwill, property, plant and equipment and intangible assets of consolidated entities, including €148 M for magazine publishing in the United States and €103 M for digital activities (both of which had already been recognized in the first half of 2009), plus €150 M for the goodwill recognized on the public exchange offer for Hachette Filipacchi Médias shares in 2000.
- €35 M of impairment losses taken against associates, including €31 M for *Marie-Claire*.
- €93 M of restructuring costs, €61 M of which related to Lagardère Active.
- €66 M of amortization of acquisition-related intangible assets (mainly Sportfive and Canal+ France).
- €524 M of net gains on disposals, including €539 M from the sale of a 2.5% stake in EADS.

CONTRIBUTION FROM ASSOCIATES⁽¹⁾

The contribution from associates amounted to €29 M, versus €246 M in 2008. This large year-on-year fall was due to the contribution from EADS, which went from a profit of €171 M in 2008 to a loss of €49 M in 2009.

Excluding EADS, the contribution from associates was €78 M (versus €75 M in 2008), with the contribution from Canal+ France up nearly 20%.

Earnings before interest and taxes amounted to €369 M, compared with €825 M in 2008.

NET INTEREST EXPENSE

Net interest expense was substantially lower in 2009 at €82 M, against €176 M in 2008, reflecting:

- A reduction of €28 M in the net interest expense incurred on the EADS Mandatory Exchangeable Bond.
- A reduction of €66 M in other net interest expense, due mainly to lower interest rates.

Net income before tax came to €287 M, compared with €649 M in 2008.

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

INCOME TAX EXPENSE

Income tax expense for 2009 was €123 M, after an exceptionally low level of expense in 2008 due mainly to reversals of deferred tax liabilities following the recognition of impairment losses against certain magazine titles in the United States. Conversely, some impairment losses recognized in 2009 did not generate any tax savings.

Minority interests in net income for the year were €27 M, compared with €34 M in 2008.

As a result of the factors described above, **net income attributable to equity holders of the Company** came to **€137 M**, compared with **€593 M** for the year ended 31 December 2008.

(€ M)	at 31 December 2008			at 31 December 2009		
	Media Division	Non-Media and EADS	Total Lagardère Group	Media Division	Non-Media and EADS	Total Lagardère Group
Net sales	8 214		8 214	7 892		7 892
Recurring EBIT before Associates	648	(1)	647	463	(2)	461
Non-recurring/non-operating items	(536)	468	(68)	(657)	536	(121)
Contribution from Associates	75	171	246	78	(49)	29
EBIT	187	638	825	(116)	485	369
Net interest expense	(189)	13	(176)	(71)	(11)	(82)
Tax	(34)	12	(22)	(175)	52	(123)
Net income	(36)	663	627	(362)	526	164
Including minority interests	34		34	27		27
Attributable to <i>equity holders of the Company</i>	(70)	663	593	(389)	526	137

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

Adjusted net income, calculated as shown below, amounted to €324 million in 2009, 9.5% lower than the 2008 figure of €358 million. Adjusted earnings per share was €2.55 (versus €2.78 for 2008), a decrease of 8.3%.

(€ M)	at 31 December 2008	at 31 December 2009
Net income attributable to equity holders of the Company	593	137
Equity-accounted contribution from EADS	(171)	49
Amortization of acquisition-related intangible assets, net of taxes	53	54
Net income excluding EADS, before amortization of acquisition-related intangible assets	475	240
Restructuring costs (net of taxes)	29	70
Net gains on disposals (net of taxes)	(460)	(513)
Impairment losses on goodwill and intangible assets (net of taxes)		
– Associates	225	486
– Equity affiliates	90	35
Impact of Mandatory Exchangeable Bond on interest expense, net of interest income calculated at market rates	(1)	6
Adjusted net income excluding EADS	358	324

NET CASH GENERATED BY OPERATING AND INVESTING ACTIVITIES

Net cash generated by operating and investing activities increased from €275 M in 2008 to €986 M in 2009 due to the following factors:

- Resilient cash flow from operations before working capital, which reached €655 M despite a sharp slide in the contribution from Lagardère Active. This performance reflected the excellent results generated by Lagardère Publishing, and by World Sport Group (WSG) within Lagardère Sports.
- A positive effect of €127 M thanks to reduced working capital needs (versus a negative effect of €141 M in 2008), due to the non-recurrence of some temporary negative factors that occurred in late 2008 and to the implementation of targeted action plans during 2009.
- A lower level of interest and tax payments, which helped Lagardère achieve a very marked improvement in net cash generated by operating activities to €552 M (versus €198 M in 2008).
- Recognition of the sale of the final 2.5% interest in EADS covered by the Mandatory Exchangeable Bond, which when combined with the low level of acquisitions during the year enabled Lagardère to generate net cash of €434 M from investing activities.

DEBT

Net cash generated by operating and investing activities during the year amounted to €986 M, allowing net debt to be reduced by €795 M to €1,824 M while also funding a dividend payout of €202 M, maintaining the dividend at the same level as for the previous year. Gearing fell from 58.9% to 44.7%, demonstrating the health of the Lagardère SCA balance sheet.

3.1.1.2 RESULTS OF THE PARENT COMPANY

INCOME STATEMENT

The simplified income statement breaks down as follows:

(€M)	2009	2008
Proceeds from operations	10	2
Operating income	(19)	(39)
Financial income	208	432
Operating income after interest	189	393
Non-operating income	22	22
Tax credits	88	76
Net book income	299	491

BALANCE SHEET

The simplified balance sheet breaks down as follows:

(€M)	2009	2008
Assets		
Fixed assets	6,837	7,099
<i>of which participating interests</i>	6,259	3,254
Current assets	132	226
<i>of which marketable securities and liquid assets</i>	30	134
Total Assets	6,969	7,325
Liabilities		
Stockholders' equity	3,350	3,222
<i>of which capital stock</i>	800	800
<i>premiums and reserves</i>	1,181	1,181
<i>retained earnings</i>	1,070	750
<i>income for the financial year</i>	299	491
Provisions for liabilities and charges	63	103
Debt	3,556	4,000
<i>of which financial debt</i>	3,498	3,919
Total Stockholders' Equity and Liabilities	6,969	7,325

3.1.1.3 DIVIDENDS

The Managing Partners asked the Annual Shareholders' Meeting to approve a dividend of €1.30 per share, unchanged on the dividend on 2008 earnings.

3.1.1.4 PRESENTATION OF BUSINESS ACTIVITIES

- **LAGARDÈRE PUBLISHING**

A federation of publishing houses that enjoy a great deal of editorial independence, Lagardère Publishing is the world's second-largest publisher of educational and general-interest trade books. It is the leader in French-language markets and in the United Kingdom, ranks second in Spanish-language markets and holds fifth place in the United States. Its publishing houses are united by common rules of management, a concerted effort to expand digital activities, a coordinated strategy *vis-à-vis* global distribution giants, and the same high standards in the selection of the women and men called to positions of responsibility within each company.

2009 ACTIVITIES

Lagardère Publishing, whose book-publishing brand is Hachette Livre, had an exceptional year in contrast to the market as a whole.

In a global book market that actually proved fairly resilient to the crisis, with performances ranging between +1 and -5% in terms of value, Hachette Livre fared exceptionally well, posting the finest performance in its history and the best in the sector, all countries and markets combined and with respect to both revenue and operating income.

Confounding expectations, the Stephenie Meyer phenomenon did not run out of steam but continued and even increased in 2009, losing impetus only at the end of the year. With 45 million copies sold last year in some 40 countries (under the Hachette Livre name in English and French, and under license in all other languages), Stephenie Meyer pulled herself up to the level of Dan Brown (*Da Vinci Code*) and JK Rowling (*Harry Potter*) - authors whose books transcend borders, language barriers and generations to become global best-sellers.

Not by chance, Lagardère Publishing's deal with this previously unknown author was born of a policy of constantly seeking out new talents. Innovation lies at the heart of its activity as the Group publishes no less than 17,000 new titles annually, and each year 50% of its revenue come from books that did not exist the previous year.

This culture of permanent innovation is not limited to content. For several months, new means of digital distribution have been subject to close attention from Hachette Livre, which is endeavouring to maintain its place in the value chain at a time when a new business model is being put forward by companies from the new technology, and more specifically internet sectors.

Tension between internet giants and leading groups from the world of publishing emerged in 2009. Using all the weight of its position as number two in the world, Lagardère Publishing was able to consolidate the position of leading publishers in the debate that followed – one of the stated objectives when the Group started to strengthen its international position in 2003.

This consolidation continued in 2009 with the creation of a joint venture with the number one publisher in Lebanon, Librairie Antoine, to service the Arabic-speaking market, and a partnership with one of China's leading publishing groups, Phoenix Publishing and Media Company, which should lead to a better understanding of this hugely promising market.

KEY EVENTS

France

In 2009, Hachette Livre registered a sharp increase in its revenue and operating income. The spectacular performance of the illustrated books segment, linked to the success of the Stephenie Meyer books as well as those of Marabout, Asterix and others under license from Disney, must not be allowed to overshadow the excellent performance of general literature in a declining market. The Prix Renaudot, awarded to Frédéric Beigbeder for *Un roman français*, and the Prix Médicis, awarded to Dany Laferrière for *L'énigme du retour*, meant that Grasset publications ended the year on a high note, while *Mauvaise fille* by Justine Lévy (Stock) and *D-Day* by Antony Beevor (Calmann-Lévy) also helped boost sales in this segment. However, the record for general literature sales undoubtedly went to Lattès with a million copies of Dan Brown's long-awaited *Lost Symbol* in little over a month.

The year was less prosperous for the educational market due to the delay of long-awaited reforms, especially at a secondary school level. Despite these circumstances, the Hatier Group and Hachette Education gained market share while Didier, Dunod and Armand Colin were able to maintain theirs in the University publishing segment.

Larousse consolidated its positions, managing to offset the fall in dictionary sales with an increase in its market share of Illustrated practical books and Children's books.

The industrial and commercial branch benefited from strong sales of the 50th anniversary edition of Asterix, and books by Stephenie Meyer and Dan Brown at the end of the year. Annual pay negotiations were amicable and led to an agreement.

United States

2009 was a record year, thanks in particular but not solely to the *Twilight* series by Stephenie Meyer. Rather than stumble, its sales have continued to rise, with books from the series occupying four of the top six places in Nielsen Bookscan's 2009 best-sellers list. 30 million copies of this series were sold in the United States last year, helping to make *Twilight* the biggest best-seller of the decade according to *USA Today*. Overall, the Hachette Book Group had no fewer than 130 titles on the *New York Times* best-seller list. These include: *Outliers* by Malcolm Gladwell, *The Shack* by WP Young and True Compass, the autobiography of the late Senator Ted Kennedy, which has sold over a million copies.

The sale of digital books received a considerable boost in 2009, reaching nearly 3% of annual revenue. In December alone it generated more revenue than in the whole of 2008. A price war has now broken out, with Amazon starting to sell its best-sellers at a loss via downloads. Its price of \$9.99 was quickly copied by Wal-Mart and the escalation affected print books, bringing the whole pricing structure downward. At the end of the year, several major publishers, including Hachette Book Group, decided to postpone the release of downloadable versions of their new books to curb this trend.

The United Kingdom and Commonwealth

Hachette UK held on to its number one position among British publishers in 2009 with 16.4% market share. In doing so it extended its lead on its closest rival (gap of 3% vs. 1% in 2008) in a market notable for a fairly severe recession, with seven of the ten largest publishers seeing a fall in sales. Stephenie Meyer's *Twilight* series sold 11 million copies in the United Kingdom, Australia and New Zealand, while no less than 150 of the Group's titles - a record figure - appear on the *Sunday Times* best-seller list in the UK, with 30 topping it. Australia had a record year, largely owing to the success of the *Twilight* series and a steady increase in local publishing. Hachette Australia became the country's number one publisher with market share of 16%. Hachette India enjoyed a successful launch. Its growth has already pushed it to second position among Indian publishers.

In the Educational sector, Hachette UK posted a fine performance on the schools market but suffered from a difficult situation on the trade segment, and with language methods in particular.

Spain and Latin America

Anaya's activity declined on markets that are suffering from one of the deepest recessions in the euro zone. The tourism and IT segments were worst affected. Against this harsh backdrop, Anaya Touring Club started to publish the collection of Totramundos guides, which were very well received by the market. Anaya Multimedia was the first publisher to launch all of the new releases concerning Windows 7 in the second half of the year.

The end of the high school reform cycle affected the Education segment, albeit without affecting Anaya's share of it. For example, Anaya Education began the replacement of levels 5 and 6 of "Enseñanza Primaria" as well as level 2 of "Bachillerato", while improving its market share in core subjects. This replacement went ahead in Galicia (Xerais) and Catalonia (Barcanocva), while Bruño's schools division was active at a national level.

Bruño also benefited from the successful launch of the 50th anniversary edition of Asterix in Spanish, Galician, Catalan and Basque.

In general literature, the novel *El Mapa del Tiempo*, by Felix J. Palma, published by Algaida Editores, won the Ateneo de Novela prize. In addition to its considerable sales in Spain came the transfer of copyright in some 20 countries.

In Mexico, activity suffered from the economic climate and disruption linked to swine flu, as well as export problems, particularly in Venezuela.

Brazil experienced strong growth, mainly due to government purchases as part of the national educational book program.

BOOKLETS

Booklets activity, which is structurally sensitive to the economic environment, continued to decline on a scale that reflected budget forecasts, in particular on the mature markets of France, the United Kingdom and Spain. Latin also suffered from the business climate and activity came to a halt in Brazil following a dispute with customs authorities. Japan registered a dip in activity after a particularly strong 2008. These declines were partly offset by the performance in Germany thanks to a growing number of collections, and in Italy thanks to a strong marketing campaign in 2009. A presence in Russia was established at the beginning of the year with the launch of the Bismarck collection, which appears promising.

DIGITAL CONTENT IS NOT ABOUT TO BE SUPPLANTED

For those who followed the battle that pitched record labels against online music sellers, the situation may look bad from the outset: could book publishing be the third victim of digitalization after music publishing and the press? Would it too lose out to pirating or be marginalized by “e-tailers” - online merchants - or both? Would publishers still have a role to play in a world where, in theory, anyone can find what they are looking for without the need for intermediaries?

The answers to all these questions started to emerge in 2009 and they are reassuring for publishers. In creating a universal digital library, Google scanned books by millions without asking permission from copyright holders. However, the US and French courts ruled that such a practice was wrong and that the private agreement previously reached between US authors and publishers does not automatically apply to all worldwide production of books. Amazon, which had converted downloadable versions of all US best-sellers into marquee products at knock-down prices to encourage consumers to buy its Kindle player, saw its policy countered by Apple in January 2010. The firm opted for a model that leaves publishers free to determine the price of their new releases for download on its iPad. To be profitable, both are in vital need of prescriber brands to attract, channel and monetize flows of visitors and consumers to their sites, notwithstanding long tail theories, which seem to have... tailed off.

The balance of power between publishers and internet giants, which appeared much more favourable to the latter, thus shifted at the end of the year. Hachette Livre was largely responsible for this, lending all its weight to very high level discussions and negotiations.

Full of twists and turns, 2009 seems to have ended on a familiar note: “Content is (still) king!”.

KEY FIGURES

- Global workforce: 7,730 employees
- Quantity of paper bought worldwide: 153,000 tonnes
- Percentage of revenue generated outside France: 68.6%
- Number of titles appearing in the *New York Times* best-sellers lists: 130
- Market share in the United Kingdom: 16.4%
- Number of countries publishing Stephenie Meyer: 40

KEY DATES IN 2009/2010

1 January: Octopus USA, a new subsidiary of Hachette Book Group, opens for business.

5 January: Hachette Livre announces the acquisition of a majority interest in Editions des Deux Terres, led by Nina Salter and publisher of many prestigious foreign writers such as Kiran Desai, John Fowles, Julia Glass, Kazuo Ishiguro, James Salter, Meir Shalev, Patricia Cornwell, Jeffery Deaver and Ruth Rendell.

8 April 8: Olivier Nora is appointed Chairman and CEO of Fayard, replacing Claude Durand who remains a director at Fayard Publishing.

12 May: Hachette UK announces that it will be outsourcing the distribution and retailing of its books in Canada to the Hachette Book Group from 2010.

8 September: Robert Pépin, which in France publishes some leading English-language writers (e.g. Michael Connelly, George Pelecanos, Deon Meyer) announces the creation of its “Robert Pépin présente” label as part of Calmann-Levy Publishing.

15 September: Hachette Livre and Lightning Source form a printing on demand joint venture in France.

October: Anaya, the Spanish subsidiary of Hachette Livre, celebrates its 50th birthday.

15 October: Hachette Livre signs a partnership agreement with Phoenix Publishing & Media Group (PPMG) for the creation of a joint venture in China.

October 29: Hachette Livre and Lebanon's La Librairie Antoine announce the creation of a joint venture to serve the Arabic-speaking market.

30 November: the pilot version of MyBoox, a book website for the general public, is launched.

27 January 2010: at Apple's presentation of the iPad in San Francisco, Hachette Book Group is one of the five leading publishing groups chosen to partner iBooks, the book reading application on the iPad.

LEADING POSITIONS

- Number 1 publisher in France
- Number 1 publisher in the United Kingdom
- Number 2 publisher in Spain
- Number 5 publisher in the United States

• LAGARDÈRE ACTIVE

Lagardère Active is a global leader in the production and aggregation of multimedia content. Its world-class brands are structured around six business segments: magazine publishing (*ELLE*, *Paris Match*, etc.), radio (Europe 1, Virgin Radio, Radio Zet, etc.), television broadcasting (Gulli, MCM, Mezzo, etc.), audiovisual production, digital activities (Doctissimo.fr, ELLE.fr, etc.) and advertising sales.

2009 ACTIVITIES

The unprecedented economic and advertising world crisis, which in 2009 affected every continent and all the media, did not spare Lagardère Active, which derives a major part of its revenue from advertising. Faced with the crisis, the efforts underway for the last two years to rationalize and improve performance were intensified from autumn 2008. In this context, Lagardère Active maintained or even reinforced its positions, with significant successes in its leading brands. Lagardère Active also continued its strategy for digital activities, in particular by expanding into the mobile field. In 2009, in accordance with its objectives, 7% of Lagardère Active sales came from digital activities. Even though 2010 will be a difficult year, with great uncertainty about the time and extent of the recovery, Lagardère Active's leadership positions and the transformation of its business model are putting it in a favourable position to take advantage of the initial shoots of a recovery.

In 2010, Lagardère Active intends to pursue and expand the diversification of its revenues by developing its know-how and by investing in new geographic areas. The principal brand names of Lagardère Active and their powers of signification and suggestion are more than ever at the heart of this goal.

KEY EVENTS

Print media

In 2009, Lagardère Active continued to refocus on its core portfolio, the high-end women's press, by on the one hand continuing to sell off its men's and special-interest publications (*Men's Enthusiasts* in the United States, *TV hebdo*, *Onze Mondial* in France, etc.) and on the other by developing offensive or defensive strategies for its flagship titles. *ELLE* is turning in wonderful results in France, but also in the United States, where there was significant growth in market share. Worldwide, the *ELLE* network (with its 42 editions around the world) and its spin-offs are continuing to grow, in particular with the launch of *ELLE déco* in the Czech Republic, soon to be followed in Indonesia.

In 2009, France's Sunday paper, *Le Journal du Dimanche*, came out with an extra Saturday morning edition, and is in a process of gaining market share in both distribution and advertising.

Radio

Europe 1, a flagship radio station in the generalist field, with 9.9% of the cumulative audience in the last audience sweeps period, has surpassed NRJ and is now the number 3 station in France (Médiamétrie 126,000 study/November-December 2009). With five million listeners every day, Europe 1 is the only station to make progress since September 2008.

The musical stations are also benefiting from a wave of favourable surveys, as RFM has confirmed its position as the number 2 adult music radio and is increasingly gaining women listeners (+115,000 women listeners in 1 year). As for Virgin Radio, it is up in every indicator and is now the second-leading musical station in the 25-34 age group.

Internationally, Lagardère Active Radios Internationales (LARI), which operates in seven countries, is extending its network, with 29 stations, most of them musical. Their daily listening audience is over 44 million people.

Television

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

In more general terms, it reaffirmed its strong, high-quality editorial presence on the entire children's and youth segment with Canal J and TiJi, as well as in Music, with the benchmark channels Virgin 17 and MCM.

Lagardère Active is continuing to develop its TV activity internationally and has launched Gulli and Tiji in Russia, as well as Mezzo, which is already present in 40 countries.

Audiovisual production

Lagardère Entertainment, France's second-leading audiovisual producer (drama and comedy, studio-based shows, animation), is home to some of the most prestigious production companies. In 2009, Carson Prod and Electron Libre, two specialists in high-quality studio productions designed to meet the new needs of DTT, joined Lagardère Entertainment. With brands like *Julie Lescaut* and *Joséphine Ange Gardien* broadcast on TF1, and European coproductions like *Les Borgia*, Lagardère Entertainment is positioned as a major player in the production and management of artistic content.

Advertising

Lagardère Publicité, the "brokerage of diversity", represents more than 165 media brands, with leading positions on key advertising targets. It is the number one Magazine Press agency, with a 19.5% market share, as well as the leading Radio agency, with a 26.2% share of the commercial audience target of adults with high purchasing power (25-49 years, high socio-professional category). In addition, Lagardère Publicité is strengthening its presence throughout the digital chain, with a powerful internet brokerage. It brought in about 20 million unique visitors in December 2009, which positions it as the leading Web brokerage of a media group.

Despite the major crisis in global advertising in 2009, Lagardère Publicité has outperformed the market on its traditional platforms, while ensuring that it has kept up the value of all its media.

Digital

Lagardère Active is one of the leading media groups on the internet, with more than 16 million unique visitors in France. It continued to develop its publishing business in 2009, with the goal of building its leadership on the Women/Health segment, while rounding out its positions on other leading segments: information, sports and entertainment. With regard to the female audience, Doctissimo.fr (8 million unique visitors) is the unrivalled leader in France on women's sites; with more than 2 MUV, ELLE.fr is the number one magazine site on the Net.

More generally, Lagardère Active has a global portfolio of more than 100 sites, with a cumulative audience in December 2009 of more than 80 million unique visitors. Lagardère Active is also capitalizing on its strong brands to develop 22 sites/networks with an audience at end 2009 of over a million unique visitors.

Finally, as part of its strategy of conquering the mobile sector, Lagardère Active is now the number one French media group on iPhone, with some 2 million application downloads and more than 11 applications launched in 2009 in France. Other launches are planned soon in the USA, Asia, Spain and Great Britain.

KEY FIGURES FOR 2009

- Advertising sales represented 54% of total sales in 2009
- 58% of Lagardère Active sales were generated internationally.
- 71% of total sales were made by the Magazine Press, which has 187 titles published around the world
- A global presence in 45 countries
- 42 editions of *ELLE* magazine worldwide
- 29 radio stations worldwide (with nearly 44 million daily listeners) 10 special-interest television channels worldwide 80 million unique visitors per month (not cumulative)
- 800 hours of audiovisual programmes produced

LEADING POSITIONS

- One of the world's leading publishers of audience magazines
- Number 1 magazine publisher in France in terms of paid distribution in 2009

- Number 1 group of private music radio stations in Russia, Poland, Romania and the Czech Republic
- Number 3 radio in France with Europe 1
- 2nd leading French media group on the internet, with about 16 million unique visitors every month
- Number 2 media-buying agency in France, with 165 media brands (own brands and outside publishers)
- Number 2 audiovisual production group in France (drama and comedy, studio shows and animation)
- Number 1 French producer of drama and comedy (seven shows in the top 100 and 111 hours of programmes)

KEY DATES

February 2009: Lagardère Entertainment and Canal+ signed an agreement to develop a series of international scope on *the Borgias*.

March 2009: A Saturday edition of *Le Journal du Dimanche* hit the newstands, and *Paris Match* celebrated 50 years.

April 2009: *Public* accelerated its roll-out and launched *Public Look*, which went quarterly in June.

June 2009: HFM US sold 5 special-interest magazines to the Bonnier Corp. and is strategically refocusing on its target segments: women and cars.

July 2009: *ELLE* changed the day it comes out, which is now Friday.

August 2009: *ELLE* cut its selling price and strengthened its leading position among high-end women's magazines.

September 2009: Lagardère Entertainment enhanced its capacity to produce studio-based shows with the acquisition of Carson Prod and Electron Libre.

Based on a partnership set up with Sumitomo, Elleshop.jp, an e-commerce site, launched in Japan.

October 2009: Mezzo was named "best musical channel" in Russia and announced the Spring 2010 launch of Mezzo HD, a new 100% native HD channel that operates 24/24.

November 2009: Nextedia became NextIdea, a new model of consulting agency in digital marketing. MCM celebrated 20 years in the service of music.

Décember 2009: Lagardère Active reached a total of 11 applications rolled out on smartphones in France, with 2 million downloads. The successful musical comedy, *Mozart L'Opéra Rock*, co-produced by Lagardère Active, reached 500,000 ticket sales.

January 2010: Europe 1 became the Number 3 radio in France with 9.9% of the cumulative audience (5 million listeners/day).

• LAGARDÈRE SERVICES

Lagardère Services' mission is to promote access to a diverse range of ideas and culture for all, in 20 countries spread between Europe, North America, Asia and the Pacific. A global leader in travel retailing and press distribution, Lagardère Services also operates the world's foremost network of duty-free shops, unique concept stores and stores selling periodicals, convenience products and services. Its world-class companies in each of these segments are solidly supported by such sound brands as Relay and Virgin, to be found in transport hubs throughout the world.

ACTIVITY DURING THE PAST YEAR

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

KEY EVENTS IN 2009

Retail sales

Already present in train stations and airports in 20 countries worldwide, Lagardère Services continued to open retail outlets in 2009 (Australia, Bulgaria, Canada, Spain, France, Hungary, Czech Republic, Singapore, Switzerland), testing new marketing concepts - owned and franchised - and renewing various concessions in transport hubs. Thanks to its Relay chain, Lagardère Services now operates the top international network of press outlets, which offer a growing number of travelers an extensive range of products - including newspapers, magazines, books, candy, souvenirs and food products - selected to make their travel experience more enjoyable.

With a presence in over 100 international airports, Lagardère Services also sells such duty-free goods as wines and spirits, tobacco products, perfumes, gourmet foods and fashion items in France, Great Britain and Poland through Aelia, the leading French airport retailer. In addition to its franchises (Virgin, Hermès, Hédiard, L'Occitane) and own brands (Beauty Unlimited, Pure and Rare, Gourmand, La Cave à Cigares, Sunny Days, Cosmopole, Men's Lounge), Aelia operates an in-flight sales service for airlines (Iberia in particular).

In train stations and airports, Lagardère Services runs numerous stores selling music, print media and small electronic goods under the Virgin banner (Germany, Australia, United States, France and Spain). The Découvrir chain in France, Poland, America and Australia offers tourists products specifically focused on the attractions or regions where they are located. In many Western and Central European countries, Lagardère Services is developing the convenience-store concept under several trade names and aims to give consumers the widest possible range of products and services to choose from. The Inmedio chain, for example, which now operates in Hungary, Poland, the Czech Republic and Romania, offers a generous selection of magazines, books and 'impulse-buy' products. This is also the case with Belgium's Press Shop, as well as Switzerland's Naville and well-known Payot Librairie bookshop chain.

Lastly, Lagardère Services is active in new segments of retail trade – fast food, coffee shops and specialized concepts – through partnerships with leading retailers such as Moe, La Cure Gourmande, Paul and L'Occitane. In France, and in partnership with the Casino Group, Lagardère Services has used the Chez Jean brand to launch the concept of French-style convenience stores, combining snacks, print media, convenience products and essential items with a variety of services.

With more than two-thirds of its total sales generated on retailing, Lagardère Services is a major player in this business sector. In 2009, Lagardère Services continued the development of its magazine download platform: HDS Digital. This registered some two million downloads over the year.

Press distribution, wholesaling and import-export activities

Supplying points of sale with newspapers and magazines is an essential aspect of print media marketing. Lagardère Services provides this service in 10 countries, where it operates at two levels:

- A world leader in the distribution of national periodicals, Lagardère Services is the number 1 distributor in the United States, Belgium, French-speaking Switzerland, Spain and Hungary. In many countries, Lagardère Services supplies convenience-store chains: Lapker in Hungary (11,979 points of sale, including 673 in-store), SGEL in Spain (16,000 points of sale). The leading national magazine distributor in North America with 30% market share, Curtis Circulation Company operates a network of independent wholesalers. It also manages sales of the magazines it represents to North America's largest retail chains. In Spain, SGEL is the top national distributor of periodicals with 20% market share. Lagardère Services has no significant competition in Hungary, Belgium or Switzerland.
- Lagardère Services is also a leading distributor of imported international publications in 10 countries (Belgium, Bulgaria, Canada, Spain, the United States, Hungary, the Czech Republic, Romania, Serbia and Switzerland).

KEY DATES IN 2009

14 January: opening of the first Chez Jean outlet in Paris, in partnership with the Casino group.

28 January: opening of the first Costa Coffee in Budapest, Hungary.

30 January: opening of the first La Cure Gourmand outlet in Madrid, Spain.

22 May: Lagardère Services Asia Pacific is awarded concessions to sell books, magazines and stationary at terminal 3 of Changi airport in Singapore.

27 June: Delstar, a company owned by HDS RNA, is successful in its bid to operate at Phoenix Mesa Gateway airport in the United States.

5 July: opening of the first Happy outlet in Stuttgart, Germany, in partnership with the Monceau Fleurs group.

8 September: opening of the first Relay outlet at Changi airport in Singapore.

20 October: opening of a 255m² luxury boutique at Sydney airport in Australia.

25 October: opening of the first Relay outlet in Bulgaria (Varna airport).

18 December: Aelia and HDS Retail Czech Republic are chosen to take over the duty-free activities of Czech Airlines at Prague airport, Czech Republic.

KEY FIGURES

- A unique network of 3,800 stores in 20 countries worldwide.
- Over 50,000 press outlets in Europe and 180,000 in North America are supplied daily by Lagardère Services.
- 1,300 stores under the Relay banner in 17 countries serve more than a million customers daily.

LEADING POSITIONS

- Leading national press distributor in the United States (Curtis Circulation Company), Belgium (AMP), French-speaking Switzerland (Naville), Spain (SGEL) and Hungary (Lapker).
- Number 1 international press distributor in Belgium, Canada, Spain, Hungary, the Czech Republic and French-speaking Switzerland.

• LAGARDÈRE SPORTS

Lagardère Sports is a major player in the sports industry. The Sports branch has expanded internationally based on the integration of Sportfive, World Sport Group, IEC in Sports, Upsolut and PR Event. Lagardère Sports has a presence through its subsidiaries in sports media and marketing and in a wide variety of events, including football, track and field, golf, cricket and Olympic sports.

ACTIVITIES IN 2009

In 2009, Lagardère Sports maintained its leading position on the market for football rights for the major European clubs and the international federations. In addition, Lagardère Sports strengthened its portfolio of premium rights by becoming the commercial partner of the International Olympic Committee (IOC) and the International Association of Athletics Federations (IAAF).

Lagardère Sports now has five operational subsidiaries that are very active in the different fields of sports:

- Sportfive is heavily involved in the European media and marketing-rights market. The agency is today a special partner of the International Olympic Committee, the Confederation of African Football (CAF), the European football federations and prestigious German and French football clubs.
- World Sport Group is the main sports agency in Asia. The World Sport Group holds a portfolio of major events on the continent, including competitions of the Asian Football Confederation (AFC), the Indian Premier League in cricket (IPL), and the OneAsia SuperSeries in golf.
- IEC in Sports, a company specializing in sporting rights management, is mainly active in Olympic disciplines, in particular athletics, tennis, volleyball and gymnastics. The agency is currently a partner of the International Association of Athletics Federations (IAAF).
- Upsolut is a German sports-marketing agency that organizes mass sporting events (triathlon, cycling).
- PR Event is a company that owns and organizes ATP (men's tour) tennis tournaments and the WTA (women's tour) tournament in Bastad, Sweden. In 2010, PR Event will be the co-organizer alongside IEC in Sports of the ATP tournament in Stockholm.

Lagardère Sports is active in three main business segments:

- Media activities: management and sale of the rights to broadcast a sports event on traditional or digital media;
- Marketing rights: management and sale of the rights related to sponsorships, hospitality and the image of sporting and athletic events;
- Event-related: ownership, management and organization of sports events.

Due to the global economic situation, 2009 was a year of transition for Lagardère Sports. In practice the branch put the brakes on its external growth strategy, but took advantage of the situation to continue the operational integration of the companies acquired over the last three years and to implement an ambitious strategy of organic growth. Key events during the year included:

- the reorganization of Sportfive into three independent and complementary divisions (France/Africa, Germany and International),
- the signing of key contracts involving the management of IOC media rights, the management of the media rights to the main events of the International Association of Athletics Federations, and the renewal of long-term contracts with the Asian Football Confederation, with various European football federations and with prestigious French and German football clubs.

In 2010, Lagardère Sports is counting on renewing its external growth strategy and continuing its organic development in the field of *premium* sports right as well as in new areas (consulting, managing stadiums, etc.). This will enable Lagardère Sports to consolidate its position on its three target growth areas: new sports, new geographic areas, and new business segments.

KEY EVENTS IN 2009

Sportfive

In February 2009, the International Olympic Committee (IOC) and Lagardère Sports, through its subsidiary Sportfive, signed an agreement for the management of European media rights for the 2014 Winter and 2016 Summer Olympic Games, which will take place respectively in Sochi, Russia, and Rio de Janeiro, Brazil. This agreement makes Lagardère Sports a preferred partner of the IOC, which has agreed to give control of its media rights to an independent agency for the first time in its history. The Olympic Games are the world's premier sporting event, broadcast in over 200 countries.

This means that Lagardère Sports will manage media rights in 40 European countries (excluding France, Germany, Italy, Spain, Turkey and the UK) for all media platforms, including free-to-air and pay television, the internet and mobile telephones.

In addition to the important partnership signed with the IOC, Sportfive consolidated its portfolio of football clubs by extending its contract with Paris Saint-Germain and by signing exclusive marketing agreements with the Toulouse Football Club and the Dresden club in Germany. In addition, Sportfive negotiated an 8-year contract with Orange on behalf of the Confederation of African Football. Orange is now the main sponsor of the CAF.

World Sport Group

World Sport Group signed major contracts with the three main Asian sports: in football, World Sport Group renewed its commercial partnership (media and marketing rights) with the Asian Football Confederation (AFC). In cricket, World Sport Group renegotiated a more lucrative sale of media rights in India for the Indian Premier League. In golf, World Sport Group has become the commercial partner of OneAsia Super Series.

World Sport Group and the Asian Football Confederation (AFC) announced the renewal of their commercial agreement covering the management up to 2020 of media and marketing rights for competitions organized by the Confederation. The agreement includes all the media (TV, internet, mobile phones) and marketing rights for the Asia Cup and the AFC Champions League. It also includes the qualification rounds in Asia for the 2014 and 2018 Football World Cups and the qualification matches in Asia for the 2016 and 2020 Olympic Games. The renewal of this contract consolidates the presence of World Sport Group in Asia and is part of the Lagardère Sports strategy of positioning itself on *premium* rights.

IEC in SPORTS

In 2010, IEC in Sports succeeded in entering the closed circle of sports agencies with *premium* rights thanks to the agreement signed with the International Association of Athletics Federations (IAAF) covering in particular the world championships.

IEC in Sports also announced the creation of the Copa Del Sol, a new pre-season football tournament that brings together the Scandinavian, Russian and Ukrainian clubs. The first event was held in February 2010.

IEC in Sports won the call for tenders of the International Association of Athletics Federations (IAAF) covering European and African media rights for all World Athletics Series (WAS) competitions. These rights include, in particular, the World Athletics Championships in 2011 (Daegu, South Korea) and 2013 (Moscow, Russia). The IEC in Sports' partnership with the IAAF has given it entry into the closed world of *premium* rights.

Upsolut

For the first season of the Dextro Energy ITU World Championship Series, the world triathlon championships officially recognized by the International Triathlon Union (ITU), Upsolut organized 3 of the 8 steps in the championship (Hamburg, London and Washington).

In cycling, the Vattenfall Cyclassics in Hamburg (cycling race on the UCI Pro Tour) and the Skoda Velothlon in Berlin (pro-am) both enjoyed new popular success, with 20,000 and 12,000 participants, respectively.

PR Event

In 2009, PR Event, the historic organizer of the ATP tournament (men's tour) in Bastad, Sweden, also set up a WTA tournament (women's tour) in the city.

In 2010, PR Event will be the co-organizer of the ATP tournament in Stockholm, alongside IEC in Sports, which is in charge of selling the media rights. This new project will be an opportunity for these two Lagardère Sports subsidiaries to pool their expertise.

OUTLOOK

Lagardère Sports' strategy for 2010 is based on several complementary growth areas:

1. Promoting organic growth based on the acquisition of new rights;
2. Continuing the integration of the subsidiaries and developing operational synergies in the Sport branch;
3. Pursuing the geographical expansion of Lagardère Sports into new regions;
4. Diversifying the portfolio of premium rights in new sports disciplines;
5. Developing all the services in the sports value chain, in particular in the management of sports arenas, the representation of athletes, the organization of events and counselling on rights.

KEY FIGURES FOR 2009

- **Consolidated sales** of €507 million
 - 61% of sales are generated in Europe
 - 76% of sales are football-related
 - 62% of sales are from the media business
 - 35% of sales are from marketing rights
- Lagardère Sports has 872 employees
 - 46% in Germany
 - 18% in France
 - 36% in the rest of the world

Lagardère Sports is active in over 15 different sports, including: football, track & field, rugby, handball, basketball, cycling, volleyball, hockey, boxing, badminton, gymnastics, biathlon, judo, tennis, swimming & skiing, etc.

KEY DATES

February 2009: Contract for the distribution of the media rights in Europe (40 territories) for the 2014 and 2016 Olympic Games.

April 2009: Launch of a new subsidiary of Sportfive, The Sports Promoters, responsible for organising sports events in stadiums and multisports arenas.

August 2009: Launch by Upsolut of the London triathlon.

September 2009: Signing of an exclusive marketing agreement with PSG for a 10-year term.

October 2009: IEC won the rights for the sale of the World Athletics Championships (WAS) in Europe and Africa; World Sport Group will represent one of the top cricket stars, Gautam Gambhir; Award of the management of the ATP tournament in Stockholm (PR Event).

November 2009 : World Sport Group renewed its commercial contract with the Asian Football Confederation for the period 2013-2020 (media rights and marketing rights).

LEADING POSITIONS

- Through its subsidiaries, Lagardère Sports is a partner of the main international sports federations, including the International Olympic Committee (IOC), the International Association of Football Federations (FIFA), the Asian Football Confederation (AFC), the Confederation of African Football (CAF) and the International Association of Athletics Federations (IAAF).
- The subsidiaries as a whole market sports rights in more than 180 countries.
- Sportfive's portfolio includes about 30 European football federations out of a total of 53.
- Sportfive is an exclusive partner of the main German and French football clubs.
- IEC in Sports markets more than 250 sporting events every year.
- World Sport Group is a partner of the main sports federations in Asia (the Asian Football Confederation for football, the Indian Premier League for cricket, and OneAsia for golf).

3.1.2 PRESENTATION OF THE RESOLUTIONS

RESOLUTION 1: APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS FOR 2009

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

RESOLUTION 2: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The second resolution concerns the approval of the consolidated financial statements for the financial year 2009, which closed with net allocable profits of €137 million, compared with €593 million in 2008.

RESOLUTION 3: ALLOCATION OF PROFIT: DISTRIBUTION OF DIVIDENDS

The parent company financial statements for the financial year 2009 closed with a profit of	€ 298,529,439.71
taking into account retained earnings carried forward from prior years of	€ 1,070,144,930.00
with net profit available for distribution of	€ 1,368,674,369.71

From this amount, pursuant to the provisions of the Articles of Association, €1,368,020 (1% of allocable income) is payable to the General Partners by preferential right, such dividend being eligible for the 40% reduction under article 158.3.2° of the General Tax Code available to individual shareholders who are subject to income tax in France.

In agreement with the Supervisory Board, we propose an annual dividend of €1.30 per share, unchanged on the dividend of €1.30 in 2008, and to allocate the balance to retained earnings, i.e. a total amount of around €165 million taking into account treasury stock held by the Company at 28 February 2010.

Coupons will be detached on 4 May and the dividend will be paid from 7 May, 2010 to holders of registered shares or to their duly appointed representatives, by check or by bank transfer.

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

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

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

(in €)/ year	2006	2007	2008
Dividends paid to shareholders			
– <i>Per-share dividend</i>	1.20	1.30	1.30
– <i>Total dividend</i>	160,422,984.00	169,167,116.30	164,856,039.40
Dividend paid to General Partners	2,913,680.00	5,341,290.00	5,933,060.00
Total	163,336,664.00	174,508,406.30	170,789,099.40

RESOLUTION 4: APPROVAL OF REGULATED AGREEMENTS

You are asked to approve a new agreement reached in October 2009, which relates to BNP Paribas', Calyon's and Natixis' subscription to a portion of Lagardère's €1 billion bond issue on 6 October 2009.

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

During financial year 2009, the Company took the following actions within the scope of the authorizations granted by the General Meeting:

- purchased 1,555,391 shares on the market representing 1.19% of the capital stock, purchased under a market maker contract intended to ensure proper market liquidity;
- disposed of 1,496,391 of the shares purchased on the market under this market maker contract.

Accordingly, as of 31 December 2009 the Company held 4,238,948 treasury shares, representing 3.23% of the share capital of which 1,599,250 were allocated for future award to employees, 2,476,698 were allocated for retention in view of future transfers or exchanges in consideration for acquisitions, and 163,000 were allocated for market making activities.

A breakdown of all transactions carried out during the financial year 2009, under the current authorization granted by the general meeting of 28 April 2009, appears in the Reference Document at paragraph 8.1.2.2 to which we request you refer.

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

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

- the number of shares purchased shall not exceed 10% of the current share capital which, based on capital stock as of 28 February 10 and taking into consideration shares and call options directly held on that date, would authorize the purchase of 2,927,959 shares, equaling approximately 2.23% of the current share capital in the event that the Company does not cancel, transfer or sell a portion of shares and/or call options currently held;
- the total purchase price shall not exceed €650 million, it being specified under this new program that the maximum purchase price shall not exceed €50 per share;
- the purchase, sale or transfer of shares shall comply with objectives set forth in EU Regulations and under market practices accepted by the Autorité des Marchés Financiers, namely: reduction in share capital, allocation of shares to employees, use in exchanges or as payment in future expansion through acquisition, promotion of market liquidity through market making contracts;
- purchase of these shares may take place at any time in compliance with legal and regulatory provisions; thus the purchase of shares on the market will continue to be assigned to independent service providers acting within the scope of authority enabling them to independently purchase a certain number of shares over a certain period, including in the event of a public offering.

RESOLUTIONS 6 THROUGH 13: CHANGE TO THE COMPOSITION OF THE SUPERVISORY BOARD

Following the resignation of Mr. Henri Proglio, at its meeting of 2 December 2009 your Supervisory Board co-opted Mrs. Amélie Oudéa-Castéra as a replacement. You are asked to ratify this co-opting and renew the term of office for a period of two years.

Following the resignation of Groupama on 23 December 2009, your Supervisory Board, at its meeting of 10 March 2010, co-opted Mr. Xavier de Sarrau as replacement for the remainder of his predecessor's term of office, i.e. until the conclusion of the General Meeting in 2014 that will approve the financial statements of the previous year.

you are also asked to:

- renew the appointment of Messrs. Bernard Arnault, Raymond H. Levy and François Roussely as members of the Supervisory Board for a period of two years;
- appoint Mr. Patrick Valroff as a new member of the Supervisory Board to replace Mr. René Carron, whose term of office has expired.
- appoint as of 1 May 2010 Mr. Jean-Claude Magendie as a new member of the Supervisory Board on a four-year term.

RESOLUTION 14: AUTHORISATION TO CARRY OUT FORMALITIES

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

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

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

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

The Managing Partners

ANNEX 1

Results of the last five financial years

Type of indication		2005	2006	2007	2008	2009
I	Capital at year end (in €)					
a)	Share capital	866,456,932	870,416,509	818,213,044	799,913,045	799,913,045
b)	Number of existing common shares	142,042,120	142,691,231	134,133,286	131,133,286	131,133,286
c)	Maximum number of future shares to be created through the exercise of share subscription options	1,706,788 ⁽¹⁾	-	-	-	-
d)	Maximum number of future shares to be created by bond conversion	-	-	-	-	-
e)	Number of future shares to be created by exercising equity warrants	-	-	-	-	-
II	Operations and financial year profit (in 000€)					
a)	Sales excluding tax	258	13,245	12,711	1,551	9,846
b)	Earnings before tax, depreciation, amortization (depreciation and provisions)	76,291	91,035	767,000	449,149	156,294
c)	Income tax	87,008 ⁽²⁾	79,708 ⁽²⁾	89,271 ⁽²⁾	76,004 ⁽²⁾	87,203 ⁽²⁾
d)	Earnings after tax, depreciation, amortization and (depreciation and provisions)	196,553	218,565	832,655	491,335	298,529
e)	Total dividends	153,613	160,423	169,167	164,856	⁽³⁾
III	Earnings per share (in €)					
a)	Earnings per share after tax but before depreciation, (depreciation and provisions)	1.15	1.20	6.38	4.00	1.86
b)	Earnings before taxes and assessed costs	1.38	1.53	6.21	3.75	2.28
c)	Dividend per share	1.10	1.20	1.30	1.30	⁽³⁾
IV	Personnel					
a)	Average number of employees	-	-	-	-	-
b)	Total wages and salaries	-	-	-	-	-
c)	Total employee benefit expense for the financial year	-	-	-	-	-

(1) The number of shares indicated relates to stock options with exercise prices below market price at 31 December.

(2) Mainly the tax gain resulting from the tax consolidation.

(3) The Annual General Meeting will be asked to approve the distribution of a dividend of €1.30 per share.

ANNEX II

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

Description of authorisation	Authorisations					
Date of Meeting	Combined Ordinary and Extraordinary Meeting of 28 April 2009					
Purpose of authorisation	Issue of all securities giving access to capital stock (shares, convertible bonds, bonds with share warrants, bonds redeemable as shares, etc.) with or without PSR	Issue of securities in consideration of contributions in kind or public exchange offers	Allocation of free shares to shareholders by capitalisation of reserves, profits or premiums	Issue of shares for the benefit of Group employees who are members of the Group Savings Plan	Allocation of free shares to Group employees and senior managers	Allocation of share subscription options to Group employees and senior managers
Total maximum nominal amount authorised	€300 M (~ 37.5% of capital stock)		€300 M	€24 M (3% of capital stock)		
Individual nominal amounts authorised	€300 M ^(*)	€300 M ^(**)		€24 M (3% of capital stock)	€4 M (0.5% of capital stock per year)	€12 M (1.5% of capital stock per year)
Use in 2009	None	None	None	None	(***)	None
Term of authorisations	26 months			38 months		
<p>(*) =€200 million in the case of issues without pre-emptive subscription rights (25% of the capital stock) and =€150 million in the case of issues without priority right (18.7% of the capital stock).</p> <p>(**) €80 million in the case of a contribution in kind (10% of the capital stock).</p> <p>(***) UA plan for free allocation of shares was established by the Managing Partners on 1 October and 31 December 2009 with regard to 571,525 shares representing 0.436% of the capital stock.</p>						

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

Dear Shareholders,

Pursuant to the provisions of article L.225-184 of the Commercial Code, you will find below the required information related to transactions carried out in the financial year 2009 which concerned share subscription and purchase options.

3.2.1 GENERAL INFORMATION

1) In the course of 2009, 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 2009 or which expired in 2009 are summarized in the table below.

Plan	Date of AGM	Original issuance quantity	Exercise price	Number of beneficiaries	Quantity exercised in 2009	Number of options canceled at end-2009	Quantity not yet exercised at end-2009	Exercise dates
Subscription options								
n/a								
Purchase options								
Expired plan								
19.12.2002	23.05.2000	1,299,000	€51.45	416	0	-	0	19.12.2004 to 19.12.2009
Ongoing plans								
18.12.2003	23.05.2000	1,437,250	€51.45	445	-	196,797	1,214,132	18.12.2005 to 18.12.2013
20.11.2004	11.05.2004	1,568,750	€51.92	481	-	215,439	1,360,420	20.11.2006 to 20.11.2014
21.11.2005	11.05.2004	1,683,844	€56.97	495	-	181,855	1,501,989	21.11.2007 to 21.11.2015
14.12.2006	11.05.2004	1,844,700	€55.84	451	-	130,100	1,714,600	14.12.2008 to 14.12.2016
Total							5,791,141	

The second share purchase option plan (allocation of 19 December 2002) expired on 19 December 2009. Of the 1,299,000 options initially granted in December 2002, no options were exercised during 2009, and only 187,579 options, representing less than 15% of the options granted, could be exercised because of market price levels.

2) In the course of 2009, no new options to subscribe or purchase shares were granted by companies under the majority control of Lagardère SCA^(*).

The main characteristics of the plans in force today or which expired in the financial year 2009 are summarised in the table below.

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

Date of AGM Grant date	Strike price	Exercise period	Number of options granted	Number of beneficiaries	Number of options forfeited	Number of options remaining to be exercised	Repurchase period ⁽²⁾
Plan in force: none							
Plan expired in 2009: Hachette SA							
AGM of 18.06.1997 22.07.1999	€253.85 ⁽¹⁾	from 22.07.1999 to 21.07.2009	1,525 ⁽³⁾	63	75	0	from 23.07.2004 to 23.07.2009
<p>(1) Following the merger on 31 December 2007 of Hachette Holding (formerly Hachette Filipacchi Médias) into Hachette SA, Hachette SA assumed all rights and obligations related to the subscription options outstanding. The exercise prices and the number of shares under option were adjusted on the basis of the exchange ratio used for the merger. Consequently, 27 beneficiaries currently remain who together hold 732 options. Each option enabled its holder to subscribe 91 Hachette SA shares at a per-share price of €253.85. The 91 Hachette SA shares subscribed for will be exchanged for 550 Lagardère SCA shares in accordance with commitments undertaken in 2000 during the public offerings. No options were exercised in 2009 and the plan lapsed on 23 July 2009.</p> <p>(2) Beneficiaries had the right to redeem their shares or exchange them for Lagardère shares. In the case of Hachette Holding, this was the period allowed for exchange of Lagardère shares.</p> <p>(3) Each option entitled to holder to subscribe for 91 Hachette SA shares.</p>							

3.2.2 SPECIAL INFORMATION ON LAGARDÈRE GROUP OFFICERS AND EMPLOYEES

In the financial year 2009, Lagardère SCA's officers and their legal representatives, nor any of the Group's employees, subscribe or any purchase option and consequently did not acquire any Lagardère SCA shares under the share purchase options granted to them in the financial years 2002 to 2006.

The Managing Partners

3.3 SPECIAL REPORT OF THE MANAGING PARTNERS ON THE ALLOCATION OF FREE SHARES

Dear Shareholders,

Pursuant to article L.225-197-4 of the Commercial Code, you will find below the required information on transactions carried out during the financial year 2009 which concern allocations of free shares.

The policy on the allocation of free shares, like the previous policy governing 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 instills loyalty among those whom the Company wishes to retain for many years, specifically young executives with strong potential for professional growth, through whose efforts the Group will ensure its continued growth as part of an established long-term strategy.

1° The first bonus 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 and no shares could be definitively allocated.

2° Based on the authorization 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 2009 with the allocation of bonus Lagardère SCA shares to selected employees and senior managers of Lagardère SCA and its related companies as defined by law.

The allocation of 1 October was defined as follows:

- **Number of beneficiaries:** 335 persons.
- **Number of shares granted:** 521,525 shares (0.398% of the number of shares comprising the capital stock).
- **Acquisition period:** Two years; the shares allocated will not be definitively awarded until 2 October 2011, 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 2 October 2013, 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 2 October 2013; 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 2009 financial year to the ten largest beneficiaries who are not Lagardère SCA officers was 157,000 free Lagardère SCA shares, or an average of 15,700 shares per person.

On 31 December 2009, Mr. Arnaud Lagardère, in his capacity as Managing Director, awarded to Mrs. Philippe Camus and Pierre Leroy, employees of Lagardère Capital & Management and Managing Partners, as part of the 2009 allocation, the right to receive 25,000 free shares each (representing 0.019% of the number of shares comprising the capital stock), following a decision by the Supervisory Board, meeting on 2 December, pursuant to the provisions of the AFEP-MEDEF Code governing this allocation.

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 2012 with regard to Mr. Pierre Leroy and 1 April 2014 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 extremely limited short-term visibility available to most of the 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, two objectives were adopted: one based on the change in REBIT for the Media Division companies in 2010 and 2011 by comparison with the target 2010 and 2011 REBIT established in the Group's Consolidated Annual Budgets; the second based on the change in free cash flow in 2010 and 2011 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 50% 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.

- **Presence conditions:** In order to claim definitive allocation of the shares, Messrs. Philippe Camus and Pierre Leroy must still be serving as executives of Lagardère SCA on 1 April 2012; 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 Mr. Pierre Leroy, 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 2012 to 1 April 2014.

With regard to both 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 compensation received over the course of the preceding year as well as the maximum theoretical amount of variable compensation.

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" which provides for just three windows each year: between the 3rd and 30th day following the publication of annual and interim results, and the date of the annual shareholders' meeting.

The Managing Partners



▶ CHAPTER 4

SUPERVISORY BOARD

4.1 REPORT OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

The aim of this report is to report on the audit of your Company's management which we have been authorized to conduct in accordance with your articles of incorporation. It also contains our opinion on Lagardère's principal strategic objectives and on the resolutions on which you are asked to vote at the conclusion of your General Meeting.

Your Board met on four occasions during 2009. Specifically, during the course of these meetings, it was called upon to examine the Group's annual and half-year financial statements on the basis of the information and documents duly placed at its disposal by the Managing Partners. These financial statements had previously been reviewed by the members of the Audit Committee and the Statutory Auditors.

At the close of its investigations and analyses, which drew as needed on additional information gathered from the Group's operational managers, the Board concluded that the documents presented to you provide a true and complete picture of Lagardère's assets and its results at the close of the 2009 financial year.

In addition, your Board was kept abreast of changes in your Company's operating activities and in the strategic direction defined by the Managing Partners. It heard special presentations given by executive staff from the Group's various divisions as well as representatives of EADS. It made updates to its internal rules. It noted the resignation of Mr. Henri Proglio and of Groupama, and co-opted Mrs. Amélie Oudéa-Castéra and Mr. Xavier de Sarrau as replacements.

Finally, in accordance with your by-laws, in March 2009 the Board gave its approval to the renewal of Mr. Arnaud Lagardère's appointment as Managing Partner, and in March 2010, in conjunction with the renewal of the appointment of Arjil Commanditée-Arco, in their authorized capacity as legal representatives of the latter, to that of Messrs.:

- Arnaud Lagardère, as General and Managing Partner;
- Philippe Camus, as Co-Managing Partner;
- Pierre Leroy, as Co-Managing Partner;
- Dominique D'Hinnin, as Co-Managing Partner;
- Thierry Funck-Brentano, as Co-Managing Partner.

The Audit Committee comprised within your Supervisory Board, which has seen its role and responsibilities expanded and strengthened through the transposition into French law of the Eighth European Directive in the form of the Executive Order of 8 December 2008, held six meetings during the 2009 financial year. In addition to a detailed examination of the Company's financial statements, the Audit Committee conducted a thorough review of the intangible assets and depreciation methods deployed within the Group. It conducted a critical examination of the results of the primary acquisitions made by the Group during previous years. A detailed presentation of the activities of the Internal Audit Division was made to the Committee. As part of the expanded responsibilities cited above, the Committee heard a presentation by the Group's Legal Director and the Group Head of Risk Management and Internal Controls, and reviewed the Chairman's report to the General Meeting on these issues. Moreover, it was given a presentation by the Statutory Auditors on their activities and the quality of their relationship with the Managing Partners.

We do not feel it necessary to review the changes and results within the Group's operating units, which have been described for you in detail by the Managing Partners. The relevant data-consolidated sales of €7.892 billion, down slightly from 2008; recurring EBIT before associates of €461 million and consolidated net income of €164 million-demonstrate that your Group has successfully confronted the difficulties posed by the crisis while pursuing the necessary transformation to adapt to a technological environment in constant change, in fields ranging from electronic publishing to print media distribution.

We should add that Lagardère's image may have been temporarily clouded by the accusations, in light of the difficulties at EADS in 2006, of possible insider trading raised as part of the review conducted by the AMF. Your Board was pleased to hear of the findings – entirely negative, as the Board expected – of the AMF's Sanctions Committee, which completely exonerated Lagardère SCA of any wrongdoing.

The resolutions on which you are asked to vote have been submitted to the Supervisory Board. As usual, they pertain to approval of the Parent Company and consolidated financial statements, allocation of profit, approval of the agreements described in article L.226-10 of the Commercial Code, and the voting of powers to the Managing Partners to handle shares in the Company. These resolutions require no specific comments on our part, and we ask you to approve them.

For the financial year 2009, the Managing Partners are proposing to pay a dividend of €1.30 per share. Keeping the dividend unchanged in this period of crisis is a tangible sign of how Lagardère has been able to weather the economic crisis by capitalizing on its strong positions in order to offset the damage to the areas of its organization with the greatest exposure, and by substantially improving its cash flow through significant debt reduction. It is a testament to the Group's continued confidence in its future growth. Therefore, we urge you to approve the resolution.

Finally, several decisions submitted for your approval relate to the members of the Supervisory Board. We propose that you:

- Ratify the appointment as members of the Board of Mrs. Amélie Oudéa-Castéra and Mr. Xavier de Sarrau, to replace Mr. Henri Proglio and Groupama, who have resigned;
- Appoint Messrs. Jean-Claude Magendie and Patrick Valroff as new members of the Board, for a period of four years;
- Renew the appointment of Mrs. Amélie Oudéa-Castéra and Messrs. Bernard Arnault, Raymond H. Levy and François Roussely as members of the Board for a period of two years.

These appointments and renewals for periods of four and two years respectively will make it possible to revise the period for which Board members are appointed to four years and to implement a procedure by which the term of office of half the Board's members is renewed every two years.

Upon the conclusion of your votes, the members of the Supervisory Board will choose a Chairman.

The worldwide economic crisis that began in 2008 and continued throughout 2009 has once again put the Group's strategy and the quality of its management to the test. It has proven a severe test of the Group's abilities; we can now see that it has been navigated as expertly as possible. Although it is true that the Company continues to be buffeted by the economic difficulties generated by the crisis, the quality of its strengths and the rigour of its management remain secure, to ensure that, as in the past, you can look with confidence to Lagardère's future.

The Supervisory Board

4.2 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

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

All of the procedures by which this report was prepared (including various interviews with members of the Group's executive management) were presented to the Audit Committee, and the Supervisory Board approved the terms at its meeting of 10 March 2010.

MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board is made up of no more than 15 members, as a statutory requirement, appointed for a maximum term of six years.

Following the resignation on 16 November 2009 of Mr. Henri Proglio, who was replaced on 2 December 2009 by Mrs. Amélie Oudéa-Castéra, and following the resignation on 23 December 2009 of the company Groupama, which was replaced on 10 March 2010 by Mr. Xavier de Sarrau, your Board consisted of 14 members as of the latter date, as follows:

		Date of appointment or reappointment	Date of expiry term of office reappointment
Chairman of the Board Chairman of the Audit Committee	Raymond H. Lévy Honorary Chairman of Renault SA	11.05.2004	AGO 2010
Member of the Board	Bernard Arnault Chairman and Chief Executive Officer of LVMH	11.05.2004	AGO 2010
Member of the Board	René Carron Chairman of the Supervisory Board of Crédit Agricole SA	11.05.2004	AGO 2010
Member of the Board	Martine Chêne Former research assistant at Hachette Filipacchi Associés Former CFDT Union Representative within the Group Committee	29.04.2008	AGO 2014
Member of the Board	Georges Chodron de Courcel Chief Operating Officer of BNP Paribas	02.05.2006	AGO 2012
Member of the Board Member of the Audit Committee	François David Chairman of the Supervisory Board of Coface SA	29.04.2008	AGO 2014
Member of the Board	Xavier de Sarrau Lawyer admitted to the Paris bar	10.03.2010	AGO 2014
Member of the Board	Pierre Lescure Former Chairman and Chief Executive Officer of Canal+ SA	29.04.2008	AGO 2014
Member of the Board Member of the Audit Committee	Christian Marbach Former Chairman of ANVAR	02.05.2006	AGO 2012
Member of the Board Member of the Audit Committee	Bernard Mirat Former Deputy Chairman and Chief Executive Officer of Société des Bourses Françaises	02.05.2006	AGO 2012
Member of the Board	Javier Monzón Chairman of the Spanish company Indra Sistemas	29.04.2008	AGO 2014
Member of the Board	Amélie Oudéa-Castéra Project Director, Finance, Strategy, Operations, Axa Group	02.12.2009	AGO 2010
Member of the Board Member of the Audit Committee	Didier Pineau-Valencienne Former Chairman and Chief Executive Officer of Schneider SA	29.04.2008	AGO 2014
Member of the Board	François Roussely Chairman of Crédit Suisse-France	11.05.2004	AGO 2010

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

With respect to the latter, a review of each member's position indicates that as of today, nine members, comprising more than two-thirds of the board, are "independent" within the meaning of the consolidated AFEP-MEDEF report on Corporate Governance for Listed Companies, as applied by the Company (see III below). They are:

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

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

The terms and conditions of the Board's organization and operations are set forth in a set of internal rules which were updated on 2 December 2009, which also define the duties incumbent on each member and the Code of Professional Ethics each individual member agrees to respect.

These rules concern the following:

- 1. Independence of Board members:** the quota for independent members is set at a minimum of half of the total serving members. Independent members must have no direct or indirect relations of any kind with the Company, the Group or its management that could compromise their freedom of judgement or participation in the work of the Board.
- 2. The annual number of meetings:** a schedule for the coming year is set annually, based on a proposal by the Chairman.
- 3. The duties of each member:** apart from the fundamental duties of loyalty, confidentiality and diligence, members' obligations also concern knowledge of the law, regulations and statutes, ownership of a significant number of shares, declaration to the Board of any conflict of interest, and regular attendance at meetings.
- 4. Trading in shares of the Company and subsidiaries:** as Board members have access to non-public information and in-depth knowledge on certain aspects of the life of the Company and Group, they are expected to refrain from trading in Company shares, except within the following constraints contained in the Board's internal rules:
 - no trading in shares may take place during certain defined periods;
 - it is recommended that acquisitions should take place once a year, at the end of the shareholders' meeting, in the form of a block purchase for all Board members carried out through the Company;
 - shares must be retained for at least six months after the end of a Board member's term of office;
 - the Chairman, Managing Partner and the Autorité des Marchés Financiers must be informed of any transactions in shares within five days of their completion.
- 5. Existence of an Audit Committee:** its task is to prepare the Board meetings for areas within its expertise.

The Supervisory Board meets regularly to review the financial position and operations of the Company and its subsidiaries, the annual and interim financial statements, the outlook for each of the business activities and the Group's strategy. It also defines an annual schedule for the coming year's meetings: five meetings are scheduled for 2010. During 2009, the Supervisory Board met four times, in March, June, September and December, with an attendance rate of 93% at the March meeting, 78% at the June meeting, 86% at the September meeting and 77% at the December meeting.

The meetings in March and September were held primarily to examine the Parent Company and consolidated financial statements and to examine the general position and strategic outlook for the business; like the other meetings, they were preceded by an Audit Committee meeting. During its meeting in March, the Board also decided to renew Arnaud Lagardère's term of office as Managing Partner, modified the internal rules of the Supervisory Board, conducted preparatory work for the annual General Meeting, and finalized its report to shareholders. The purpose of the June meeting was to examine the current situation of the advertising market, EADS and Lagardère Services (presentations were given by staff from these companies). It also reviewed progress on Audit Committee operations. The December Meeting noted the resignation of Henri Proglio, co-opted Amélie Oudéa-Castéra to replace him and examined the situation of Lagardère Active, EADS and Lagardère Sports (presentations were given by staff from these companies).

AUDIT COMMITTEE

Pursuant to its internal rules, which have been modified to reflect the most recent legal requirements applicable to the Audit Committee as of 1 September 2009, the Committee meets at least four times per year. Its principal responsibilities are as follows:

- to examine the financial statements and the continuity of the accounting methods used to prepare the Parent Company and consolidated financial statements of Lagardère SCA, and to monitor the process of preparing financial information;
- to monitor the statutory audit of the annual and consolidated financial statements by the Statutory Auditors;
- to monitor the independence of the Statutory Auditors;
- to issue a recommendation on the Statutory Auditors proposed for appointment by the General Meeting;
- to verify the existence of internal control procedures, and specifically procedures relating to (i) the preparation and processing of the accounting and financial information used to prepare the financial statements, (ii) risk evaluation and management, (iii) compliance by Lagardère SCA and its subsidiaries with the principal applicable regulations; the Audit

Committee is apprised of any observations and/or suggestions by the Statutory Auditors regarding these internal control procedures and examines the information contained in the report by the Chairman of the Supervisory Board relating to the internal control and risk management procedures;

- monitoring the effectiveness of internal control and risk management systems;
- more specifically, as regards the internal audit of the Company, its business activities, audit plan, organisation, operation and its outcomes;
- to review the agreements directly and indirectly binding the Group and the senior managers of Lagardère SCA;
- to prepare each year a summary of its activity during the previous year, to be provided to the shareholders.

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

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

The Audit Committee met six times during the financial year, in February, March, June, July, October and November 2009.

All members were present for each of these meetings, i.e. a *quorum* of 100%.

The purpose of the February meeting was to review intangible assets and methods of depreciation, perform an analysis of recent acquisitions, and present and examine the Chairman's draft report. The March meeting examined the Group's consolidated accounts for the financial year 2008.

In June, the Committee looked at internal audit activities, relations with the Statutory Auditors and the effectiveness of internal control and risk management; it also examined Lagardère SCA's draft action plan in this area as well as the proposed measures for implementing the action plan; lastly it examined relations with Lagardère Capital et Management (LCM).

In July, it examined the Group's consolidated accounts for the first half-year of 2009.

In October, a progress report was presented on the role and tasks of the Audit Committee with regard to the new legislation. The committee also examined the provisional legal reporting assessment and the corresponding improvement plan, together with the report on counterparty risks.

At its November meeting, the committee reviewed internal audit activity during the second half-year and the audit plan for 2010. It also examined the external review conducted by a specialized consultant on the Group's organization with regard to internal auditing, risk management and internal control.

These meetings took place in the presence of the Chief Financial Officer, the Director of Management Controls, the Director of Internal Audit and the Statutory Auditors, and, depending on the subjects discussed, in the presence of the senior managers concerned, notably the Central Accountancy Director, the Group's Legal Director and the Director of Risks.

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

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

COMPLIANCE WITH THE AFEP-MEDEF CORPORATE GOVERNANCE CODE

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

As stated in the code's preamble, because most of its recommendations were established with reference to public limited companies with boards of directors, it is appropriate that public limited companies with a management board and a Supervisory Board as well as limited partnerships with shares make necessary adaptations. By its very principle, limited partnerships with shares have a very clear separation of powers between the Managing Partners who run the Company (and through it the General Partners, who are indefinitely liable for the Company's debts), and the Supervisory Board, which only conducts a retrospective management review and does not participate in management.

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

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

A INDEPENDENCE OF BOARD MEMBERS

Given its oversight mission, the Board considered it necessary to be composed of a majority of independent members (see II, 1 above).

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

It also considered:

- that Mrs. Chêne's employee status does not disqualify her as an independent member, since she benefits from a protective legal status due to her functions as union representative on the Group Employees' Committee. On the other hand, which criteria was normally applied to Mr. R.H. Lévy;
- that the criteria for seniority in office if greater than twelve years, directed at Mr. Mirat, does not hinder his independence and on the contrary is an asset in an oversight role;
- that the fact of being, or having been, a member of the Board of Directors or Supervisory Board of a company consolidated by Lagardère SCA or a company in which a Managing Partner or Supervisory Board member of Lagardère SCA holds a non-executive position does not affect the independence of Mr. François David, who was a director of EADS from 2004 to 2007, or of Mr. Pierre Lescure or Mr. Pierre Leroy (Co-Managing Partner of Lagardère SCA), who are both members of the Supervisory Board of Le Monde SA.

B TERMS OF OFFICE

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

The Board re-examined its position at the beginning of 2010 in the course of preparing to renew the appointment of a portion of its members and decided to adopt the position taken by most listed companies, which will result in a gradual reduction of the term of office from six years to four years. Therefore, in order to renew the term of office of half the board's members every two years, rather than one third of its members every two years, the terms of office submitted for renewal were fixed at two years and those of new members at four years, such that after the 2010 meeting, some of the terms of office would be two years and the others four years, ending in 2012 and 2014 respectively after the General Meetings approving the financial statements for the previous years.

C ORGANISATION OF THE BOARD

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

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

In the same way, with regard to the specific characteristics of the "Commandite", the creation of a Remunerations Committee had been considered as not being applicable, since the Supervisory Board had no specific remit concerning the remuneration of the General Partners, apart from a general supervisory role in respect of performance only.

Moreover, as Management is paid by another company, LC&M, through a management agreement with the Group that is treated as a regulated agreement and closely monitored by the Board, the Board has asked the Audit Committee to have LC&M's accounts for this agreement presented to it every year. The Committee will carry out a detailed review of trends and components of the remuneration concerned, which form an essential component of LC&M's expenses, and report to the Board on this review and any resulting comments.

In early 2010 the Board decided to form a committee charged with carrying out preparatory work for decisions required of the Supervisory Board by law or by the AFEP-MEDEF Code of Corporate Governance in terms of remuneration for directors of a limited partnership with shares. This is now limited to a supervisory role in respect of performance, since the Managing Partners of Lagardère SCA do not receive any severance pay in the event of their departure.

The Board considered that it could continue to exercise the selection of new board members itself.

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 the Audit Committee.

E COMPENSATION OF THE SUPERVISORY BOARD

The method of distribution of attendance fees was modified in 2009 to take account of the actual participation of Board members in its meetings and in meetings of its Audit Committee.

The total amount of attendance fees approved at the meeting, currently €600,000, is divided into two equal portions of €300,000:

- The first part is divided between all Board members, with a triple share for members of the Audit Committee and an additional share for the functions of Chairman of the Board or Chairman of the Audit Committee; therefore, on the basis of a Board with 14 members and an Audit Committee with 6 members in 2009, the fixed attendance fee share for a Board member was €10,714 and the fixed attendance fee share for an Audit Committee member was €32,142;
- the second, variable portion is allocated on the basis of actual attendance at Board and Audit Committee meetings.

SPECIFIC CONDITIONS CONCERNING SHAREHOLDER PARTICIPATION IN THE GENERAL MEETING

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

INTERNAL CONTROL AND RISK MANAGEMENT PROCÉDURES IMPLEMENTED BY THE COMPANY

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

A working party appointed by the Lagardère Group Finance Division, Audit Division and Legal Division was set up to establish methods for presenting internal control and risk management procedures in the Reference Document and monitor their application.

Each division head in the Group was asked to draw up a brief description of their own division's internal control and risk management procedures, following predefined specifications and based on the relevant supporting documents. The resulting reports were submitted to me.

An analysis of these documents suggests that, on the basis of the work conducted by the working group, the internal control and risk management procedures currently in place within the Group are consistent with the description provided in Section 7.4.3 of the 2009 Reference Document.

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

The Chairman of the Supervisory Board

4.3 INFORMATION ON THE CANDIDATES FOR THE SUPERVISORY BOARD

RAYMOND H. LÉVY (Reappointment)

Born: 28 June 1927

Nationality: French

Date of initial appointment: 1992

Position at Lagardère SCA: Chairman of the Supervisory Board and the Audit Committee

Number of Lagardère SCA shares held: 15,230

Principal position: Chairman of the Supervisory Board and the Audit Committee

Professional background and qualifications:

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.

During the last five years, Mr. Lévy has also held the following positions and appointments:

- Chairman of the Supervisory Board, Sogeaide
- Director, Renault France (Switzerland)
- Director, Louis Dreyfus Citrus

He currently holds the following additional positions and appointments:

In France:

- Member of the Supervisory Board, Sogeaide
- Director, Sogeaide Gérance
- Honorary Chairman, Renault SA

Outside France:

None

BERNARD ARNAULT (Reappointment)

Born: 5 March 1949

Nationality: French

Date of initial appointment: 11 May 2004

Position at Lagardère SCA: member of the Supervisory Board

Number of Lagardère SCA shares held: 150

Principal position: Chairman and Chief Executive Officer, LVMH

Professional background and qualifications

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.

He is currently Chairman and Chief Executive Officer of LVMH.

During the last five years, Mr. Arnault has also held the following positions and appointments:

- Member of the Supervisory Board, Métropole Télévision "M6" SA
- Director, Raspail Investissements SA

He currently holds the following additional positions and appointments:

In France:

- Chairman and Chief Executive Officer, LVMH Moët Hennessy-Louis Vuitton SA
- Chairman of the Board of Directors, Christian Dior SA
- Chairman, Groupe Arnault SAS
- Director, Christian Dior Couture SA
- Director, Société Civile du Cheval Blanc
- Chairman of the Board of Directors, The Louis Vuitton Foundation for Creation
- Director, Carrefour SA

Outside France:

- Director, LVMH Moët Hennessy Louis Vuitton (Japan) KK, Japan
- Director, LVMH Moët Hennessy Louis Vuitton Inc., United States

FRANÇOIS ROUSSELY (Reappointment)

Born: 9 January 1945

Nationality: French

Date of initial appointment: 11 May 2004

Position at Lagardère SCA: member of the Supervisory Board

Number of Lagardère SCA shares held: 150

Principal position: Vice Chairman, Crédit Suisse Europe

Professional background and qualifications:

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. He is also a senior-level magistrate at the national audit office Cour des Comptes and Vice Chairman of Crédit Suisse Europe.

During the last five years, Mr. Rousseley has also held the following positions and appointments:

- 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
- President, 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

He currently holds the following additional positions and appointments:

In France:

- Vice Chairman, Crédit Suisse Europe
- Conseiller Maître, Cour des Comptes

Outside France:

None

AMÉLIE OUDÉA-CASTÉRA (Ratification of the co-opting and reappointment)

Born: 9 April 1978

Nationality: French

Date of initial appointment: 2 December 2009

Position at Lagardère SCA: member of the Supervisory Board and the Audit Committee

Number of Lagardère SCA shares held: 150

Principal position: Project Manager, Finance, Strategy, Operations, Axa Group

Professional background and qualifications

Mrs. Amélie Oudéa-Castéra, a former professional tennis player, is a graduate of the *Institut d'Études Politiques de Paris* and the *École Supérieure des Sciences Économiques Commerciales*. She holds a *Maîtrise de droit* and is a former student of the *École Nationale d'Administration*. She joined the Axa Group in 2008 where, since 1 January 2010, she has held the position of Project Director, Finance, Strategy, Operations.

She also currently holds the following positions and appointments:

- Project Manager, Finance, Strategy, Operations, Axa Group
- Conseillère Référendaire, *Cour des Comptes*

XAVIER DE SARRAU (Ratification of the co-opting)

Born: 11 December 1950

Nationality: French

Date of initial appointment: 10 March 2010

Position at Lagardère SCA: member of the Supervisory Board

Number of Lagardère SCA shares held: None

Principal position: Lawyer admitted to the Paris bar

Professional background and qualifications

Career:

- 1973/1976: Arthur Andersen International
- 1976/1977: French Chamber of Commerce and Industry in Switzerland
- 1977/1978: Rhône Poulenc, working for the General Secretariat
- 1978/2002: Arthur Andersen Group
 - Assistant Senior Manager, becoming Global Partner in 1985
 - Managing Partner France in 1993/1997 (Audit, Tax and Consulting)
 - Managing Partner EMEIA (Europe, Middle East, India and Africa) in 1977/2001. In this position, Xavier de Sarrau held operational responsibility for all Arthur Anderson Group activities (Audit, Tax and Consulting) in this zone, which accounted for around 35% of total Group volumes and employed some 25,000 members of staff.
 - Managing Partner Worldwide Global Management Services in 2001/2002. In this position, Xavier de Sarrau held global responsibility for the following: Finance Division, Legal Division, Mergers & Acquisitions, Risk Management, Back Office, and relations with regulatory authorities and professional bodies. Based in New York and London, he was part of the Group's international management committee of four individuals, which included the Chief Executive Officer.

Current position:

Legal counselor specialising in the governance and organisation of family and private groups. Admitted to the bar of Geneva and Paris

Other:

- Former member of the WWW France board of directors
- Former elected member of France's *Conseil National des Barreaux*
- Former lecturer at the HEC (Paris)
- Round-table and conference host at the World Economic Forum - Davos and New York (1999, 2000, 2001, 2002)
- Member of the Supervisory Board, JC Decaux SA, chairman of the Supervisory Board and the Audit Committee
- Member of the Supervisory Board at Sal. Oppenheim France (previously Financière Atlas)
- Member of the Supervisory Board, Bernardaud SA
- Chairman of the Board of AlphaOne Partners LLP (London)
- President, Professional Insurance Company Limited (Bermuda)

Qualifications:

- HEC (Paris), 1973
- Doctor of Tax Law, high honours, 1976 (Panthéon Sorbonne)

Awards:

- *Chevalier* of the *Ordre de la Légion d'Honneur* (2003)
- *Chevalier* of the *Ordre de Saint-Charles* (Monaco)

Languages spoken: French, English, Spanish

JEAN-CLAUDE MAGENDIE (Appointment)

Born: 24 May 1945

Nationality: French

Date of initial appointment: N/A

Position at Lagardère SCA: None

Number of Lagardère SCA shares held: None

Principal position: First President of the Court of Appeal of Paris (until 30 April 2010)

Professional background and qualifications:

Career:

- Since 5 July 2007: First President of the Court of Appeal of Paris
- President of the Tribunal de Grande Instance of Paris
- 1997-2000: President of the Tribunal de Grande Instance of Créteil
- 1993-1997: Head of chamber at the Court of Appeal of Versailles (Emergency hearings and business division)
- 1989-1993: Head of chamber at the Court of Appeal of Rouen [Business division]
- 1979-1989: Audit Officer at the Court of Cassation (Labour division)
- 1975-1979: Assistant General Secretary of the First Presidency of the Court of Cassation
- 1973-1975: Examining magistrate in Toulon
- 1970-1973: Court Auditor (class rank: second)

Other activities:

- Since February 2005: member of the Ministerial Compensation Committee
- Since February 2005: Chairman of Acojuris (Agency for International Legal Cooperation)
- Since 2004: Chairman of the Steering Committee of EPPJP (*Établissement Public du Palais de Justice de Paris*)
- 1978 to 1990: Legal secretary of courts of arbitration formed as part of the International Chamber of Commerce
- Since 1982: Contributor to the *Gazette du Palais*
- 1982 to 2005: Professor at the Paris La Seine School of Architecture (urban planning and architecture law)

Professional assignments

- Member of various electoral commissions:
 - 1976 & 1977 in Mayotte,
 - 1978 in Djibouti (referendum on independence),
 - 1988 in New Caledonia,
 - 1989 in French Guiana (Director of the National Control Commission),
 - 1990 in Namibia, under the aegis of the UN
 - 1993 in Cambodia, under the aegis of the UN
- 1990: General Secretary of the fact-finding mission on Europe and the legal profession

Main awards:

- Officier of the *Ordre national de la Légion d'Honneur* (2006)
- Commandeur of the *Ordre National du Mérite* (2009)
- Officier of the *Ordre des Arts et des Lettres* (2009)

Qualifications:

- Diploma from the Institute of Criminal Science 1968 (Law Faculty of Bordeaux)
- Undergraduate degree in Law (Honours) 1968 (Law Faculty of Bordeaux)

Languages spoken: fluent English, fluent German, conversational Italian

PATRICK VALROFF (Appointment)

Born: 3 January 1949

Nationality: French

Date of initial appointment: N/A

Position at Lagardère SCA: None

Number of Lagardère SCA shares held:

Principal position: Chief Executive Officer, Crédit Agricole CIB

Professional background and qualifications:

The holder of a law degree, a graduate of the Institut d'Études Politiques and a former student at the École Nationale d'Administration, Mr. Valroff began his career in the civil service. In 1991 he joined Sofinco, a consumer credit company, as Deputy Chief Executive Officer.

He was appointed Head of Specialised Financial Services of the Crédit Agricole S.A. Group, which includes Sofinco, Finaref, Crédit Agricole Leasing and Eurofactor, in 2003. Mr. Valroff also served as Chairman and CEO of Sofinco.

Since May 2008, Mr. Valroff has been Chief Executive Officer of Crédit Agricole CIB.

During the last five years, Mr. Valroff has also held the following positions and appointments:

- Chairman and Chief Executive Officer, Sofinco
- Director, Crédit Agricole Leasing S.A.
- President, Crédit Lift SAS
- Permanent representative of Sofinco - Director, 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, managing director – SCI du Bois Sauvage
- Legal representative of Sofinco, managing director – SCI de la Grande Verrière
- Legal representative of Sofinco, managing director – SCI de L'Écoute s'il Pleut
- Legal representative of Sofinco, managing director – SCI du Petit Bois
- Legal representative of Sofinco, managing director – SCI du Rond Point

He currently holds the following other appointment:

- Member of the Executive Committee, Crédit Agricole SA



▶ CHAPTER 5

REPORTS OF THE STATUTORY AUDITORS

5.1 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

To the shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the financial year ended 31 December 2009, on:

- the audit of the accompanying annual financial statements of Lagardère SCA,
- the justification of our assessments,
- the specific verifications and information required by law.

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

I OPINION ON THE ANNUAL FINANCIAL STATEMENTS

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

In our opinion, the financial statements give a true and fair view of the financial position and assets and liabilities of Lagardère SCA as of 31 December 2009 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

II JUSTIFICATION OF OUR ASSESSMENTS

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

Accounting principles and valuation methods

The note "Accounting principles and methods" presented in the appendix explains the criteria used for the valuation of long-term investments.

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

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

III SPECIFIC VARIATIONS AND INFORMATION

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

We have no matters to report regarding the fair presentation and the conformity with the financial statements of the information given in the management report by the Managing Partners and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

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

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

Neuilly-sur-Seine and Courbevoie, 23 March 2010

The Statutory Auditors

Ernst & Young et Autres
Jeanne Boillet

Mazars
Bruno Balaire

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the financial year ended 31 December 2009, on:

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

the justification of our assessments,

the specific verifications required by French law.

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

I OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

II JUSTIFICATION OF OUR ASSESSMENTS

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

As specified in Note 3.10 of the consolidated financial statements, at least once a year the Lagardère Group performs a test on the depreciation of the intangible fixed assets and on acquisition goodwill for the Media division. We have assessed the assumptions used in determining the recoverable value of these assets for the purpose of comparison with their book value. This recoverable value is assessed primarily on the basis of the discounted cash flow forecasts prepared by each branch of the Group at the end of 2009. We assessed the appropriate nature of the information included in the notes to the consolidated financial statements with respect to the discounted cash flow forecasts used.

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

III SPECIFIC VERIFICATION

We have also, in accordance with the professional standards applicable in France, verified the information presented in the Group management report as required by French law.

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

Courbevoie and Neuilly-sur-Seine, 23 March 2010

The Statutory Auditors

Ernst & Young et Autres
Jeanne Boillet

Mazars
Bruno Balaire

5.3 SPECIAL STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the shareholders,

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

Agreements and commitments authorized during the fiscal year

Pursuant to article L. 226-10 of the commercial code, we have been informed of the agreements and commitments that were subject to a prior authorization of your supervisory Board.

We are not required to ascertain whether any other agreements or commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were informed. It is not our role to determine whether they are beneficial or appropriate. It is your responsibility, pursuant to article 1.226-2 of the Commercial Code, to assess the merit of these agreements and commitments with a view to approving them.

We performed the procedures we considered necessary in accordance with the professional standards issued by the french Statutory Auditors' Board, the cncc.. These standards require that we perform procedures to verify that the information given to us is consistent with the source documents.

Commission related to the issue of the debenture loan of one billion euros

The sole new agreement signed during the financial year was that authorized by the Supervisory Board at its meeting of 15 september 2009, relating to the subscription by bnp paribas (Board member concerned: Mr. Georges Chodron de Courcel - Calyon (Board member concerned: Mr. René carron) and natixis (Board member concerned: Mr. Henri proglio) of the one billion euros debenture loan issued by Lagardère sca on 6 october 2009, in return for payment of a principal commission of 0.50% of the value of the loan increased by a discretionary commission of 0.10%.

Agreements and commitments entered into in prior years which remained in force during the year

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

LAGARDÈRE CAPITAL & MANAGEMENT

Service agreement

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

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

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

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

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

Additional pension plan for certain Lagardère Capital & Management employees who are members of Lagardère group's executive committee

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

The employees of Lagardère Capital & Management who are members of the management committee are beneficiaries of this plan.

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

For 2009, the amount billed by Lagardère Capital & Management amounted to 19,512 thousand euros including an expense of 3,655 thousand euros for the additional pension plan, compared to 18,889 thousand euros (including an expense of 3,441 thousand euros for the additional pension plan) in 2008.

Neuilly-sur-seine and Courbevoie, 23 march 2010

The Statutory Auditors

Ernst & Young et Autres
Jeanne Boillet

Mazars
Bruno Balaire

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

To the shareholders,

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 in accordance with the requirements of this article for the year ended 31 December 2009.

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 French Commercial Code relating to corporate governance.

It is our responsibility to:

- Report on any matters as to 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
- Confirm that this report includes the other information required by Article L.226-10-1 of the French Commercial Code, having specified that it is not our responsibility to verify the fairness of this other information.

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

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

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

These procedures consist mainly in:

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

On the basis of our work, we have no matters 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 in accordance with the provisions of Article L. 226-10-1 of the French Commercial Code.

Other information

We confirm that the report of the Chairman of the Supervisory Board also contains the other information required by article L.226-10-1 of the French Commercial Code.

Courbevoie and Neuilly-sur-Seine, 23 March 2010

The Statutory Auditors

Ernst & Young et Autres
Jeanne Boillet

Mazars
Bruno Balaire



▶ CHAPTER 6

DRAFT RESOLUTIONS

FIRST RESOLUTION

Approval of the Parent Company's financial statements for the year ended 31 december 2009.

The Ordinary General Meeting, being informed of reports of the Managing Partners, the Supervisory Board and the Statutory Auditors on its control and verification role, hereby approves such reports in their entirety and the Parent Company's financial statements for the financial year ended 31 december 2009 as prepared and presented, which show corporate earnings of €298,529,439.71.

SECOND RESOLUTION

Approval of the consolidated financial statements

The Ordinary General Meeting, being informed of the reports of the Managing Partners, the Supervisory Board and the Statutory Auditors on the consolidated financial statements for the financial year ended 31 december 2009, hereby approves the consolidated financial statements as prepared and presented, which show net profit attributable to equity holders of the parent of €136,802,000.

THIRD RESOLUTION

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

(in euros)

The Ordinary General Meeting hereby notes that the Company earnings for the financial year are equal to	€298,529,439.71
Taking into account retained earnings carried forward from prior years of	€1,070,144,930.00
Resulting in distributable profit equal to	€1,368,674,369.71

From this amount, pursuant to the provisions of the articles of association, it resolves to pay €1,368,020 (equal to 1% of allocable income) to the General Partners by preferential right, such dividend being eligible for the 40% reduction under article 158.3.2 of the general tax Code available to individual shareholders who are subject to income tax in France.

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

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

The dividend shall be payable by check or bank transfer as of 7 may 2010 to holders of registered shares or their authorized representatives.

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

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

(in euros)/ year	2006	2007	2008
Dividends paid to shareholders			
– Per-share dividend		1.30	1.30
– Total dividend	160,422,984.00	169,167,116.30	164,856,039.40
Dividend paid to general partners	2,913,680.00	5,341,290.00	5,933,060.00
Total	163,336,664.00	174,508,406.30	170,789,099.40

FOURTH RESOLUTION

Approval of regulated agreements.

The Ordinary General Meeting, having heard the special report of the Statutory Auditors on agreements covered by article L.226-10 of the Commercial Code, approves this report in its entirety, as well as the new agreement mentioned therein concerning the subscription by BNP Paribas, Calyon and Natixis of a portion of the bonds corresponding to the bond loan of one billion euros issued on 6 october 2009 par Lagardère SCA.

FIFTH RESOLUTION***Voting of powers to the Managing Partners for a period of 18 months to handle shares in the Company.***

The Ordinary General Meeting, having knowledge of the report of the Managing Partners on the share buyback plan, and pursuant to legal provisions, authorizes the Managing Partners to purchase a number of Lagardère SCA shares representing up to 10% of the current share capital (i.e. A maximum of 13,113,328 shares based on capital stock as of 28 february 2010), for a maximum amount of six hundred and fifty million (650,000,000) euros under the terms and conditions set forth below.

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

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

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

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

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

This authorization is given to the Managing Partners for a period of 18 months as of this meeting. It terminates and replaces the authorization given on 28 april 2009.

SIXTH RESOLUTION***Appointment of Mrs. Amélie Oudéa-Castéra to replace Mr Henry Proglío***

The General Meeting, under the conditions required for ordinary meetings, taking note of Mr Henry Proglío's resignation from his office as a member of the Supervisory Board, ratifies the co-opting on 2 december 2009 of Mrs. Amélie Oudéa- Castéra to replace Mr henry Proglío for his remaining term of office, i.e. until the end of this meeting.

SEVENTH RESOLUTION***Renewal of Mrs. Amélie Oudéa-Castéra's term of office as a member of the Supervisory Board***

The Ordinary General Meeting renews Mrs. Amélie Oudéa-Castéra's term of office as a member of the Supervisory Board for a term of two years.

EIGHTH RESOLUTION***Appointment of Mr. Xavier de Sarrau to replace Groupama***

The Ordinary General Meeting, taking note of the resignation of Groupama from its term of office as a member of the Supervisory Board, ratifies the co-opting on 10 march 2010 of Mr. Xavier de saran as replacement for the remainder of his predecessor's term of office, i.e. until the conclusion of the General Meeting in 2014 that will approve the financial statements of the previous year.

NINTH RESOLUTION***Renewal of Mr. Bernard Arnault's term of office as a member of the Supervisory Board***

The Ordinary General Meeting, on a proposal by the Supervisory Board, renews Mrs. Amélie Oudéa-Castéra's term of office as a member of the Supervisory Board for a term of two years.

TENTH RESOLUTION***Renewal of Mr. François Roussely's term of office as a member of the Supervisory Board***

The Ordinary General Meeting renews Mr. François Roussely's term of office as a member of the Supervisory Board for a term of two years.

ELEVENTH RESOLUTION***Renewal of Mr. Raymond H. Levy's term of office as a member of the Supervisory Board***

The Ordinary General Meeting renews Mr. Raymond levy's term of office as a member of the Supervisory Board for a term of two years.

TWELFTH RESOLUTION***Appointment of Mr. Patrick Valroff as a new member of the Supervisory Board to replace Mr. René Carron, whose term of office has expired.***

The Ordinary General Meeting, after taking note of the decision by Mr. René Carron not to see his term of office extended, appoints Mr. Patrick Valroff as a new member of the Supervisory Board for a term of four years.

THIRTEENTH RESOLUTION***Appointment of Mr. Jean-Claude Magendie as a new member of the Supervisory Board***

The Ordinary General Meeting appoints Mr. Jean-Claude Magendie as a new member of the Supervisory Board for a term of four years beginning on 1 may 2010.

FOURTEENTH RESOLUTION***Authorisation to carry out formalities***

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

Lagardère

Document prepared by the Corporate Communications Department

Design: Sugar, Pepper & Salt

Photo credit: © Dahmane - Frédéric Froument - 2010 World Sport Group Pte. Ltd. All rights reserved

Concept and production: BRIEF

© **Lagardère - April 2010**